HOUSING
PROJECT-BASED RENTAL ASSISTANCE
2013 Summary Statement and Initiatives
(Dollars in Thousands)

PROJECT-BASED RENTAL ASSISTANCE	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2011 Appropriation	$9,276,000	$206,804[a]	-$18,552	$9,464,252	$9,349,783	$8,694,568
2012 Appropriation/Request	9,339,672[b]	114,469	...	9,454,141	9,454,141	9,157,000
2013 Request	8,700,400[c]	...	...	8,700,400[d]	8,700,400[d]	9,480,000
Program Improvements/Offsets	-639,272	-114,469	...	-753,741	-753,741	+323,000

a/ This amount includes $126.1 million in carryover and $80.7 million in recaptures realized in fiscal year 2011. Disaster Relief funds comprise $2.3 million of this total.
b/ The fiscal year 2012 appropriation includes $8.940 billion for fiscal year 2012 and an advance appropriation of $400 million to be available for fiscal year 2013.
c/ The fiscal year 2013 request includes $8.3 billion for fiscal year 2013 in addition to an advance appropriation of $400 million to be made available for fiscal year 2014.
d/ Total Resources and Obligations for fiscal year 2013 exclude an estimated $74 million transfer into PBRA from Public Housing for implementation of Rental Assistance Demonstration, $19 million transfer from PBRA into the Transformation Initiative Account, and $73 million in spending authority from offsetting collections. These policies are described in further detail below.

1. What is this request?

The Department is requesting a total of $8.7 billion to meet Project-Based Rental Assistance (PBRA) program needs. This includes $8.3 billion for fiscal year 2013 and a $400 million advance appropriation for fiscal year 2014. Under the request, the total funding level for fiscal year 2013 is $639 million less than the fiscal year 2012 enacted amount of $9.340 billion. At the requested level, some contracts will receive less than 12 months of funding. The number of contracts that will continue to receive 12 months of funding is a function of how HUD distributes funding across contracts throughout the year. Currently HUD estimates that it will administer this funding to provide 12 months of funding for approximately 5,300 renewal contracts, i.e., for contracts that expire during fiscal year 2013, and for multiyear term contracts that have an annual renewal funding cycle occurring during the first quarter of the fiscal year. These 5,300 contracts cover approximately 360,000 units, or about one-third of the PBRA renewal portfolio. The remaining 10,600 multiyear term renewal contracts, covering approximately 739,000 units (those with an annual renewal cycle other than during the first quarter of fiscal year 2013), would be funded for less than 12 months, to varying degrees depending on their renewal date. The fiscal year 2013 request also includes $260 million for Project-Based Contract Administrators (PBCA).

Project-Based Rental Assistance

The contract renewals and amendments set-aside provides funding for the Department to renew and amend project-based rental assistance contracts. These funds are necessary to keep over 1.2 million families in safe, sanitary, and affordable housing. This funding is for Housing (Project-Based Section 8 contracts), Public and Indian Housing (Moderate Rehabilitation contracts), and Community Planning and Development (Single Room Occupancy contracts).

The need for Section 8 Amendment funds results from insufficient funds provided for long-term project-based contracts funded primarily in the 1970's and 1980's. During those years, the Department provided contracts for terms of up to 40 years. Estimating funding needs over such a long period of time proved to be problematic, and as a result, many of these Section 8 contracts were inadequately funded. Older long-term contracts that have not reached their termination dates and have not entered the 1-year renewal cycle must be provided amendment funds for the projects to remain financially and physically viable. The Department estimates that total Section 8 Amendment needs in fiscal year 2013 will be $625 million.

The following table shows the change in the number of units under contract, average monthly subsidy payment per unit and the average utilization rate by fiscal year.

	Contract Units	Average Monthly Subsidy per Unit	Average Utilization[1]
FY 2008	1,260,865	$587	93.7%
FY 2009	1,255,545	$610	94.2%
FY 2010	1,251,460	$635	94.7%
FY 2011	1,249,790	$665	94.9%

The Department is proposing $260 million for Project-Based Contract Administrators (PBCAs) in fiscal year 2013. Through this set-aside, the Department funds contracts with performance-based contract administrators. These administrators, which are typically Public Housing Authorities or state housing finance agencies, are responsible for conducting on-site management reviews of assisted properties; adjusting contract rents; reviewing, processing, and paying monthly vouchers submitted by owners. PBCAs are integral to the Department's efforts to be more effective and efficient in the oversight and monitoring of this program. As a result of the Department's implementation of new risk-based monitoring standards, the PBCA funding level for fiscal year 2013 is reduced from the fiscal year 2012 appropriation of up to $289 million.

