TABLE 7. Continued

| Household Payment | Households Assisted as of 9/30/87 (Thousands) | Funding for Fiscal Year 1989 |
|---|---|---|
| | **Rental Assistance Programs** (Continued) | |
| Generally 30% of adjusted income | 1,390 | $433 million for 6,243 new units; $1,647 million for modernization; and $1,618 million for operating subsidies. |
| Generally 30% of adjusted income | 153 | $480 million of loan authority for 9,500 new units. |
| Fixed rent sufficient to cover mortgage payments and other allowable costs | 150 | n.a. |
| Generally, the greater of a basic rent covering mortgage payments and allowable costs, or 30% of adjusted income | 349 | $555 million of loan authority for about 16,700 new units. |
| The greater of 30% of adjusted income or 30% of unit's rent | 23 | n.a. |
| Similar to Section 515 | 528 | n.a. |

a. No reliable data are available for separate breakouts of households assisted by Section 8 loan management, property disposition, and conversion assistance. The figure of 414,000 is the total for all three components.

b. Number of units targeted specifically for lower-income households and for which funds had been obligated. Funds for a total of 24,000 units have been obligated through 1987.

c. Estimated number of units occupied by lower-income households. A total of 41,638 units were completed with grants through 1987.

(Continued)

TABLE 7. Continued

| Program | Year Auth-orized | Status | Type of Subsidy | Description |
|---|---|---|---|---|
| | | **Rental Assistance Programs** (Continued) | | |
| Section 8 New Construction and Substantial Rehabilitation | 1974 | No new commitments since 1983, except for elderly and handicapped families | Project-based | Provide rental subsidies to income-eligible households in new or substantially rehabilitated projects. Subsidy covers the difference between tenants' payments and FMR, determined by HUD and based initially on capital and operating costs. Subsidy contracts for 20 to 40 years commit owners to set aside a certain number of units for lower-income households for a period of time. Tax incentives and financing arrangements also may reduce owners' effective mortgage interest rates. |
| Section 8 Loan Management Set-Aside and Property Disposition | 1974 | Active | Project-based | Provide subsidies to units in financially troubled projects in the FHA-insured inventory and on sale of HUD-owned projects, respectively. Five-to-fifteen-year subsidy contracts with owners help ensure improved cash flows and preserve projects for lower-income tenants. Subsidies cover the difference between tenants' payments and the units' rents, which often are below-market rents because of other federal subsidies. |
| Section 8 Conversion Assistance | 1974 | Active | Project-based | Provides 15-year subsidies to some dwelling units in projects formerly aided through other types of programs--primarily the rent supplement and RAP programs. Subsidy mechanism similar to Section 8 loan management. |
| Section 8 Existing-Housing Certificates | 1974 | Active | Household-based | Aids income-eligible households, who can choose any existing unit that meets the program's property standards and whose rent does not exceed the FMR. HUD pays difference between units' actual rents and tenants' payments, with funding committed for 5 to 15 years. Administered by local PHAs, who enter contracts with landlords. |
| Section 8 Moderate Rehabilitation | 1979 | Active | Project-based | Aids households in existing units brought up to standard with modest repairs. Differs from Section 8 existing-housing program only in that aid is tied to the rehabilitated unit whose rent is limited to 125% of the local FMR for existing units. |

(Continued)

TABLE 7. Continued

| Household Payment | Households Assisted as of 9/30/87 (Thousands) | Funding for Fiscal Year 1989 |
|---|---|---|
| | **Rental Assistance Programs** (Continued) | |
| Generally 30% of adjusted income | 794 | $1,325 million for 9,500 new units. |
| Generally 30% of adjusted income | 414 [a] | $453 million for 10,657 new units. |
| Generally 30% of adjusted income | a | No new funds appropriated. |
| Generally 30% of adjusted income | 874 | $542 million for 18,000 new units with 5-year terms and $30 million for 333 new units with 15-year terms designed to replace units lost because of public housing demolition. |
| Generally 30% of adjusted income | 76 | $323 million for 2,942 new units and $45 million for 1,270 single-room-occupancy units for the homeless. |

(Continued)

