

Housing Choice Voucher Program FY 2008 Appropriations - Implementation

Dept. of Housing and Urban Development
Office of Housing Voucher Programs
January 29, 2008

Appropriations Implementation

□ Purpose

Provide an overview of:

(1) the Consolidated Appropriation Act, 2008 re the Housing Choice Voucher Program (the Act); and

(2) HUD's implementation activities

Appropriations Implementation

- There are many significant changes in the funding policies and processes for 2008 !
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Funding (in millions)

	2007	2008
HAP Renewals (net)	14,336.300	14,644.506
NRA Offset	.000	723.257
HAP Set-Aside	100.000	50.000
Tenant Protection HAP	150.000	200.000
Admin Fees (net)	1,251.000	1,316.000
Admin Fee Set-Aside	30.000	35.000

Implementation Status

- ❑ Appropriations Bill signed into law (12/26/2007, Public Law 110-161)
 - ❑ Act provides that HUD has 60 days to issue 2008 allocations to HAs (2/24/08)
 - ❑ No projected funding letters, just final
 - ❑ All data subject to HA review will have been otherwise provided for review
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Implementation Status

- ❑ VMS data reviews sent to HAs – revised due date January 29 to HQ
 - ❑ New Increment files sent to HAs for review
 - ❑ MTW agencies provided unit information for review and changes
 - ❑ HAs were requested to advise HUD re transfers out and PBVs
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Implementation Status

- Implementation notice drafted and under review
 - Jan and Feb HAP and fee disbursements have been made, based on Dec 2007 amounts
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HAP Renewal Funding

- ❑ Based on re-benchmarking: actual costs for FFY 2007 (Oct 2006 thru Sept 2007) per HA-verified VMS data
 - ❑ VMS data sources:
 - Oct to Dec 2006 is the same data used for 2007 funding
 - Jan to Sept 2007 data is as validated each quarter by the HAs
 - ❑ All approved changes from current review process will be used in the calculations
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HAP Renewal Funding

□ Adjustment for Transfers

- Divesting HA to report number of vouchers transferred, the receiving HA, and the leasing and HAP costs for all months in FFY 2007 before the transfer;
 - Costs reported will be moved to the receiving HA's costs, so 2008 eligibility reflects costs for vouchers they will administer;
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HAP Renewal Funding

□ Adjustment for Transfers

- If divesting HA does not report on a total transfer, all validated VMS HAP costs prior to the transfer will be moved to the receiving HA's base
 - If a divesting HA does not report on a partial transfer, costs will be moved for 100% of transferred units for each month prior to the transfer
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HAP Renewal Funding

- Adjustment for Project-Based Vouchers
 - HAs must provide the AHAPs and report the number of months vouchers were held off the market from the point of the effective date of the AHAP to the effective date of the HAP
 - 2008 funding will be provided for every unit month a Voucher was held from leasing to support a pending project-based contract
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HAP Renewal Funding

- Adjustment for Project-Based Vouchers
 - Provision applies to new construction and rehab only – not existing housing
 - HUD will not add unit months that would cause funding for more than 100% of baseline
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HAP Renewal Funding

- Adjustment for first time renewal of tenant protection vouchers
 - Applies to new increments effective August 1, 2006 and later and expiring before December 31, 2008
 - 12 months of data for these increments will not be in VMS
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HAP Renewal Funding

- Adjustment for first time renewal of tenant protection vouchers
 - Intent is to ensure every new unit is funded for 12 months in 2008, from
 - initial funding of the increment,
 - VMS reported expenses, or
 - additional funding for number of months not otherwise covered
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HAP Renewal Funding

- Adjustment for first time renewal of tenant protection vouchers

Calculations:

- Assume leasing reported in VMS does not include any UMLs for the new increment during a 3 month lease-up (renewal funding is provided for 100% of new units during the lease-up period)
 - After 3 months, all units leased are reported in VMS
 - Any months not covered by VMS or initial funding are funded at the higher of the initially funded rate or the 2008 average funded rate for the HA
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HAP Renewal Funding

- Adjustment for first time renewal of tenant protection vouchers

Example: New TP Increment

Initial term is 4/1/07 to 3/31/08

Assumptions:

