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OA/ID Number: 20326

FolderID:

Folder Title:

Disabilities--Housing (Veterans)

Stack:
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Row:
95

Section:
3

Shelf:
3

Position:
1



Cynthia A. Rice

02/18/2000 07:38:25 AM

Record Type: Record

To:

cc:

Subject: PRINT THIS RE VA HOUSING VETERANS PROPOSAL

----- Forwarded by Cynthia A. Rice/OPD/EOP on 02/18/2000 07:38 AM -----



Stephen W. Ruszczyk



02/16/2000 06:26

Record Type: Record

To: Bennie C. Rogers/OMB/EOP@EOP

cc: See the distribution list at the bottom of this message

Subject: LRM BCR 51 HUD draft bill on excluding VA disability benefits while determining eligibility for certain housing programs

Proposal Summary

HUD proposes a legislative change to the U.S. Housing Act to expand the eligibility of disabled veterans for housing assistance. The eligibility change has no direct BA or outlay effect. It would only affect eligibility. That is, for purposes of determining whether a household meets the income test for housing assistance eligibility, it would exclude from income benefits provided to disabled veterans through four programs: 1) Disability Compensation; 2) Dependency and Indemnity Compensation; 3) Monthly Allowance for Children of Vietnam Veterans who Suffer from Spina Bifida; and 4) Vocational Training and Rehabilitation. Approximately 2.5 million disabled veterans receive assistance through these four programs. OMB and HUD staff, however, are unable to estimate how many disabled veterans would be eligible for housing assistance if this proposal were implemented, or if any are currently eligible or are already receiving HUD rental assistance.

As a result of the change in definition of income used for eligibility determination, households with a disabled veteran would become eligible for housing assistance at higher incomes than other households whose incomes were from sources other than the four programs listed above. For example, a household with earnings from work of \$15,000 a year and a household with the same earnings but an additional \$15,000 a year in disability compensation would both be treated as having incomes of \$15,000 for purposes of determining housing assistance eligibility.

This proposal does not alter the targeting provisions for public housing (not less than 40 percent of units to those not exceeding 30 percent of area median

income), for Section 8 tenant-based assistance (not less than 75 percent for those not exceeding 30 percent of the area median income) or for Section 202 housing for the elderly or Section 811 housing assistance for the disabled. However, by changing the definition of income applied in these targeting calculations, it has the effect of diluting them to the extent that those with higher total incomes (including specified veterans disability benefits) are treated as though their incomes were lower.

The change has no effect on the treatment of the four listed sources of income for purposes of calculating tenant rents, i.e., adjusted income as defined for calculating the rent paid by households receiving HUD assistance would continue to include payments under the four disabled veterans programs. As a result, even though disabled veterans would become eligible for assistance at higher incomes than other households, their rent payments would not be adjusted and therefore their housing subsidies would be smaller than if this source of income had been disregarded. Adjustments to income for this purpose for all disabled, including disabled veterans, include a \$400 annual deduction. The disabled may exclude the cost of equipment or apparatus needed to return to work. The disabled may also exclude \$480 for each member of a household less than 18 years of age, or who is 18 years of age or older and has a disability. Other exclusions are provided to all households for medical expenses, child care expenses, and spousal support expenses.

Concerns

1. Dilution of income targeting. This proposal would expand eligibility for HUD housing assistance by permitting higher-income disabled veterans to qualify. Currently, many more people are already eligible for housing subsidies than can be served, because the supply of assistance is limited by appropriations. By adding higher-income people to the eligible pool, the targeting of housing assistance to those with the lowest incomes -- who tend to have greater housing burdens -- is reduced. Moreover, this proposal would set a precedent for other groups to seek similar treatment, possibly leading to an erosion of the income targeting which has been a basic principle for allocating the limited supply of housing subsidies in a manner that maximized the reduction of "worst case" housing needs.

