



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 8, 2008

H.R. 3329

Homes for Heros Act of 2007

*As ordered reported by the House Committee on Financial Services
on June 24, 2008*

SUMMARY

H.R. 3329 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 bill would direct the Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA) to exclude certain benefits from a veteran's income when calculating rental assistance payments.

CBO estimates that implementing H.R. 3329 would cost about \$1.8 billion over the 2009-2013 period, assuming the appropriation of the necessary amounts. Enacting this bill would not affect direct spending or revenues.

H.R. 3329 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. 3329 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. 3329 will be enacted by the end of fiscal year 2008, that the authorized amounts will be appropriated near the beginning of each fiscal year, 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					2009- 2013
	2009	2010	2011	2012	2013	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Vouchers for Homeless Veterans						
Estimated Authorization Level	175	175	175	206	212	943
Estimated Outlays	153	174	174	200	209	910
Supportive Housing Assistance						
Estimated Authorization Level	204	207	211	215	219	1,056
Estimated Outlays	2	37	125	160	181	505
Exclusion of Veterans' Benefits						
Estimated Authorization Level	73	74	76	78	79	380
Estimated Outlays	44	74	75	77	79	349
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	454	457	463	500	511	2,385
Estimated Outlays	201	286	375	438	470	1,770

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 1,000 vouchers in 2008 to 2,500 vouchers in 2011; thus, the bill would provide for an increase ranging from 17,700 to 19,000 in the number of vouchers authorized in each year from 2008 to 2011, as well as new authorization for 20,000 vouchers a year thereafter. Based on information from HUD, CBO estimates that the average annual cost of these vouchers would be about \$9,500 in 2009. Assuming appropriation of the necessary amounts and adjusting for projected changes in rents and tenant incomes, CBO estimates that implementing this provision would cost \$153 million in 2009 and \$910 million over the 2009-2013 period.

Supportive Housing Assistance

Section 3 would authorize the appropriation of \$200 million for fiscal year 2008, 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. For this estimate, CBO assumes that no further appropriations will be provided in 2008. Assuming appropriation of the necessary amounts beginning in 2009, and adjusting for anticipated inflation, CBO estimates that implementing this section would cost about \$500 million over the 2009-2013 period.

Exclusion of Veterans Benefits from Rent Determinations

Section 6 would require HUD and USDA to disregard veterans' compensation benefits when determining the amount of rent paid by families receiving assistance. 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 5 million tenants in federal rental assistance programs are veterans. 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 about \$8,000 in 2009. Excluding those benefits from rent determinations would lower tenants' rent contributions by about \$70 million each year. Assuming that appropriations are increased accordingly, CBO estimates that this provision would cost \$44 million in 2009 and \$349 million over the 2009-2013 period.

Technical Assistance and Annual Report

Section 7 would authorize the appropriation of \$1 million in 2008, or any fiscal year thereafter, 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 very low-income veteran families. Assuming appropriation of the authorized amounts, CBO estimates that implementing these sections would cost \$6 million through 2013.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3329 contains no intergovernmental or private-sector mandates as defined in UMRA. Funds authorized in the bill would benefit state, local, and tribal governments that participate in housing assistance programs.

ESTIMATE PREPARED BY:

Federal Spending: Chad Chirico
Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum
Impact on the Private Sector: Patrick Bernhardt

ESTIMATE APPROVED BY:

Keith Fontenot
Deputy Assistant Director for Health and Human Resources,
Budget Analysis Division