TABLE 7. Continued

| Program | Year Auth-orized | Status | Type of Subsidy | Description |
|---|---|---|---|---|
| | | **Rental Assistance Programs** (Continued) | | |
| Section 8 Vouchers | 1983 | Active | Household-based | Similar to Section 8 certificate program in that assisted households can live in standard units of their choosing and PHAs administer the program. Unlike certificates in that recipients may occupy units with rents above the voucher payment standard--roughly equivalent to the FMR--if they pay the difference, and may keep the difference if rents are below the payment standard. Funding committed for 5 years. |
| Rental Housing Development Grant (HoDAG) | 1983 | Terminates 9/30/89 | Project-based | Awards grants through national competitions among eligible state and local governments to help finance new construction and substantial rehabilitation of rental housing. Projects must reserve at least 20% of units for 20 years for lower-income tenants; grants cannot exceed 50% of total costs of developing the projects. |
| Rental Rehabilitation Grants | 1983 | Active | Project-based | Distributes grants by formula to eligible units of government to help fund moderate rehabilitation of rental housing. Also provides vouchers to current lower-income tenants who may choose to remain in the building or to relocate. Grants generally limited to between $5,000 and $8,500 per unit, depending on number of bedrooms, and cannot exceed 50% of the total rehabilitation. At least 70% of units must be occupied by lower-income households, with specified shares going to large families. |
| | | **Homeownership Assistance Programs** | | |
| Section 502 Rural Housing Loans | 1949 | Active | n.a. | Provides reduced-interest (as low as 1%) direct loans, generally with 33-year terms, to rural lower-income homebuyers. Households with incomes somewhat above income-eligibility cutoff (80% of area's median income adjusted for family size) may obtain direct loans roughly at the long-term federal borrowing rate, which is typically below private mortgage rates. |
| Section 235 Mortgage-Interest Subsidies | 1968 | Terminates 9/30/89 | n.a. | Provides mortgage insurance and interest subsidies to private lenders on behalf of low- and moderate-income homebuyers--those with incomes below 95% of area's median income adjusted for family size. Characteristics have changed several times, with subsidies becoming more limited and their term being reduced. As authorized in 1983, interest subsidies are provided for 10 years, and the implicit interest rate cannot fall below 4%. |

TABLE 7. Continued

| Household Payment | Households Assisted as of 9/30/87 (Thousands) | Funding for Fiscal Year 1989 |
|---|---|---|
| | **Rental Assistance Programs** (Continued) | |
| Generally 30% of adjusted income plus or minus the difference between units' rents and payment standard | 82 | $1,276 million for 47,000 new units and $79 million for 3,099 units replacing units lost because of landlords' opting out of programs or expiring contracts. |
| No more than 30% of adjusted income of a family whose gross income equals 50% of area median income, adjusted for family size | 7 [b] | No new funds appropriated. |
| Similar to HoDAG | 39 [c] | $150 million. |
| | **Homeownership Assistance Programs** (Continued) | |
| At least 20% of adjusted income for mortgage payments, property taxes, and insurance | 899 | $1,267 million in loan authority for about 27,000 loans. |
| At least 28% of adjusted income for mortgage payments, property taxes, and insurance | 159 | No new funds appropriated. |

Household-based subsidies are provided through two other components of the Section 8 existing-housing program--Section 8 certificates and vouchers. These programs, both of which are currently active, tie aid to households, who choose standard units in the private housing stock. Certificate holders must occupy units whose rents at initial occupancy are within guidelines--the so-called Fair Market Rents (FMRs)--established by HUD. Voucher recipients, however, are allowed to occupy units with rents above the HUD guidelines, provided that they pay the difference.

Homeowners' Assistance. Each year, the federal government also assists some lower- and moderate-income households in becoming homeowners by making long-term commitments to reduce their mortgage interest.[4] Most of this aid has been provided through the Section 502 program administered by the FmHA, which itself supplies mortgage loans at low interest rates roughly equal to the long-term government borrowing rates. Many homebuyers, however, receive much deeper subsidies through the interest-credit component of this program, which reduces their effective interest rate to as low as 1 percent. A number of homebuyers have received aid through the Section 235 program administered by HUD, which provides interest subsidies for mortgages financed by private lenders. New commitments are now being made only through the Section 502 program, but a small number of homeowners continue to receive aid from prior commitments made under the Section 235 program.[5] Both programs generally reduce mortgage payments, property taxes, and insurance costs to a fixed percentage of income, ranging from 20 percent for the FmHA program to 28 percent for the latest commitments made under the HUD program. Households with relatively low incomes would have to pay larger shares, however, since mortgage payments must cover a minimum interest rate--currently 1 percent and 4 percent for the FmHA and HUD programs, respectively.

4. In addition, a small number of very-low-income homeowners receive grants or loans each year from the FmHA for housing repairs.

