



**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

Special Attention of: Section 8 Public
Housing Agencies; HUD Office of
Public Housing Directors; Section 8
Financial Management Center

Notice PIH 2010- 16 (HA)

Issued: May 6, 2010

Expires: May 31, 2011

Cross References:
PIH Notice 2010-7 (HA)

**Subject: Voucher Management System Enhancements and Reporting
Requirements**

1. **Purpose.** This Notice announces that four new data reporting fields are being added to the existing Voucher Management System (VMS). The system is currently used by Public Housing Agencies (PHAs) to report their monthly leasing and expense information in connection with the Housing Choice Voucher (HCV) program.
2. **Background.** The VMS collects data on monthly leasing activities and costs for the HCV program via mandatory PHA reporting. The Department reviews the VMS data to identify issues of concern to PHAs and/or the Department. The system is periodically enhanced to provide new flexibilities or features for improved ease and accuracy of reporting and use of the data.

The VMS is a critical data system that is used for a variety of major functions, including budget formulation, utilization analysis, and funding allocations. As such, accuracy of the data is extremely important.

The new VMS fields are designed to provide greater effectiveness in monitoring the PHAs' financial data. The reporting enhancements will provide a more complete picture of resources available to PHAs. The reporting enhancements will improve the ability of PHAs to assist the maximum amount of individuals and families while staying within their budget.

3. **VMS Enhancements:** The following four data fields and their definitions are added to the Voucher Management System (VMS):
 - a. **Net Restricted Assets (NRA) updated through the last day of the month**
For Reference: NRA is the amount reported on the income statement at line 1118 – Housing Assistance Payment Equity.

The NRA reported in the VMS must be updated through the end of each reporting month, as discussed below.

Reporting Benefits: This field provides the “present” NRA balance by adjusting NRA to reflect HAP funds received and expended to date since the end of the most recent PHA fiscal year (FY). This information is useful in determining what HAP resources are available to the PHA.

Definition: NRA is the amount of Housing Assistance Payments (HAP) Equity for the HCV program through the PHA’s fiscal year end (FYE). It is equal to total HAP revenue minus total HAP expense for eligible unit months leased on a calendar year basis. Total HAP expense should include expenses for regular vouchers as well as expenses for certain HCV special purpose vouchers including Non-Elderly Disabled (NED), Family Unification Program (FUP), HOPE VI, One Year Mainstream (MS1), Litigation, Tenant Protection (TP), and Homeownership. Total HAP revenue is defined as total funding eligibility for calendar years 2005 and later (including pro-rated renewal eligibility plus funding for incremental vouchers) minus any offsets for 2008 and 2009, and should equal the amount actually disbursed to the PHA. The amount reported must include all interest earned, fraud recovery portions returned to HAP, and Family Self-Sufficiency (FSS) forfeitures. Veterans Affairs Supportive Housing (VASH) NRA is not reported in this field. Those funds are tracked separately and the balance is reported in Line 1118 – Housing Assistance Payment Equity.

The balance of this account will be carried forward on an annual basis beginning January 1, 2005, through the end of the most recent PHA fiscal year. Note: Negative amounts must be reported; however, if the PHA has a negative balance at the end of the calendar year the negative amount must not be carried forward to January of the following year. The PHA must start with a zero balance at the beginning of January for purposes of reporting in this field. PHAs are advised that although the negative amount is not carried forward to the following year the deficit incurred by the PHA is not forgiven nor will additional funds be provided to cover the shortage. The PHA is responsible for operating its program within the amount of funding provided. Negative amounts reported may result in a HUD review and corrective action may be warranted if it is determined the PHA expended any portion of its HAP funding on non-HAP eligible expenses.

Reporting: The PHA reports the **total** of:

- (1) NRA balance as of the end of the most recent PHA FYE, **plus**
- (2) HAP funding received since the most recent PHA FYE through the last day of the month being reported, **plus**
- (3) All interest earned, fraud recovery portions returned to HAP and FSS forfeitures since the most recent PHA FYE through the last day of the month being reported, **minus**
- (4) HAP expenses incurred since the most recent PHA FYE through the last day of the month being reported.