2. Rationale for extending additional benefits to disabled veterans unclear. HUD has not explained why it has decided to disregard a major source of income for this group only. The disabled, including disabled veterans, already pay lower rents than many other assisted families because of deductions from income, as noted above. Under current law, if localities want to create a preference for serving disabled veterans ahead of other income-eligibles, they may do so. Unless there is a clear rationale for not doing so, other groups may seek similar treatment for benefits or earnings. In developing this proposal, it is not clear to us that HUD has considered all of the benefits now provided to disabled veterans and whether the extension of housing assistance eligibility to higher-income disabled veterans justifies the offsetting reduction of assistance to other groups with severe housing needs, including families moving to work and those who would otherwise be homeless. Currently, VA provides housing assistance to veterans who are transitioning from homelessness or illnesses back into self-supporting situation. In addition, VA provides or guarantees loans with no downpayment loans to veterans,

servicemembers, and reservists who are buying, improving, or refinancing homes.

3. Could result in future cost increases for housing assistance. Disabled veterans may argue in the future that income from the four specified programs should be disregarded in determining not only in determining eligibility but also in calculating rent payments. At present, income used for eligibility determination is then adjusted downward to establish the basis for tenant rent.

However, if this provision were adopted, the income basis for rents owed by disabled veterans would actually be higher than that used for eligibility. If the two were made consistent, then the subsidy cost for aiding these higher-income households would rise and HUD would be providing larger subsidy payments to these households than to lower-income households without income from these sources.

The Housing Branch does not support this legislative proposal.

Message Copied To:

Alan B. Rhinesmith/OMB/EOP@EOP
Francis S. Redburn/OMB/EOP@EOP
Andrea Kane/OPD/EOP@EOP
Cynthia A. Rice/OPD/EOP@EOP
Mary L. Smith/OPD/EOP@EOP

Bennie C. Rogers

02/14/2000 05:48:49 PM

Record Type: Record

No Comment

To: See the distribution list at the bottom of this message
cc: dol-sol-leg@dol.gov @ inet, valrm@mail.va.gov @ inet, justice.lrm@usdoj.gov @ inet, llr@do.treas.gov @ inet
Subject: LRM BCR51 - - HOUSING & URBAN DEVELOPMENT Draft Bill on Exclusion of VA Disability Income from Housing Assistance Eligibility

Following is LRM ID: BCR 51. Please read and respond by COB, Wednesday, February 16th, to the attached HUD draft bill on Exclusion of VA Disability Income from Housing Assistance Eligibility.



huddraftbill.wpd

----- Forwarded by Bennie C. Rogers/OMB/EOP on 02/14/2000 05:43 PM -----

LRM ID: BCR51

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001**

Monday, February 14, 2000

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below
FROM: Robert J. Pellicci (for) Assistant Director for Legislative Reference
OMB CONTACT: Bennie C. Rogers
PHONE: (202)395-7754 FAX: (202)395-6148
SUBJECT: **HOUSING & URBAN DEVELOPMENT Draft Bill on Exclusion of VA Disability Income from Housing Assistance Eligibility**

DEADLINE: **COB Wednesday, February 16, 2000**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS:

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61-JUSTICE - Robert Raben - (202) 514-2141

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James F. Jordan
Toni S. Hustead

LRM ID: BCR51 **SUBJECT:** HOUSING & URBAN DEVELOPMENT Draft Bill on Exclusion of VA Disability Income from Housing Assistance Eligibility

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Bennie C. Rogers Phone: 395-7754 Fax: 395-6148
 Office of Management and Budget
 Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur
_____ No Objection
_____ No Comment
_____ See proposed edits on pages _____
_____ Other: _____
_____ FAX RETURN of _____ pages, attached to this response sheet

Message Sent To: _____

Michael Deich/OMB/EOP@EOP
Alan B. Rhinesmith/OMB/EOP@EOP
Francis S. Redburn/OMB/EOP@EOP
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John E. Thompson/OMB/EOP@EOP
James F. Jordan/OMB/EOP@EOP
Toni S. Hustead/OMB/EOP@EOP

2/11/00
FY 2001 legislative proposal

SEC. ____ . EXCLUSION OF VA DISABILITY INCOME.