- Lease up period was April to June 2007;
 - HAP Expenses are in VMS beginning July 2007
 - Jan to Mar 2008 are funded in the initial BA
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HAP Renewal Funding

- Adjustment for first time renewal of tenant protection vouchers

Therefore, for CY 2008:

- 3 months funding from the initial term (Jan to Mar 2008)
- 3 months funded based on VMS data (reported for July to Sept 2007)
- 6 months funding to be added at the higher cost (including lease-up period)

Result: first time renewal is funded for 12 months in CY 2008

Note that initial TP funding is not included in the CY 2008 allocation amount to be provided to the HAs

HAP Renewal Funding

□ Adjustment for FSS Expenses

- Additional funding eligibility, recognizing that HA HAP costs do not decrease as FSS participants' incomes increase and payments are made by the HA to the FSS escrow account
 - Calculation based on number of active FSS participants with progress reports in PIC
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HAP Renewal Funding

□ Adjustment for FSS Expenses

Formula:

Number of participants with progress reports in active PIC database

x average monthly escrow deposit (from PIC)

x 6 (assumes escrows began on average halfway through the year)

HAs do not need to request this adjustment

HAP Renewal Funding

- Funding Calculations: (items in red not yet discussed)
Actual costs for FFY 2007 from VMS plus
DVP adjustments
 - + Additional Budget Authority for PBV unit months approved
 - + Additional Budget Authority for first time renewals
 - + Additional Budget Authority for FSS adjustments
 - = Sub-Total
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HAP Renewal Funding

× Annual Adjustment Factor

+/- Budget Authority for Transferred
Vouchers

= Total Eligibility

× Pro-ration factor per total appropriation

- That portion of the HA's unusable NRA that
exceeds 7% of the HA's 2007 HAP renewal
funding

= Funding Amount

Disaster Voucher Program

□ Background:

- Voucher participants displaced by Katrina and Rita were initially assisted via KDHAP and then the Disaster Voucher Program (DVP);
 - DVP ended no later than 12/31/07 for all prior Voucher participants – they are VO participants of their original HA again as of 1/1/2008 or earlier
 - If participants remained in a location away from their initial HA, they are portable Voucher participants of their initial HA when they return to VO program -
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Disaster Voucher Program

- Funding issue:
 - Most DVP participants returned to the Voucher program on 1/1/08, and their HAPs must be paid
 - There is no VO HAP cost data for them in VMS for FFY 2007
 - VMS data must be augmented to cover 2008 costs for these participants
 - Disaster Information System (DIS) data has been used to identify participants
 - Goal: Every HA to be funded for their participants returning from the DVP
 - This applies only to prior VO participants – does not include persons previously assisted in public housing or a MF program or homeless – those persons remain in DVP for immediate future
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Disaster Voucher Program

- Non-HANO former Voucher participants:
 - HUD has contacted every initial and receiving HA in writing to confirm or provide the status of every DVP participant identified with that HA in DIS
 - Initial HA served the participant before the disaster
 - Receiving HA served the participant under DVP
 - HAs to confirm prior Voucher participant status, date of DVP termination, HA that issued or re-issued a Voucher and beginning date of VO assistance – if they have the data
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Disaster Voucher Program

- Non-HANO Former Voucher Families:
 - HAs will be funded, in addition to their VMS-based funding, for each January 1 returnee for the full 12 months, at the HA's average 2008 funding level – initial and receiving HAs to confirm status of participants
 - -- If the participant left DVP prior to 12/31/07 and after 10/1/06, HUD is confirming whether or not they came back to the HCVP program at that time – if so we will add funding for the number of months not in VMS – initial and receiving HAs to confirm participant information
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Disaster Voucher Program

- Non-HANO Former Voucher Families
 - If the participant left DVP prior to 10/1/06, HUD assumes they are either out of our program or fully counted in VMS for FFY 2007, unless HAs confirm otherwise
 - HA responses due February 4 – without the information HUD cannot determine funding
 - HAs also to identify participants missing from DIS, duplicate entries and errors, and any participants that were not previously in the HCVP
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Disaster Voucher Program