5. The Housing and Community Development Act of 1987 terminates the Section 235 program at the end of fiscal year 1989.

Trends in Commitments for Housing Assistance

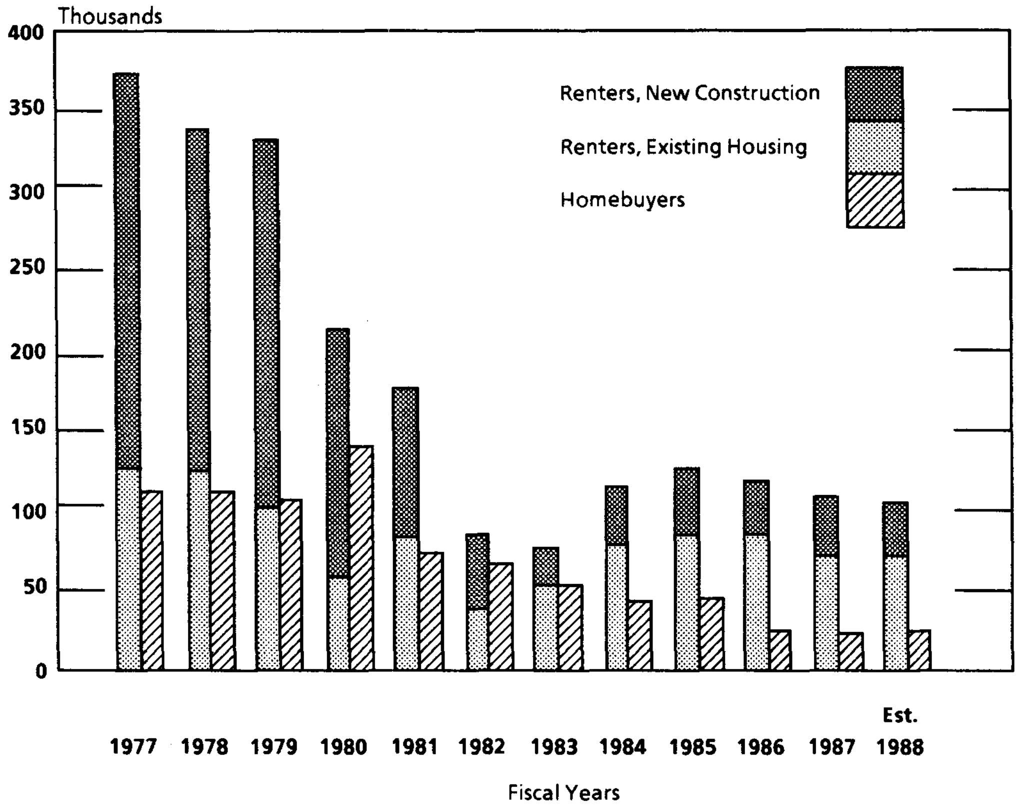
Although the federal government has been subsidizing the shelter costs of lower-income households since 1937, more than half of all currently outstanding commitments were funded over the past 12 years. Between 1977 and 1988, about 2.2 million net new commitments were funded to aid lower-income renters. Another 0.8 million new commitments were provided in the form of mortgage assistance to lower- and moderate-income homebuyers. Between 1977 and 1983, the number of net new rental commitments funded each year declined steadily, however, from 375,000 to 78,000. Trends have been somewhat erratic since 1983. Over the 12-year period, commitments for new homebuyers generally decreased, ranging from 140,000 in 1980 to about 24,000 in 1987 (see Figure 1).

The production-oriented approach in rental programs has been sharply curtailed in recent years in favor of the less costly Section 8 existing-housing and voucher programs. Between 1977 and 1982, commitments through programs for new construction and substantial rehabilitation ranged annually from 53 percent to 73 percent of the total; since then, however, they have made up one-third or less of all additional rental commitments.

The relative emphasis on new construction compared with rental rehabilitation and repair programs has fluctuated over the years. Most recently, the Congress has shifted funding away from new construction in favor of rehabilitation. The 1987, 1988, and 1989 appropriations included more than twice as much funding for modernization of public housing projects compared with 1986, while the 1989 funding level for additional newly constructed units is roughly the same as the 1986 level. In 1987, the rental rehabilitation program received twice the amount that was provided under HoDAG, a new construction program, while in 1988 and 1989 HoDAG funding was virtually phased out.

The total number of households receiving assistance has increased substantially, from 3.2 million at the beginning of fiscal year 1977 to 5.4 million at the beginning of fiscal year 1988--a 69 percent increase (see Figure 2). This increase results largely from net new commitments over the past 12 years, but also from commitments made before