[1] The average number of contract units occupied or being utilized by families assisted with the program.

Project-Based Rental Assistance

The following policy proposals are expected to result in a cost savings of approximately $139 million in Section 8 Project-Based Rental Assistance outlays in fiscal year 2012:

- Apply residual receipts accounts to offset assistance payments for new regulation contracts.
- For contracts renewed under Option 1 and Option 2, use Small Area Fair Market Rents (FMRs) as a benchmark in determining market rents by requiring the appraiser conducting rent comparability studies to justify market rent determinations that exceed 110 percent of the project's Small Area FMR.[2]
- For contracts renewed under Option 4 (renewal for projects exempt from Office of Multifamily Housing Assistance Restructuring), limit exception rent levels to Operating Cost Adjustment Factor (OCAF) increases if project budgets result in rent levels exceeding market.
- Fund original term amendments through November instead of through December.

The following policy proposals are expected to result in a cost savings of up to approximately $400 million in Section 8 Project-Based Rental Assistance outlays in fiscal year 2013:

- Apply residual receipts accounts to offset assistance payments for new regulation contracts. These offsets would be achieved through owner remittance of residual receipts directly to the Department for application to the general PBRA program account. The Department requires legislative authority to require remittance by owners and to apply the remittance as described.
- Apply residual receipts accounts to offset assistance payments for old regulation contracts. Increase Total Tenant Payment (TTP) to $75 per month (assumes that existing hardship exceptions or inability to pay minimum rent) will carry forward and that some number of new exceptions will be granted due to the minimum rent increase to $75).
- For contracts renewed under Options 1 and 2, use Small Area Fair Market Rents (FMRs) as a benchmark in determining market rents by requiring the appraiser conducting rent comparability studies to justify market rent determinations that exceed 110 percent of the project's Small Area FMR.
- For contracts renewed under Option 4, limit exception rent levels to OCAF increases if project budgets result in rent levels exceeding market.
- Reduce the time period over which an owner may claim vacancy payments from 60 days to 30.

[2] A summary of six different options for owners at the expiration of their contracts is available at http://portal.hud.gov/hudportal/documents/huddoc?id=guidebk_ca_init.pdf

Transformation Initiative

In fiscal year 2013, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; technical assistance; capacity building and Information Technology. An estimated Transformation Initiative (TI) transfer of $19.067 million in fiscal year 2013 is included. Departmentwide, no more than $120 million is estimated to be transferred to the Transformation Initiative Fund account in fiscal year 2013. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

Under the Rental Assistance Demonstration (RAD), authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (P.L. 112–55), Public Housing Authorities and owners of rental properties assisted under the Public Housing and Section 8 Moderate Rehabilitation (MR) programs have the option to convert the assistance of their properties to long-term PBRA or Project-Based Voucher (PBV, funded in the Tenant-Based Rental Assistance account) contracts. The Department will begin to implement RAD conversions in 2013. An estimated $51 million and $23 million requested for the Public Housing Operating Fund and Public Housing Capital Fund, respectively, will be transferred to the PBRA account to fund the conversion of approximately 24,000 Public Housing units to long-term PBRA contracts.

Carryover into fiscal year 2012 was $114 million, a small percentage of the program's total appropriation. This account is expected to have no carryover into fiscal year 2013.

2. What is this program?

The Project-Based Rental Assistance program, unlike the Tenant-Based Rental Assistance program, provides rental assistance on behalf of eligible tenants residing in specific multifamily rental developments. These households are primarily seniors, families with children, and persons with disabilities. Project-based rental assistance is provided through contracts between the Department and owners of multifamily rental housing; thus, if a tenant moves, the assistance stays with the housing development. The amount of rental assistance paid to the owner is the difference between what a household can afford (based on paying 30 percent of household income for rent) and the approved contract rent for the unit.

