

Rescission Proposal No. R95-13

PROPOSED RESCISSION OF BUDGET AUTHORITY
Report Pursuant to Section 1012 of P.L. 93-344

AGENCY: Department of Housing and Urban Development	New budget authority..... \$ <u>11,083,000,000</u> (P.L. 103-327)
BUREAU: Housing Programs	Other budgetary resources.. \$ <u>1,305,951,283</u>
Appropriations title and symbol: Annual contributions for assisted housing 86X0164	Total budgetary resources... \$ <u>12,388,951,283</u>
	Amount proposed for rescission..... \$ <u>439,200,000</u>
OMB identification code: 86-0164-0-1-604	Legal authority (in addition to sec. 1012):
Grant program: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Antideficiency Act <input type="checkbox"/> Other _____
Type of account or fund: <input type="checkbox"/> Annual <input type="checkbox"/> Multi-year: _____ (expiration date) <input checked="" type="checkbox"/> No-Year	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____

JUSTIFICATION: This proposal reflects savings from reductions in the following activities:

Lead-based paint. This program supported lead-based paint removal efforts targeted primarily at privately owned and operated multifamily housing. Much progress has been made in the fight against lead poisoning, and abatement efforts will continue where the problem still exists, primarily in low-income housing. In the future, allocation of funds for removal efforts will rest with State and local governments under the new Affordable Housing Performance Funds program.

Multifamily Preservation. The preservation program was intended to ensure the availability of low-income rental housing by preventing project owners from prepaying mortgages and converting the units to other uses. The program compensates owners for the loss of the prepayment option through preservation incentives. While well-intended, this program is a very inflexible and costly method of preserving low-income housing. In addition to overly generous incentives, there is a lack of prepayment threat in most areas of the country. The Administration and HUD are proposing program reforms that would reduce both the number of eligible projects and the level of payments. The rescission affects funds in excess of needs under the reformed program.

Choice in Management. The Choice in Management program permits public housing residents to remove a poorly performing management team (Public Housing Authority) and replace it with a private sector manager. The program has never been implemented. Under HUD's proposed reinvention, need for this program is obviated. The monopoly of poor performing PHAs will be broken up, and they will have to compete for tenants. Tenants will be able to change managers by "voting with their feet" (i.e., moving to apartments of their choosing).

Family Unification. The Family Unification program earmarked housing certificates for families who are in danger of losing their children because of inadequate housing. Regular preferences for certificates should take care of this problem without the need for earmarks.