## Figure 1.
## Net New Commitments for Renters and New Commitments for Homebuyers, 1977-1988



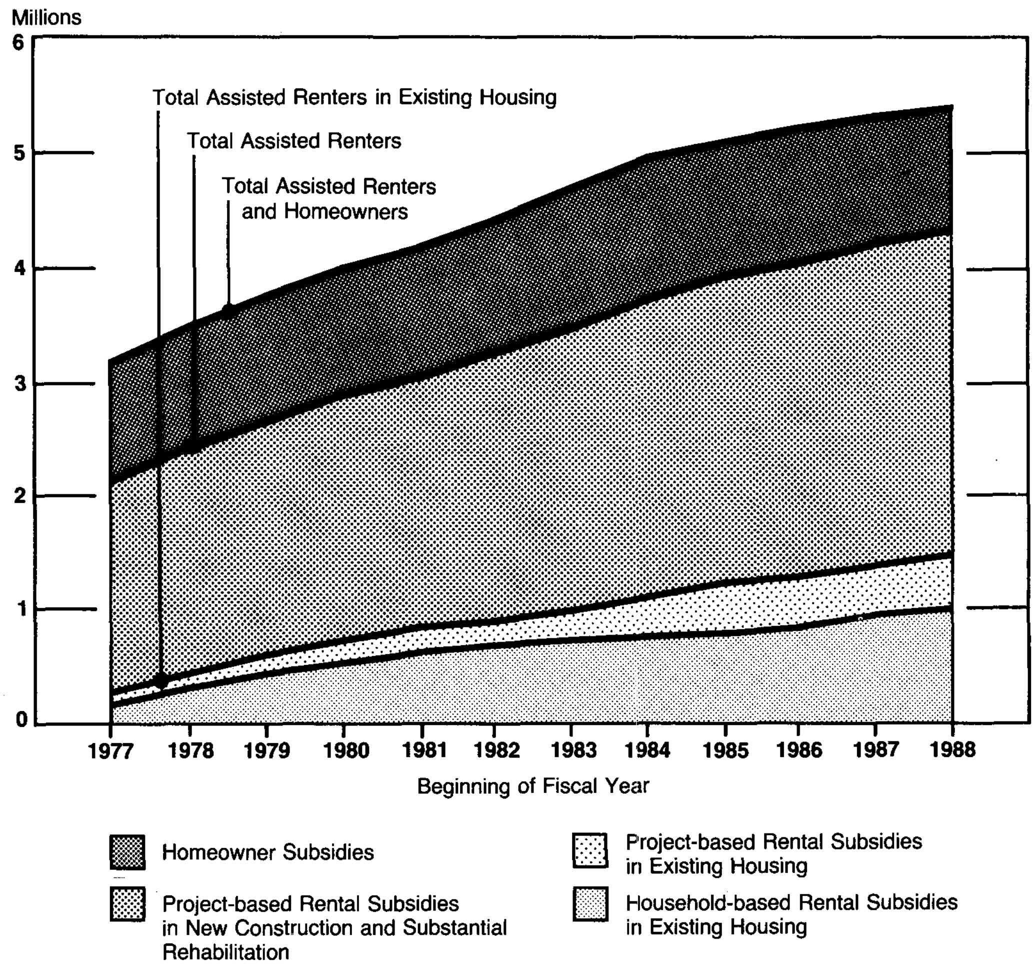

SOURCE: Congressional Budget Office based on data provided by the Department of Housing and Urban Development and the Farmers Home Administration.

NOTE: Net new commitments for renters represent net additions to the available pool of rental aid and are defined as the total number of commitments for which new funds are appropriated in any year. To avoid double-counting, these numbers are adjusted for the number of commitments for which funds are deobligated or canceled that year; the number of commitments for units converted from one type of assistance to another; in the FmHA Section 515 program, the number of units that receive more than one subsidy; and, starting in 1985, the number of commitments specifically designed to replace those lost because private owners of assisted housing opt out of the programs or because public housing units are demolished.

New commitments for homebuyers are defined as the total number of new loans that the FmHA may make (or that HUD may subsidize) each year based on the maximum lending authority set by the Congress. This measure of program activity is meant to indicate how many new homebuyers can be helped each year and is therefore not adjusted to account for homeowners who leave the programs in any year because of mortgage repayments, prepayments, or foreclosures. Thus, it does not represent net additions to the total number of assisted homeowners and therefore cannot be added to net new commitments for renters.

1977 that have been processed during this period. The number of households receiving rental subsidies increased from 2.1 million to 4.3 million, while the number of homeowners receiving assistance in a given year remained virtually unchanged at between 1.1 million and 1.2 million. The latter pattern reflects commitments for newly

Figure 2.
Total Households Receiving Assistance, By Type of Subsidy, 1977-1988




SOURCE: Congressional Budget Office based on data provided by the Department of Housing and Urban Development and the Farmers Home Administration.

NOTE: Figures for total assisted renters have been adjusted since 1980 to avoid double-counting households receiving more than one subsidy.

assisted households being offset by loan repayments, prepayments, and foreclosures among previously assisted households. Thus, the proportion of all assisted households that receives homeownership assistance has declined from 34 percent at the beginning of 1977 to less than 20 percent at the beginning of 1988. Among rental assistance programs, the shift away from production-oriented programs toward existing housing is reflected in the increasing proportion of renters receiving aid through the latter approach, from 13 percent at the beginning of fiscal year 1977 to 34 percent at the beginning of 1988, with the proportion of renters receiving household-based subsidies increasing from 8 percent to 22 percent.

## The Budgetary Effects of Housing Assistance

Funding for most additional commitments for housing assistance is provided each year through appropriations of long-term budget authority--that is, the authority to commit the government to future expenditures--for subsidies to households and through appropriations of lending authority for direct loans to homebuyers and developers of rental housing.[6] Conceptually, the additional budget authority is added to the unspent balances of budget authority appropriated in previous years. The amount of budget authority needed per commitment varies with the type of program and depends on the relative size of the subsidy--which typically equals the difference between the unit's rent and the household's contribution--and how long the government agrees to provide the subsidy. For example, budget authority requirements for commitments to build new housing tend to be relatively high, because rents in newly constructed projects are high and because commitments are usually made for long periods of time, currently ranging from 20 years for HUD's Section 202/8 program to 50 years for FmHA's Section 515 program. By contrast, budget authority requirements for vouchers are relatively low, because rents for existing housing are comparatively low and because commitments last for only five years.