Eligible owners include for-profit or non-profit organizations, cooperatives, Limited Liability Corporations, Limited Partnerships or other types of joint ownership structures organized to develop and operate affordable rental housing. These properties are financed in a similar manner to market rate rental developments, utilizing private financing, FHA financing, private equity, or equity raised from the sale of Low-Income Housing Tax Credits. Currently, the portfolio is leveraging over $13 billion in FHA insurance and $17 billion in private financing and equity. The owner must provide affordable decent, safe and sanitary housing units to continue to receive project-based rental assistance. Currently, the program serves nearly 1.2 million low-income and very low-income households.

The portfolio receives generally high standardized physical inspection scores at 17,500 projects throughout the country. Many PBRA projects are located in strong rental markets that have been preserved through the Department's successful Mark-Up-to-Market program and other preservation programs. The Mark-Up-to-Market Program adjusts rents to prevailing market conditions while maintaining affordability for low-income households. Such projects frequently provide the only affordable housing opportunities within these communities. Other PBRA projects are located in less strong markets and provide an important stabilizing influence to their communities often acting as important footholds for additional housing and other commercial neighborhood investment. Regardless of the market where PBRA housing is located, without it, the majority of the assisted residents would face worst case housing or homelessness.

The program set-aside of $260 million for PBCAs is an important tool to administer the program in a cost effective manner. PBCAs provide direct oversight and monitoring of the program that carry out critical functions, including: (1) reduce payment errors; (2) improve the physical condition of units; and (3) ensure timely payment of rents to property owners. In conjunction with the Department's Rental Housing Integrity Improvement Project (RHIIP), PBCAs have helped make HUD a leader among Federal agencies in reducing improper payments. A Government Accountability Office (GAO) report from November 2005, found that contracts administered by PBCAs had the lowest percentage of late payments when compared to other types of contract administration.

Staffing

FTE	2011 Actual	2012 Estimate	2013 Estimate
Headquarters	54	55	55
Field	345	342	342
Total	399	397	397

Descriptions of work to be performed by FTE (Headquarters and Field) to administer PBRA and Key Workload Drivers

Headquarters staff develops policy related to all aspects of implementing the program; provides oversight and management of performance-based contract administrators that carry out critical functions, including reducing payment errors, improving project physical condition, and ensuring timely subsidy payments to owners; provides oversight and monitoring of field staff implementation of policy and procedures related to management and occupancy, physical condition, financial accounting, owner obligations and responsibilities; develops and executes necessary enforcement actions; monitors field achievement of goals and targets regarding utilization of the PBRA program including compliance with HUD business agreements with respect to financial and physical requirements; and ensures availability of funding to guarantee timely payment of all assistance contracts.

Field Staff perform the following functions, with support from PBCA's, to administer the PBRA program: review and approve management agents; process reserve for replacement requests; analyze monthly accounting reports, annual financial statements, and requests to transfer project ownership; monitor service coordinator grant agreements; process contract renewal requests; review monthly assistance vouchers; disburse assistance payments; determine project rent levels; process contract opt-outs; secure tenant protection vouchers for contract terminations; negotiate management improvement plans; initiate necessary enforcement actions; monitor project physical condition; review project operating budgets; conduct management and occupancy reviews; review capital needs assessments; monitor project use agreements; respond to tenant and community inquiries; process waiver requests from project owners; and review utility allowance schedules and process special claims for vacancies or damages.

Impact of key workload on Secretarial Initiatives

Implementation of the PBRA program also supports the following Secretarial Initiatives: Rental Assistance Demonstration Program (RAD) and the Choice Neighborhoods Initiative. In furthering these initiatives, especially RAD, multifamily staff will be engaged and will draw on our expertise and experience as rental assistance to these properties are converted to a project-based rental assistance contract.

No changes to the PBRA staffing level are planned for fiscal year 2013.

3. Why is this program necessary and what will we get for the funds?

Addresses the Need for Quality Affordable Rental Homes

The PBRA program is one of three major Federal rental assistance programs for providing low-income families with decent, safe and affordable housing. The program currently provides affordable housing for over 1.2 million families. These households are primarily elderly (41 percent), families with children (31 percent) and persons with disabilities (15 percent).

The vast majority of these families would be unable to find affordable rental housing in the private market and many would be at severe risk of homelessness. The average income of families assisted under this program is only $11,000 per year, with over three-fourths earning less than $15,000 per year. Almost two-thirds of the families with children were also working families with 65 percent reporting income earned from wages. In addition, the program supports a stock of long-term affordable housing and helps protect the Federal investment that went into developing and maintaining it over the years.

