



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 8, 2009

H.R. 403

Homes for Heroes Act of 2009

As passed by the House of Representatives on June 16, 2009

SUMMARY

H.R. 403 would authorize several housing assistance programs for veterans, including the provision of 20,000 rental vouchers for homeless veterans and a program to provide housing and supportive services to very low-income veteran families. In addition, the act would direct the Department of Housing and Urban Development (HUD) and the Department of Agriculture (USDA) to exclude certain compensation benefits from a veteran's income when calculating rental assistance payments.

CBO estimates that implementing H.R. 403 would cost about \$1.7 billion over the 2010-2014 period, assuming the appropriation of the necessary amounts. Enacting H.R. 403 would not affect direct spending or receipts.

H.R. 403 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 403 is shown in the following table. The costs of this legislation fall within budget function 600 (income security).

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 403 will be enacted by the end of fiscal year 2009, that the full amounts authorized will be appropriated for each year beginning in fiscal year 2010, and that appropriated funds will be spent at historical rates for similar programs. Components of the estimated costs are described below.

	By Fiscal Year, in Millions of Dollars					2010-
	2010	2011	2012	2013	2014	2014
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Vouchers for Homeless Veterans						
Estimated Authorization Level	148	147	171	174	177	817
Estimated Outlays	126	147	167	174	177	791
Supportive Housing Assistance						
Estimated Authorization Level	202	203	204	205	207	1,021
Estimated Outlays	2	36	129	160	177	504
Exclusion of Veterans' Benefits						
Estimated Authorization Level	77	77	77	78	79	388
Estimated Outlays	46	77	77	78	78	356
Technical Assistance and Annual Report						
Estimated Authorization Level	2	1	1	1	1	6
Estimated Outlays	2	1	1	1	1	6
Total Changes						
Estimated Authorization Level	429	428	453	458	464	2,232
Estimated Outlays	176	261	374	413	433	1,657

Vouchers for Homeless Veterans

Section 4 would authorize the appropriation of such sums as are necessary to fund 20,000 rental vouchers each year for homeless veterans. That authorization would supersede the current authorization for such vouchers that ranges from 1,500 vouchers in 2009 to 2,500 vouchers in 2011. Based on information from HUD, CBO estimates that the average annual cost of these vouchers would be about \$8,000 in 2009. Assuming appropriation of the necessary amounts and adjusting for projected changes in rents and tenant incomes, CBO estimates that this provision would cost \$791 million over the 2010-2014 period.

Supportive Housing Assistance

Section 3 would authorize the appropriation of \$200 million for fiscal year 2009, and such sums as may be necessary for each fiscal year thereafter, to provide assistance to nonprofit organizations to expand the supply of supportive housing for very low-income veterans. Assuming appropriation of the authorized amounts and adjusting for anticipated inflation, CBO estimates that implementing this section would cost about \$500 million through 2014.

Exclusion of Veterans Benefits from Rent Determinations

Section 6 of H.R. 403 would require HUD and USDA to disregard compensation benefits to veterans or their surviving dependents when determining the amount of rent paid by assisted families. Families receiving federal housing assistance generally pay 30 percent of their adjusted monthly income towards rent. Funding from HUD or USDA covers the difference between what the family pays and the full rent for the unit (up to certain limits). In the case of public housing, HUD provides public housing authorities with operating and capital funding that allows them to subsidize rents.

Based on data from the Government Accountability Office, CBO estimates that about 6 percent (or 300,000) of the five million tenants in federal rental assistance programs are veterans. In addition, based on data from the Department of Veterans Affairs and the Current Population Survey, CBO estimates that about 10 percent of those veterans have a service-related disability and receive compensation benefits, with the average benefit equal to \$8,500 in 2009. Excluding those benefits from rent determinations would lower tenant rent contributions by about \$85 million each year. Assuming the appropriation of the necessary amounts, CBO estimates that this provision would cost \$392 million over the 2010-2014 period.

Technical Assistance and Annual Report

Section 7 would authorize the appropriation of \$1 million a year to provide grants to nonprofit organizations to assist them in providing housing benefits to veterans. In addition, section 8 would authorize the appropriation of \$1 million every five years for the cost of research, studies, testing or demonstrations that are required to conduct an assessment of the housing needs of veteran families with very low income. Assuming appropriation of the authorized amounts, CBO estimates that implementing these sections would cost \$6 million through 2014.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 403 contains no intergovernmental or private-sector mandates as defined in UMRA. Funds authorized in the legislation would benefit state, local, and tribal governments that participate in housing assistance programs.

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