6. Additional assistance through the public housing program, however, is currently funded with up-front grants for the construction and modernization of the units and annual appropriations for operating subsidies.

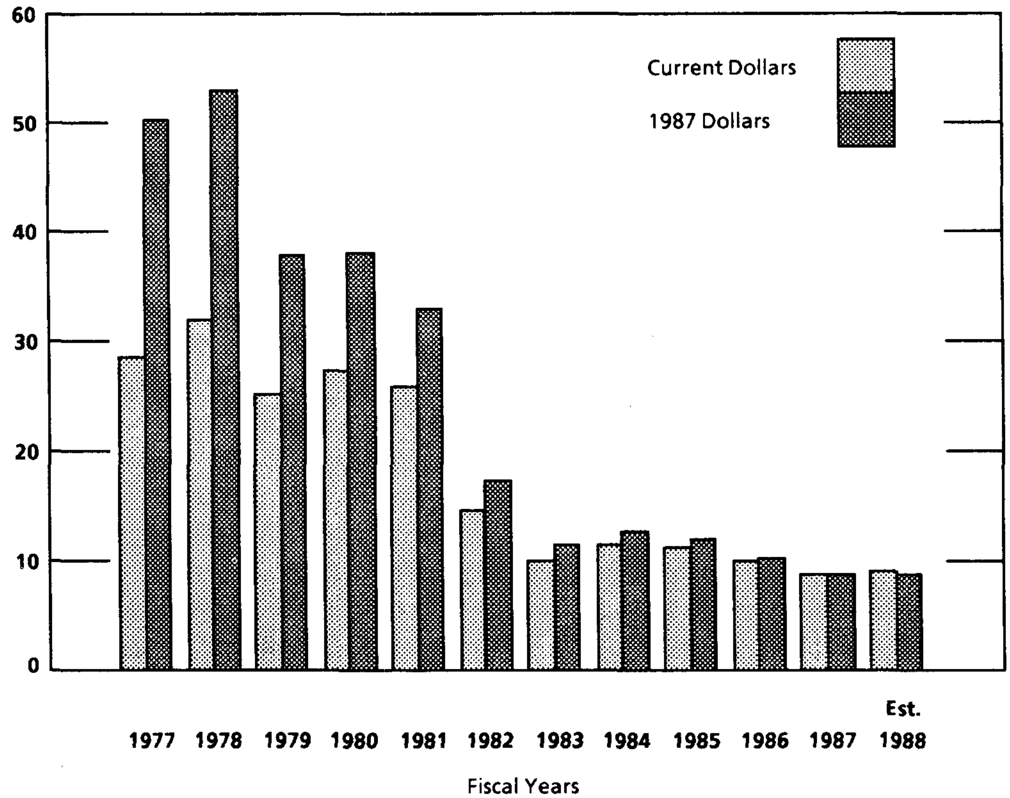
Annual federal outlays for housing assistance reflect expenditures on behalf of all households actually receiving aid in a given year. Outlays in any given year are predominantly funded by liquidating part of the unspent balances of long-term budget authority appropriated in past years. Thus, new commitments contribute very little to outlays in the year in which they are funded, both because of the relatively small proportion of total outstanding commitments that they represent and especially because of the processing time, which can extend over periods of more than five years for some new construction programs and can delay the actual outflow of funds.

Annual appropriations of new budget authority for housing assistance have been cut dramatically over the past decade. These cuts reflect four underlying factors: the previously mentioned reduction in the number of newly assisted households; the shift toward cheaper existing-housing assistance; a systematic reduction in the average term of new commitments from more than 24 years in 1977 to less than 12 years in 1988; and, since 1987, the change in the method for financing the construction and modernization of public housing.[7] For HUD's programs alone, appropriations of budget authority declined (in 1987 dollars) from a high of $53 billion in 1978 to $9 billion in 1988 (see Figure 3). Similarly, new lending authority for FmHA's direct loan programs decreased (in 1987 dollars) from a high of $5.7 billion in 1979 to $1.7 billion in 1988.

On the other hand, with the continuing increase in the number of households served, total outlays for all housing assistance programs combined have risen steadily (in 1987 dollars), from $5.7 billion in fiscal year 1977 to $15.3 billion in fiscal year 1987, an increase of almost 170 percent (see Figure 4). Moreover, despite recent measures to contain costs, such as those mentioned above, and the increase in household contributions from 25 percent to 30 percent of adjusted income, average federal outlays per unit for all programs combined have generally continued to rise in real terms, from around $1,700 in 1977 to around $2,900 in 1987--an increase of almost 70 percent (see

7. Before 1987, new commitments for the construction and modernization of public housing were financed over periods ranging from 20 to 40 years, with the appropriations for budget authority reflecting both the principal and interest payments for this debt. Starting in 1987, these activities are financed with up-front grants, which reduces their budget authority requirements by between 51 percent and 67 percent.