Reduces the number of families with severe housing needs and reduces or prevents homelessness

PBRA funding directly reduces worst case housing needs. Worst case housing needs are defined as paying more than half of one's income for rent and/or living in severely inadequate physical conditions. During fiscal year 2011, a Policy Development and Research (PD&R) study found that without Federal housing assistance, at least 68 of every 100 currently assisted families would have worst case housing needs in its absence (McClure, Kirk; prepared PD&R, Reduction of Worst Case Housing Needs by Assisted Housing, February 2011). It is likely that over 810,000 families currently occupying assisted units would have worst case housing needs if their assistance was withdrawn. Increased housing costs in turn would effectively diminish the already limited incomes of these families, even for necessities such as food, health care, child care, education and transportation costs. In addition, many would likely face the real prospect of actual homelessness.

Preserves the affordability and condition of privately owned rental housing

PBRA supports a stock of long-term affordable rental housing for the lowest-income American families. This is increasingly important, as the private stock of rental housing that is affordable to the lowest income families has actually been shrinking. While there was an overall net increase of 694,000 rental units in the housing market, there was a massive decrease of 570,000 units that were affordable to families with extremely low-incomes in the same period (PD&R, Rental Market Dynamics: 2007-2009, May 2011).

Without this assistance, many projects would either convert to market with potentially large rent increases that the current families would not be able to afford, or alternatively would not be able to generate sufficient rental income to continue to be maintained in good condition. In addition, without on-going rental income, many projects would be unable to continue payments on existing debt, including mortgages insured by FHA, or mortgages backed by bonds issued by state housing finance agencies.

Expand choices of affordable rental homes located in a broad range of communities

The preservation of affordable units assures that units will continue to become available in a wide range of housing markets throughout the nation as vacancies occur. Many projects are located in good neighborhoods, where low-income families would otherwise be unable to find affordable housing, while other projects serve as anchors providing well-maintained properties in areas that might experience downward investment. Many projects also provide badly needed affordable housing in rural areas, as many projects were developed with financing through the USDA Rural Housing Service's Section 515 Multifamily program.

PBRA's Spillover Benefits to Local Communities and Economies

Multifamily housing assisted by PBRA stabilizes neighborhoods and contributes to local economic bases. PBRA housing draws workers, service providers, and retailers and returns to host communities significant and much relied-upon property tax revenue. Data from fiscal years 2009 and 2010 confirms that $460 million was paid in property taxes from PBRA owners to municipalities. The PBRA program, through its 17,500 contracts with owner landlords, directly contributes to job creation and retention in the fields of property management, maintenance, administration, general construction, contract vendors such as landscapers, exterminators, security guards, snow removers, equipment servicers, legal representation and property insurance providers. It is estimated that the program directly supports approximately 55,000 jobs annually at projects throughout the country. In addition, owners of PBRA housing contract for services with local businesses and service providers that are estimated to produce another 45,000 indirect or induced jobs, totaling employment generation of 100,000 jobs annually.

In addition to local revenue generation and job retention associated with on-going project operation, the PBRA program is also a redevelopment and preservation tool for private multifamily rental housing owners. PBRA contracts act as a critical credit enhancement for project financing, allowing owners to leverage private debt and equity to permit project refinancing and recapitalization. Such transactions require owners to hire architects, surveyors, construction contractors as well the professional services of consultants and attorneys to complete the work. The estimated unpaid principal balance of the FHA insured debt underlying the projects assisted by PBRA is $13.6 billion. The FHA insured debt is secured by approximately 33 percent of the PBRA portfolio. The balance is conventionally financed. The periodic refinancing of this debt generates significant capital available for investment in construction repairs and improvements. If funding for the PBRA program is not provided, the value of this underlying debt to both FHA and private lenders as well as existing equity in the physical structures would be severely eroded, contributing to significant loss of privately held wealth and community investment.

4. How do we know that this program works?

In addition to the data on affordability and the tenants served, there have been several important studies and evaluations of different aspects of the program. A PD&R Study estimated that the Mark-to-Market program, enacted in 1997 to restructure the project-based portfolio, resulted in cost savings from reduced Federal subsidies of over $830 million (and possibly over $880 million) over 20 years (PD&R, Evaluation of the Mark-to-Market Program, August 2004).