- HANO Former Voucher Families
 - QAD staff have confirmed status of HANO participants with many of the hundreds of HAs to which they went under DVP; balance are being confirmed now; all being re-confirmed based on HUD review.
 - If the tenant will remain at the new HA location, and the HA so chooses, HUD will transfer the HANO voucher to that new HA
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Disaster Voucher Program

- HANO Former Voucher Families
 - Transferred amounts will be in the HAs' 2008 allocations
 - Funding for transferred vouchers will be at new HA's average 2008 funded rate
 - HAs accepting HANO voucher transfers are receiving additional funding advances for Jan and Feb to cover estimated needs for the additional HAP contracts (HAP and fees)
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Disaster Voucher Program

- HANO Former Voucher Families
 - Receiving HA may choose to not accept a transfer; in that case, the HA must absorb into its Voucher program any participants that remain at the receiving HA
 - In all cases, eligibility will be added to the renewal calculations for Voucher HAP costs in 2008 for DVP returnees for all months they are not reflected in the VO VMS data for FFY 2007
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Net Restricted Assets

- ❑ Renewal funding calculations for 2008 include offset of certain net restricted assets (NRA)
 - ❑ NRA balance for each HA consists of HAP Budget Authority provided for periods since 1/1/2005 that exceeds eligible HAP expenses incurred for each CY
 - ❑ HUD disburses all BA and HAs hold this excess balance, rather than HUD holding it in a program reserve
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Net Restricted Assets

- ❑ NRA may be used in subsequent years to support HAP costs for baseline units that exceed HAP BA provided that year
 - ❑ NRA balance consists of two amounts:
 - Usable = portion that would be required to support the use of all unused baseline vouchers
 - Unusable = portion that would not be required, after providing for all baseline vouchers
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Net Restricted Assets - Example

- HA had 1,000 vouchers in ACC baseline for entire CY

HA Unit Months Available (UMAs):
12,000

HA Unit Months Leased (UMLs):
11,000

HA Unit Months Un-leased
1,000

Net Restricted Assets - Example

HAP CY Budget Authority	\$ 5,700,000
HAP Costs for 11,000 UMLs	\$5,610,000
Average HAP Cost:	\$ 510
HAP Costs for Un-leased UMAs	\$ 510,000
HAP Costs to Lease 100% UMAs	\$6,120,000
BA Shortfall if Fully Leased: (HAP Costs minus BA)	\$ 420,000

Net Restricted Assets - Example

NRA Balance (End of Prior Year):

\$ 900,000

Usable NRA: \$ 420,000

Unusable NRA: \$ 480,000

Net Restricted Assets – Funding Issue

- ❑ By congressional mandate, a portion of each HA's Unusable NRA, as of 9/30/2007, will be used to offset CY 2008 renewal funding
 - ❑ NRA calculations are based on actual HUD funding and the HA's validated HAP expenses, per VMS, for 1/1/2005 through 9/30/2007
 - ❑ Calculations will be updated to reflect approved changes in FFY 2007 VMS data from current HA reviews
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Net Restricted Assets – Funding Issue

- ❑ Offset amount must total \$723,257,000 nationwide, per the 2008 Act
 - ❑ Offset for each HA is equal to the amount by which the unusable NRA exceeds 7% of the HA's 2007 total HAP renewal funding
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Net Restricted Assets – Funding Example

NRA Balance 1/1/2005	\$0
HAP BA CY 2005	\$310,440
HAP Expenses CY 2005	\$296,922
Difference	\$13,518
NRA Balance 12/31/2005	\$13,518
HAP BA CY 2006	\$315,060
HAP Expenses CY 2006	\$330,198
Cumulative Difference (BA minus HAP)	-\$1,620
NRA Balance 12/31/2006	\$0

Net Restricted Assets – Funding Example

NRA Balance 12/31/2006	\$0
HAP BA Jan to Sept 2007	\$270,477
HAP Expenses Jan to Sept 2007	\$211,634
Cumulative Difference	\$58,843
NRA Balance 9/30/2007	\$58,843