Figure 3.
Net Budget Authority Appropriated for Housing Aid, 1977-1988 (In billions of current and 1987 dollars)




SOURCE: Congressional Budget Office, based on data provided by the Department of Housing and Urban Development.

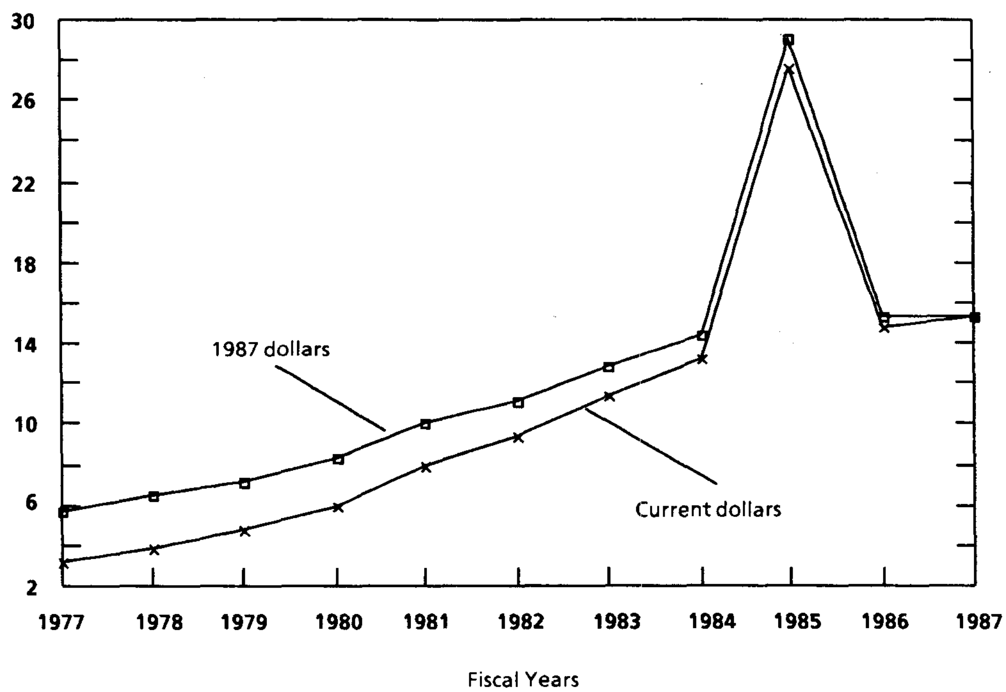
NOTE: All figures are net of funding rescissions. Totals include funds appropriated for public housing operating subsidies. Excludes programs administered by the Farmers Home Administration.

Figure 5).[8] Several factors have contributed to this growth. First, the number of households that occupy units completed under the Section 8 new construction program has risen. These recently constructed units

8. The change in the method for financing the construction and modernization of public housing caused a large one-time expenditure in 1985, when most of the outstanding debt incurred since 1974 for construction and modernization was paid off (see Figure 4). Without that bulge in expenditures, average outlays per unit in 1985 would have been about $2,800 in 1987 dollars.

require larger subsidies compared with the older units that were built some time ago under the mortgage-interest subsidy programs and the public housing program. Second, the share of households receiving less costly homeownership assistance has decreased. Third, housing aid is being targeted toward a poorer segment of the population, requiring larger subsidies per assisted household. Fourth, rents in assisted housing have probably risen faster than the income of

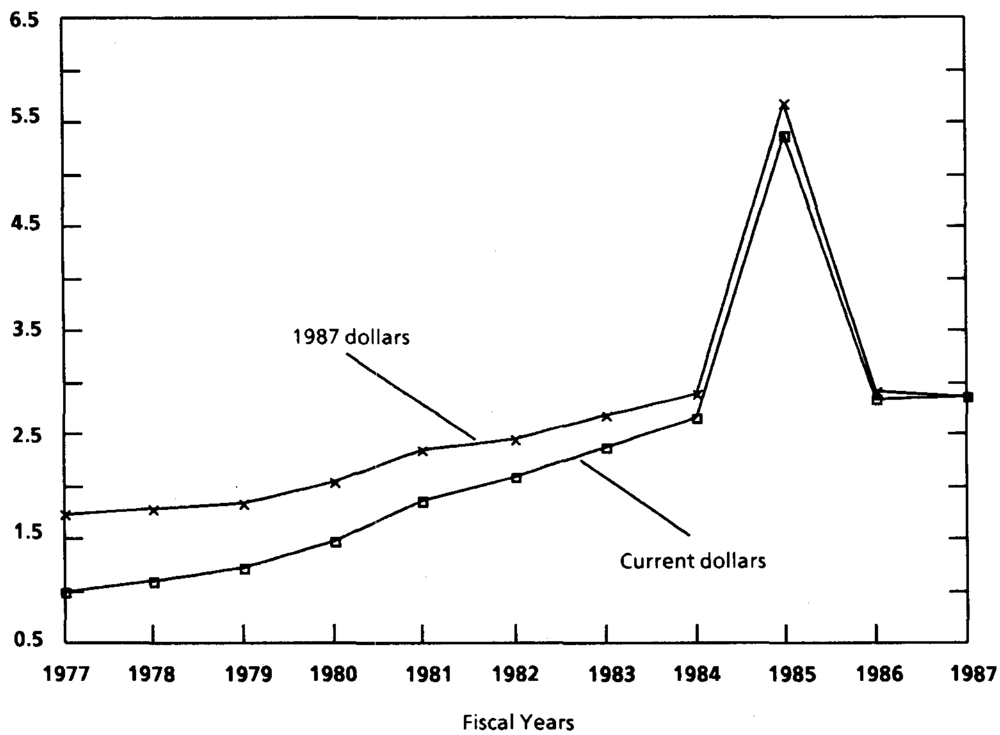
Figure 4.
Outlays for Housing Aid, 1977-1987
(In billions of current and 1987 dollars)