Preventing Waste, Fraud and Abuse

Multifamily Housing has been and still is a major client of the Departmental Enforcement Center (DEC). Since its inception in 1998, the DEC has addressed possible non-compliance issues in over 75,000 referrals from Multifamily Housing. The DEC's work resulted in recoveries to the insured/assisted multifamily housing property project accounts of over $280.9 million. In addition, the Department entered into 1,569 settlement agreements with multifamily owners, totaling more than $11.2 million in civil money penalties. To date, the DEC has issued more than 4,300 notices to owners of multifamily housing of violations of regulatory agreements or defaults of the housing assistance payments contracts.

Currently this year the DEC has closed 5006 referrals; this includes 1,721 referrals for irregularities in the owners' audited financial statements, 155 referrals for physical property deficiencies, and 3,102 referrals for failing to file required financial statements. In addition, 103 notices were issued which included 36 notices of default of the Housing Assistance Payment contract and 67 notices of violation of the regulatory agreement. The DEC has entered into 93 settlement agreements, resulting in $1.1 million in settlement payments to the general treasury fund and $17.4 million in recoveries to the projects.

To reduce fraud, waste, and abuse in the PBRA Program, the Department has mandated the use of the Enterprise Income Verification (EIV) system by all PHAs or PBCAs that administer the program. The EIV system increases the efficiency and accuracy of income and rent determinations, reduces incidents of underreported and unreported household income, removes the barriers to verifying tenant-reported income, addresses material weaknesses in a PHA's reexamination process and program operations, assures that more eligible families are able to participate in the program, and reduces improper payments and ensures the right people receive the right amount of assistance at the right time. EIV is but one strategy of a larger, HUDwide effort to reduce income and rent errors and improper payments in the administration of voucher, and other HUD, programs. For example, HUD conducts a limited number of on-site reviews at PHAs to determine the accuracy of the PHA's rent and income calculations.

5. Notes to Justification

The Summary and Implementation Guide for fiscal year 2012 HUD Appropriations directed the Department to include the following information in its fiscal year 2013 congressional justification: *"The Committee directs HUD to include detailed information on OCAF, the number of contracts, and the required funding associated with the first time renewal of expiring contracts and subsequent years in its fiscal year 2013 congressional justification."*

<u>Detailed information on OCAF:</u>

The OCAFs (Operating Cost Adjustment Factors) are calculated annually as the sum of the weighted annual average cost changes for wages, employee benefits, property taxes, insurance, supplies and equipment, fuel oil, electricity, natural gas, and water/sewer/trash using publicly available indices of these prices/costs. The weights used in the OCAF calculations for each of the nine cost component groupings are set using current percentages attributable to each of the nine expense categories in FHA properties. Average expense proportions were calculated using 3 years of audited Annual Financial Statements from projects covered by OCAFs. The expenditure percentage for these nine categories have been found to be very stable over time, but using 3 years of data increases their stability. The nine cost component weights were calculated at the state level, which is the lowest level of geographical aggregation with enough projects to permit reliable statistical analysis.

For 2013, HUD estimates that 10,640 contracts will be adjusted by OCAF.

Project-Based Rental Assistance

First term renewal costs of contracts expiring in 2012 through 2017:

Original Term Expiring Contracts Grouped By Year of Expiration, Arrayed through FY 2017

Reflects Estimated Annual Renewal Need Funding (12 months) For Each Year

FISCAL YEAR of EXPIRATION	CONTRACTS	UNITS	FY 2012 Renewals	FY 2013 Renewals	FY 2014 Renewals	FY 2015 Renewals	FY 2016 Renewals	FY 2017 Renewals
2012	478	24,393	$222,203,080	$226,955,493	$231,804,920	$236,654,371	$241,617,661	$246,677,799
2013	328	18,365	$0	$198,227,110	$202,467,107	$206,707,088	$211,037,510	$215,461,880
2014	116	8,139	$0	$0	$89,628,532	$91,505,946	$93,422,499	$95,381,549
2015	85	3,789	$0	$0	$0	$40,162,781	$41,002,818	$41,863,751
2016	40	4,424	$0	$0	$0	$0	$50,243,696	$51,294,547
2017	107	8,262	$0	$0	$0	$0	$0	$65,027,294
	1,154	67,372	222,203,080	425,182,603	523,900,559	575,030,186	637,324,184	715,706,820

Assumptions for Annual Inflation: OCAF is 1.8 percent for fiscal year 2012 and all years beyond.