Net Restricted Assets – Funding Example

Jan to Sept 2007 UMAs	1,008
Jan to Sept 2007 UMLs	833
Un-leased Unit Months	175
Average PUC	\$254.06
Un-leased Expenses	\$44,461
NRA Usable (of \$58,843 total)	\$44,461
NRA Unusable (of \$58,843 total)	\$14,382

Net Restricted Assets – Funding Example

NRA Unusable	\$14,382
CY 2007 Funding	\$360,654
7% of CY 2007 Renewal Funding	\$25,246
Unusable NRA in Excess of	
7% of CY 2007 Renewal Funding	\$0
CY 2008 Funding Offset	\$0

In this example, there would be no offset unless Unusable NRA exceeded \$25,246

Net Restricted Assets – Funding Example

- ❑ Negative differences are raised to 0; subsequent years' funds do not support prior deficits
 - ❑ Calculated offset amounts for all HAs are projected to total \$723,257,000
 - ❑ Offset amount for each HA will be deducted from the HA's CY 2008 renewal funding; balance will be funded
 - ❑ HA will use the NRA to support the unfunded portion
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Net Restricted Assets – Funding Issue

- ❑ Each HA will receive NRA calculation, similar to the example, with the funding allocation letter
 - ❑ NRA calculations do not require HA review because they are based on actual funding data and HA-validated expenses
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Net Restricted Assets – Funding Issue

- This provision should not affect any HA's ability to achieve lease-up:
 - Offset applies only to unusable NRA, which the HA does not need to support its baseline units
 - Calculations also retain for the HA that portion of the unusable NRA that exceeds 7% of the 2007 funding
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Final Funding Calculations

- Actual costs for FFY 2007 from VMS plus DVP adjustments
 - + Additional Budget Authority for PBV unit months approved
 - + Additional Budget Authority for first time renewals
 - + Additional Budget Authority for FSS Adjustments
 - = Sub-Total
 - x Annual Adjustment Factor
 - +/- Budget Authority for Transferred Vouchers
 - = Total Eligibility
 - x Pro-ration factor per total appropriation
 - That portion of the HA's unusable NRA that exceeds 7% of their 2007 HAP renewal funding
 - = Funding Amount
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Special Funding Provisions

- 3 categories of HAs may/will be funded via alternative calculations
 - Basically the same provisions as in the FY 2007 supplemental
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Special Funding Provisions

- (1) HAs eligible under Section 901 or in the same county as a Section 901 HA:
 - if 2007 funding is higher than re-benchmarked 2008 funding, HA may be funded based on 2007 level
 - HA must submit a plan showing they lost rental housing in the hurricanes and they can use the additional sums within 12 months of HUD approval of the plan
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Special Funding Provisions

- (2) HAs placed in receivership within 24 months prior to enactment of the 2008 appropriations
 - if 2007 funding is higher than re-benchmarked 2008 funding, HA may be funded based on 2007 level
 - HA must submit a plan showing they can use the additional sums within 12 months of HUD approval of the plan
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Special Funding Provisions

- ❑ HAs in these two categories have received letters from HUD with projected calculations and plan requirements
 - ❑ HAs must respond by February 1
 - ❑ If an HA submits an approvable plan, that HA will be funded at the higher level – without an approved plan, the HA will be funded at the 2008 re-benchmarking level
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Special Funding Provisions

- (3) HAs who spent more in 2007 than was available from BA, NRA and excess administrative fees
 - These HAs will be funded based on 2007 funding
 - Measurement period is CY 2007 – VMS data is not yet available for final quarter
 - Funding allocation letters will not reflect reduced funding for any HAs
 - Determinations will be made after Oct to Dec 2007 VMS data is validated, and any affected HAs will be notified of reduced funding if warranted
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\$50 Million HAP Set-Aside

- 2 purposes for adjustments from the set-aside:
 - (1) PHAs that experience a significant increase in renewal costs due to portability
 - HUD will calculate based on portability reports in PIC, comparing the average portable voucher cost to the funded rate for 2008
 - If the average port HAP exceeds the HA's funded rate, the difference will be funded for 12 months of 2008 for every active portable voucher unit reported in PIC
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\$50 Million HAP Set-Aside