SOURCE: Congressional Budget Office based on data provided by the Department of Housing and Urban Development and the Farmers Home Administration.

NOTE: The bulge in outlays in 1985 is caused by a change in the method of financing public housing, which generated close to $14 billion in one-time expenditures. This amount paid off--all at once--the capital cost of public housing construction and modernization activities undertaken since 1974, which otherwise would have been paid off over periods of up to 40 years. Because of this one-time expenditure, however, future outlays for public housing will be lower than they would have been otherwise.

Figure 5.
Per Unit Outlays for Housing Aid, 1977-1987
(In thousands of current and 1987 dollars)




SOURCE: Congressional Budget Office based on data provided by the Department of Housing and Urban Development and the Farmers Home Administration.

NOTE: The peak in outlays per unit in 1985 of $5,700 is attributable to the bulge in 1985 expenditures associated with the change in the method for financing public housing. Without this change, outlays per unit would have amounted to around $2,800 in 1987 dollars.

assisted households, causing subsidies to rise faster than the inflation index used here--the gross national product (GNP) implicit price deflator.[9]

9. For example, between 1980 and 1986, the GNP implicit price deflator increased 33 percent. Over the same period, median family income of renters and the Consumer Price Index for residential rents increased by 36 percent and 46 percent, respectively, but the maximum rents allowed for Section 8 existing-housing certificates--the so-called Fair Market Rents--rose around 57 percent.

## CURRENT VARIATIONS IN COMMITMENTS AND COSTS ACROSS PROGRAMS

The total number of households that can be served by the various programs from funds appropriated to date exceeds the number of households currently being served, because some commitments are still being processed. Programs vary greatly in their scope as well as their costs per unit.

### Current Pool of Housing Assistance

At the end of 1987, 5.4 million households were receiving assistance, and around 250,000 commitments were still being processed. Another 69,000 commitments--net of expected deobligations and dropouts--were funded in 1988. Thus, a total of almost 5.7 million households can eventually be served from funds already appropriated (see first two columns of Table 8).[10]

Rental programs can assist more than 4.6 million households, once the processing of roughly 357,000 commitments has been completed. Commitments tied to projects specifically constructed or substantially rehabilitated for assisted households will account for about 3 million of them, with the public housing program alone aiding more than 1.4 million households. The Section 8 existing-housing and moderate rehabilitation programs will aid the remaining 1.6 million households. Around 1 million of these Section 8 commitments will be tied to individual households through certificates and vouchers, while the remaining commitments will be tied to units in selected existing rental projects. For homeownership programs, the number of commitments (26,600) now being processed is less than the number of households expected to leave the programs in 1988, resulting in a net decline in the number of homeowners served.

10. This figure accounts for the expected loss of about 72,000 commitments in 1988, primarily because of assisted homeowners' dropping out of the programs.

## Per Household Cost of Various Types of Housing Assistance

Expenditures per household vary substantially among programs. In 1987, average outlays for all rental programs amounted to almost

TABLE 8. COMMITMENTS AND OUTLAYS BY MAJOR FEDERAL HOUSING ASSISTANCE PROGRAMS, 1987

| Program | Households Assisted End of Fiscal Year 1987 (Thousands) | Commitments Outstanding Through Fiscal Year 1988 (Thousands)[a] | Total Outlays During Fiscal Year 1987 (Millions of dollars) | Outlays Per Household in Fiscal Year 1987 (Dollars)[b] |
|---|---|---|---|---|
| | Rental Assistance Programs | | | |
| Section 8 | | | | |
| Existing-Housing | | | | |
| Vouchers | 82 | 184 | 81 | n.a. |
| Certificates | 874 | 895 | c | c |
| Loan management, property disposition, and conversions | 414 | 438 | 3,819[c] | 3,013[c] |
| Moderate rehabilitation | 76 | 126 | 244 | 3,381 |
| Subtotal, Existing-Housing | 1,446 | 1,643 | 4,144 | 3,033 |
| New Construction and Substantial Rehabilitation | 794 | 868 | 3,981 | 5,067 |
| Public Housing | 1,390 | 1,433 | 3,517[d] | 2,539[d] |
| Other HUD Programs[e] | 552 | 551 | 686 | 1,229 |
| Section 515 Rural Rental Assistance | 349 | 394 | 853[f] | 2,525[f] |
| Total[g] | 4,296 | 4,653 | 13,180 | 3,092 |