HOUSING
PROJECT-BASED RENTAL ASSISTANCE
Summary of Resources by Program
(Dollars in Thousands)

Budget Activity	2011 Budget Authority	2010 Carryover Into 2011	2011 Total Resources	2011 Obligations	2012 Budget Authority/ Request	2011 Carryover Into 2012	2012 Total Resources	2013 Request
Contract Renewals and Amendments	$8,932,100	$204,550	$9,136,650	$9,022,831	$9,050,672	$113,819	$9,164,491	$8,440,400
Contract Administrators	325,348	...	325,348	325,348	289,000	...	289,000	260,000
Vouchers for Disaster Relief - (P.L. 111-32)	...	2,254	2,254	1,604	...	650	650	...
Total	9,257,448	206,804	9,464,252	9,349,783	9,339,672	114,469	9,454,141	8,700,400

NOTE: Total Resources for fiscal year 2011, and carryover into 2012 include $9.980 million available for transfer to the Tenant Resources Network program (TRN).

HOUSING
PROJECT-BASED RENTAL ASSISTANCE
Appropriations Language

The fiscal year 2013 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For activities and assistance for the provision of project-based subsidy contracts under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) (``the Act''), not otherwise provided for, [$8,939,672,000] *<u>$8,300,400,000</u>*, to remain available until expended, shall be available on October 1, [2011] *<u>2012</u>* (in addition to the $400,000,000 previously appropriated under this heading that became available October 1, [2011] *<u>2012</u>*), and $400,000,000, to remain available until expended, shall be available on October 1, [2012] *<u>2013</u>*: Provided, That the amounts made available under this heading shall be available for expiring or terminating section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for amendments to section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for contracts entered into pursuant to section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401), for renewal of section 8 contracts for units in projects that are subject to approved plans of action under the Emergency Low Income Housing Preservation Act of 1987 or the Low-Income Housing Preservation and Resident Homeownership Act of 1990, and for administrative and other expenses associated with project-based activities and assistance funded under this paragraph: Provided further, That of the total amounts provided under this heading, not to exceed [$289,000,000] *<u>$260,000,000</u>* shall be available for performance-based contract administrators for section 8 project-based assistance: Provided further, That the Secretary of Housing and Urban Development may also use such amounts in the previous proviso for performance-based contract administrators for the administration of: interest reduction payments pursuant to section 236(a) of the National Housing Act (12 U.S.C. 1715z-1(a)); rent supplement payments pursuant to section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s); section 236(f)(2) rental assistance payments (12 U.S.C. 1715z-1(f)(2)); project rental assistance contracts for the elderly under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q); project rental assistance contracts for supportive housing for persons with disabilities under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(d)(2)); project assistance contracts pursuant to section 202(h) of the Housing Act of 1959 (Public Law 86-372; 73 Stat. 667); and loans under section 202 of the Housing Act of 1959 (Public Law 86-372; 73 Stat. 667): Provided further, That amounts recaptured under this heading, *<u>the heading "Annual Contributions for Assisted Housing", or the heading "Housing Certificate Fund"</u>* may be used for renewals of or amendments to section 8 project-based contracts or for performance-based contract administrators, notwithstanding the purposes for which such amounts were appropriated: *<u>Provided further, That, notwithstanding any other provision of law, upon the request of the Secretary of Housing and Urban Development, project funds that are held in residual receipts accounts for any project subject to a section 8 project-based Housing Assistance Payments contract that authorizes HUD to require that surplus project funds be deposited in an interest-bearing residual receipts account and that are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to be available until expended: Provided further, That amounts deposited pursuant to the previous proviso shall be available in addition to the amount otherwise provided by this heading for uses authorized under this heading. (Department of Housing and Urban Development Appropriations Act, 2012.)</u>*

Project-Based Rental Assistance

Changes from 2012 Appropriations

Project funds that are held in residual receipts accounts for any project will be subject to a section 8 project-based Housing Assistance Payments contract that authorizes HUD to require that surplus project funds be deposited in an interest-bearing residual receipts account and that are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to be available until expended.