- (2) PHAs that would experience a significant decrease in loss of vouchers, due to re-benchmarking
 - HUD will calculate based on comparing the higher of Dec 2007 leasing or Oct to Dec 2007 average leasing to the number of vouchers the HA could lease based on 2008 funding
 - If the HA would lose more than 3% of its voucher UMLs, HA is eligible for funding
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\$50 Million HAP Set-Aside

- ❑ In both cases, calculations will be done by HUD
 - ❑ HUD will post on the web those HAs that appear to be eligible – will announce when this has occurred
 - ❑ HAs must submit a request for the funds, per instructions to be included in the implementation notice
 - ❑ HAs must meet the deadline and submit an acceptable request to be considered
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50 Million HAP Set-Aside

- ❑ No documentation is required with the requests and none will be reviewed
 - ❑ HAs should not submit a request until you receive the notice, with full instructions
 - ❑ Set-Aside funds cannot be awarded for any other purpose
 - ❑ Subject to publication of the notice, HUD plans to award funds by April 30
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Tenant Protection Funds

- ❑ \$200,000,000 funded
 - ❑ Significant change is that HUD will fund every unit that was occupied during any part of the 24 months prior to the eligibility event
 - ❑ Previously only funded units occupied at that time
 - ❑ Applies to any tenant protection actions funded from 2008 appropriations
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Administrative Fees

- ❑ Funding \$1,351,000,000
 - ❑ At least \$1,316,000,000 to be allocated for on-going fees per section 8(q) of the Act ---
Significant change from last 4 years, when a flat total amount was paid, based on CY 2003 leasing and all subsequent new units
 - ❑ Fees will be paid according to vouchers under contract as of the first of each month
 - ❑ New fee rate tables for all HAs are being developed – will be posted as soon as they are available
 - ❑ HAs are encouraged to calculate estimated fee eligibility at that time
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Administrative Fees

- ❑ Fee payments will be pro-rated to stay within total appropriation available
 - ❑ Pro-rations will be done quarterly so HAs do not face large year-end adjustment in fees
 - ❑ Monthly disbursements will be based on prior leasing activity
 - ❑ Actual eligibility will be reconciled to estimates and pro-rations every quarter
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Administrative Fees Example

Quarterly Fees to Pro-rate:	\$329,800,000
Total HA Fee Eligibility for the Quarter:	\$340,000,000
Pro-ration Factor for all HAs:	97%

HA's Eligibility for Quarter:	\$1,000,000
Pro-Rated Amount:	\$970,000
3 Monthly Disbursements (each):	\$350,000
Total Disbursed:	\$1,050,000
Excess Disbursed:	\$80,000
Deduct from Next Disbursement:	\$80,000

Administrative Fees

- ❑ -- Jan and Feb fees have been advanced based on Dec 2007 amounts
 - ❑ -- HAs should not assume that level of funding will continue, since 2008 requirements are different
 - ❑ -- Fees will be paid based on leasing for all vouchers, including renewal, tenant protection and any other incremental awards
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Incremental Funding

- ❑ \$20,000,000 for incremental vouchers for Family Unification Program
 - ❑ \$75,000,000 for incremental vouchers for supportive housing for veterans
 - ❑ \$30,000,000 for incremental vouchers for non-elderly disabled families affected by the designation of a PH site for elderly
 - ❑ Announcements will be made concerning applications for these funds
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Over-leasing

- ❑ HAs may not use appropriated funds for over-leasing
 - ❑ CY 2007 over-leasing will not be known until Oct to Dec VMS data is validated
 - ❑ Funding allocations will not initially include any reduction of FFY 2007 costs incurred for over-leasing
 - ❑ Adjustments will be made for any affected HAs once over-leasing for the CY is known
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Other Provisions

- ❑ Administrative fees and any excess are restricted to use for Section 8 program
 - ❑ QAD reviews are continuing and downward funding adjustments will be made as warranted
 - ❑ HAP funds may only be used for 2008 and later HAP needs; they may not be used for prior deficits or to pay administrative costs or for any other purposes
 - ❑ Vouchers originally provided for FUP or 1 Year Mainstream must continue to be used for those purposes to the extent practicable
 - ❑ MTW agencies will be funded in accordance with their agreements
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