SOURCE: Congressional Budget Office based on data provided by the Department of Housing and Urban Development and the Farmers Home Administration.

NOTE: n.a. = not available.

a. Includes commitments being processed, as well as commitments that will be funded from the 1988 appropriation. Excludes commitments expected to be lost because funds are deobligated or because landlords or homeowners drop out of the programs in 1988.

b. Estimated by dividing total outlays by the simple average of the number of households receiving assistance at the end of fiscal year 1986 and the end of fiscal year 1987. This procedure could not be

(Continued)

$3,100 per household, compared with around $1,900 per household assisted through homeownership programs (see Table 8). Among rental programs, the expenditures for the Section 8 new construction and substantial rehabilitation program were highest--more than

TABLE 8. Continued

| Program | Households Assisted End of Fiscal Year 1987 (Thousands) | Commitments Outstanding Through Fiscal Year 1988 (Thousands)[a] | Total Outlays During Fiscal Year 1987 (Millions of dollars) | Outlays Per Household in Fiscal Year 1987 (Dollars)[b] |
|---|---|---|---|---|
| **Homeownership Assistance Programs** | | | | |
| Section 235 Mortgage-Interest Subsidies | 159 | 144 | 182 | 1,066 |
| Section 502 Rural Housing Loans[h] | 899 | 876 | 1,900 | 2,062 |
| Total[i] | 1,059 | 1,020 | 2,082 | 1,906 |

b. Continued

used for vouchers because, between 1986 and 1987, HUD changed its methodology for counting the number of voucher recipients. Thus, vouchers are excluded from the calculations of subtotal and total outlays per household.

c. Section 8 certificates are included in loan management, property disposition, and conversions.

d. Includes outlays for operating subsidies, for the up-front capital costs of new construction and modernization activities undertaken during 1987, and for debt service of construction and modernization activities undertaken before 1974.

e. Includes currently inactive Section 236 and rent supplement programs.

f. Total outlays include household subsidies provided under the FmHA's rental assistance payments program and mortgage-interest subsidies provided to the developers.

g. The total does not equal the sum of the number of households assisted under the various programs; rather, it has been adjusted to avoid double-counting households receiving more than one subsidy. These households include 189,000 households assisted through Section 236 as well as either rent supplement or Section 8, and about 46,000 households assisted through both Section 515 and Section 8.

h. Includes 141,000 assisted households whose loans were sold to private investors in 1987. Total outlays do not include the loss of $1 billion associated with these asset sales, however.

i. Although at the end of 1987 over 26,000 commitments for new homebuyers were still being processed, an estimated 66,000 households are expected to leave the programs in 1988. Thus, the total number of outstanding commitments is declining.

$5,000 per assisted household compared with around $3,000 per household assisted through the various components of the Section 8 existing-housing program. Estimated expenditures for Section 8 certificates and vouchers amounted to $4,200, including fees paid to administering agencies.

Outlays per household in a given year, however, represent quite different concepts among programs. For Section 8 certificates and vouchers, they reflect essentially the full cost of aiding the average household. Not all costs are included for other programs, however--particularly for many production-type programs, where some federal costs occur when the project is first built. For example, outlays for public housing reflect operating subsidies for all units, but expenditures covering the cost of construction and modernization of projects are included for only a portion of all units, primarily those constructed before 1974, for which debts are still being paid off, and those being built or modernized in the year in question. Many projects assisted under various programs also continue to benefit from favorable mortgage financing whose federal cost may have been incurred when the mortgage was closed and would thus not be reflected in current outlays. Moreover, significant indirect subsidies are received through tax benefits--federal as well as state and local--by many newly constructed or rehabilitated projects, but these tax expenditures are not included in outlays. Finally, some households receive subsidies under more than one program--for example, under both the Section 236 and the Section 8 conversion or loan management programs--which reduces the apparent average cost of subsidizing individual households.

Differences in per household outlays among programs also reflect variations in the quality of units and in the types of households served. For example, the high cost of the Section 8 new construction program is partly explained by the relatively high quality and recent construction of these units compared with, say, public housing units that were built some time ago and now need substantial rehabilitation. Average subsidy costs would also be higher, other things being equal, in programs that serve households that need large, expensive units or households that are relatively poor and so make only small contributions toward their units' rents.