Section 3(b)(4) of the United States Housing Act of 1937 is amended--

(1) by inserting the subparagraph designation "(A)" immediately before
"The term `income'";

(2) by striking "and" and all that follows through the period at the end, and
inserting the following: ", any amounts which would be eligible for exclusion
under section 1613(a)(7) of the Social Security Act (42 U.S.C. 1382b(a)(7)), and,
except for the purposes of calculating income-based rental payments or voucher
assistance under this Act, any amounts received pursuant to service-connected
disability-based veterans' programs administered by the Secretary of Veterans
Affairs may not be considered as income under this paragraph."; and

(3) by inserting after subparagraph (A), as redesignated, the following new
subparagraph:

"(B) For the purposes of this paragraph, the term `amounts
received pursuant to service-connected disability-based veterans'
programs' shall mean disability compensation received pursuant to chapter
11 of title 38, United States Code, dependency and indemnity
compensation received pursuant to chapter 13 of such title, any monthly
allowance payable pursuant to chapter 18 of such title to a child of a
Vietnam veteran for any disability resulting from spina bifida suffered by

2

such child, and any monthly subsistence allowance payable pursuant to chapter 31 of such title or other similar authority to a service-disabled veteran who is pursuing a program of vocational rehabilitation."

h:\gll\2001-leg.pro\va-exclude-bill



Cynthia A. Rice

02/15/2000 10:45:57 AM

Record Type: Record

To: Stephen W. Ruszczyk/OMB/EOP@EOP
cc: andrea.kane/opd/eop@eop, francis.s.redburn/omb/eop@eop, J. Eric Gould/OPD/EOP@EOP, Mary L. Smith/OPD/EOP@EOP
bcc: Records Management@EOP
Subject: Re: Disabled Veterans 

We've gotten the legislative language from Bob Pellicci for clearance. Did HUD ever provide numbers of how many disabled veterans would become eligible for HUD assistance with this change? I assume since the amount of HUD assistance is fixed, this change would essentially allow more people to compete for housing assistance -- and in fact it would allow more relatively well-off people (people with veterans pensions) to compete. Is that a fair assessment?
Stephen W. Ruszczyk



Stephen W. Ruszczyk



02/14/2000 11:51

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP, Cynthia A. Rice/OPD/EOP@EOP
cc: Francis S. Redburn/OMB/EOP@EOP
Subject: Disabled Veterans

The written legislative change proposal from HUD has not yet been sent to me, so this is all I know at present. When I receive the proposal I will forward copies to you and talk with you about clearance. I can be reached at 395-7482 if you have any questions.

----- Forwarded by Stephen W. Ruszczyk/OMB/EOP on 02/14/2000 11:02 AM -----



Francis S. Redburn

02/10/2000

03:48:45 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: Constance J. Bowers/OMB/EOP@EOP, Bennie C. Rogers/OMB/EOP@EOP, Alan B. Rhinesmith/OMB/EOP@EOP, Toni S. Hustead/OMB/EOP@EOP
Subject: Disabled Veterans

HUD would like to propose a legislative change that would disregard pensions paid to veterans with service-related disabilities in determining eligibility for housing assistance. The change would not affect the treatment of this source of income for purposes of calculating tenant rents, i.e., pension income would still be part of the income base for purposes of determining rent charges. I understand that the disabled veterans groups would have preferred that it be disregarded for both purposes, but that was not

Francis S. Redburn

02/15/2000

11:15:55 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc: See the distribution list at the bottom of this message
Subject: Re: Disabled Veterans 

You are right about the general effect. Steve is trying to get more information on the incomes of people who receive these veterans benefits and how many might become eligible if this source of income is disregarded. It may not be easy to estimate these numbers.

Our plan is to have a recommendation to Michael in the next day or two. We are concerned about the precedent that this may set for other groups to seek expanded eligibility and for subsequent disregards of income for purposes of calculating rent owed. The latter could have large budget consequences by increasing subsidy per household served.

Message Copied To:

stephen w. ruszczyk/omb/eop@eop
andrea kane/opd/eop@eop
francis s. redburn/omb/eop@eop
j. eric gould/opd/eop@eop
mary l. smith/opd/eop@eop
James F. Jordan/OMB/EOP@EOP
Katherine L. Meredith/OMB/EOP@EOP
Adam Hoffberg/OMB/EOP@EOP



Stephen W. Ruszczyk



02/14/2000 11:51

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To: Andrea Kane/OPD/EOP@EOP, Cynthia A. Rice/OPD/EOP@EOP
cc: Francis S. Redburn/OMB/EOP@EOP
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Rod Solomon tells me that the Secretary would like to reveal this change of policy to groups representing disabled veterans as early as next week. I've asked him to send us a written description of the proposal so that we could put it into a clearance process as quickly as possible. I also asked him to provide/produce some analysis of the numbers of people who would be made eligible for HUD assistance as a result of this change. It appears that any budget effect would tend to be positive, i.e., would reduce average subsidies to the extent that these people who otherwise would have had incomes above the eligibility income limit now become eligible and are served in place of others who are poorer and therefore would pay less rent. So far as Rod and I know, this would be the first time that a different definition of adjusted income would be used for eligibility determination than for rent calculation.

Connie and Ben, when I receive the written version of this proposal I will pass it on and talk to you about clearance.

Message Sent To: _____

Andrea E. Jacobson/OMB/EOP@EOP
Katherine L. Meredith/OMB/EOP@EOP
Adam Hoffberg/OMB/EOP@EOP
James F. Jordan/OMB/EOP@EOP
Stephen W. Ruszczyk/OMB/EOP@EOP

Francis S. Redburn

02/10/2000

05:55:50 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP

cc: james f. jordan/omb/eop@eop, j. eric gould/opd/eop@eop, andrea kane/opd/eop@eop

Subject: Re: Disabled Veterans 

Currently for HUD programs, all cash income, including government payments (but not Food Stamps or EITC refunds) is counted in gross income.

Rent owed by the tenant is 30 percent of the household's *adjusted* income. To arrive at adjusted income, various deductions are taken from gross income, e.g., disregards of some earnings and deductions for some medical and education expenses. All households with a disabled (or elderly) person get a \$400 annual deduction from income. The disabled also can deduct out-of-pocket expenses for apparatus needed for employment. Thus, the disabled receiving housing subsidies pay reduced rents relative to many others.



Cynthia A. Rice

02/10/2000 05:28:40 PM

Record Type: Record

To: Mary L. Smith/OPD/EOP
cc: Andrea Kane/OPD/EOP, J. Eric Gould/OPD/EOP
Subject: Re: Disabled Veterans

Mary -- fyi -- we don't have a lot of info yet but we'll keep you in the loop too.

----- Forwarded by Cynthia A. Rice/OPD/EOP on 02/10/2000 05:28 PM -----



Cynthia A. Rice

02/10/2000 05:28:34 PM

Record Type: Record

To: Francis S. Redburn/OMB/EOP@EOP
cc: james f. jordan/omb/eop@eop, J. Eric Gould/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP
bcc: Records Management@EOP
Subject: Re: Disabled Veterans 

Thanks for the info, Steve. We would like to be in the loop on this. One question I have already -- how would this treatment of disabled veterans pensions differ from that of SSI income? Is SSI counted in determining eligibility? In calculating rents?

Francis S. Redburn

Francis S. Redburn

02/10/2000

05:00:49 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP
cc: James F. Jordan/OMB/EOP@EOP
Subject: Re: Disabled Veterans

Here is a heads up on a HUD policy change proposal, which we expect to put through a quick clearance process. Any immediate reactions would be appreciated.

----- Forwarded by Francis S. Redburn/OMB/EOP on 02/10/2000 04:55 PM -----

James F. Jordan



02/10/2000 04:40:38 PM

Record Type: Record

To: Francis S. Redburn/OMB/EOP@EOP
cc: See the distribution list at the bottom of this message
bcc:
Subject: Re: Disabled Veterans 

We worked with DPC (Cynthia Rice), the Labor Branch (Larry Matlack and Alison Perkins-Cohen), and others on the recent Presidential policy report regarding additional actions to help the disabled. I don't recall this one being in that report.

We should coordinate with them to be sure that this propose policy is consistent with their consultations with disabled groups.

Francis S. Redburn

Francis S. Redburn	02/10/2000 03:48:45 PM
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Record Type: Record

To: See the distribution list at the bottom of this message
cc: Constance J. Bowers/OMB/EOP@EOP, Bennie C. Rogers/OMB/EOP@EOP, Alan B. Rhinesmith/OMB/EOP@EOP, Toni S. Hustead/OMB/EOP@EOP
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James F. Jordan/OMB/EOP@EOP
Stephen W. Rusczyk/OMB/EOP@EOP

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