Moving to Work (MTW) PHAs should report their financial information as required in their MTW Agreement.

b. Unrestricted Net Assets (UNA) as of the last day of the month

For reference: UNA is the amount reported on the balance sheet at line 1117 – Administrative Fee Equity. The UNA reported in the VMS must be updated through the end of each reporting month.

Reporting Benefits: This field provides timely information on HCV administrative resources that are available to the PHA from prior years to support eligible expenses.

Definition: UNA is equal to total Administrative Fee (AF) revenue minus total HCV administrative expenses and any AF used for housing assistance payments (HAP) or other activities for Section 8 Tenant Based related purposes. UNA (referred to as “Administrative Fee Reserve” in the HCV program regulations) is the amount by which administrative fees paid by HUD for a PHA fiscal year exceeded the PHA administrative expenses for the fiscal year, plus any interest earned on the AF reserve (see 24 CFR 982.155(a). This means that the total AF revenue used to calculate the UNA reported in this field **does not** include AF received during the current PHA FY, because excess AF received does not accumulate to the UNA until the end of the PHA’s FY. The excess fees received during the PHA’s current FY will not be reported in the UNA field until after the PHA’s FYE. The monthly amount reported is the current UNA balance including any interest earned and fraud recovery allocated to the UNA account for the month being reported. PHAs must also include in this field their pre-2005 AF balance, formerly referred to as their operating reserve (also known as their AF reserve).

PHAs are reminded of the differences regarding the allowable use of AF earned during the PHA’s current fiscal year and the use of available UNA (depending on the source year). For guidance on eligible uses of AF and UNA please reference PIH Notice 2010-7 issued March 12, 2010.

Reporting: The PHA reports the total of:

- (1) the most recent PHA FYE UNA balance **plus**
- (2) any interest earned and fraud recovery allocated to the UNA through the end of the reporting period, **minus**
- (3) any funds expended from the UNA through the end of the reporting period.

MTW PHAs should report their financial information as required in their MTW Agreement.

c. Cash/Investments as of the last day of the month

For Reference: These are the amounts reported on the balance sheet at lines 111 - Cash – Unrestricted; 113 – Cash – other restricted; 131 – Investments –

Unrestricted; and 132 – Investments – restricted. The Cash/Investments reported in VMS must be updated through the end of the reporting month.

Reporting Benefits: This information represents funds available to the PHA, and will assist the PHA and HUD in ensuring that the PHA's reported balances in the NRA and UNA fields, which include balances as of the last PHA FYE and any changes incurred through the month being reported, are properly reported and supported by corresponding assets.

Definition: Cash/Investments as of the last day of the month are the total amount of HAP and AF cash and investments for the HCV program. Amounts reported include all cash and investments as they relate to NRA and UNA balances as of the last PHA FYE, as well as any additional funds that may have been reported in the UNA and NRA fields through the month being reported. This total amount must include only those HAP and AF funds (including any interest or revenue derived) received for the HCV program, including interest earned, fraud recovery and Family Self-Sufficiency (FSS) forfeitures. Funds received for an FSS Coordinator and not expensed must not be included. Cash and investments for FSS escrows must not be included.

MTW PHAs should report their financial information as required in their MTW Agreement.

d. **Number of vouchers issued but not under active housing assistance payments (HAP) contract as of the last day of the month**

Definition: This figure represents the total number of new vouchers issued and not yet under a HAP contract as of the last day of the reporting period. This figure excludes vouchers issued to participants who are currently under a HAP contract in one unit but have been issued a voucher to search for another unit to which they intend to move with continued voucher assistance.

Reporting Benefit: This information identifies potential future HAP obligations for HCV utilization and leasing monitoring.

***Example:** A PHA has 125 vouchers issued and "on the street," as follows: 1) 105 families are applicants from the PHA's waiting list that were selected and issued vouchers; 2) 10 families are participants whose HQS inspection resulted in abatement, and their contracts were terminated; 3) 5 families are Port-ins that the PHA is absorbing; and 4) 5 families are transferring from other units for which they are currently being assisted. In this example, the first 120 families from categories 1, 2 and 3 will be reported in the VMS field described in d., above. The remaining 5 families in 4) would not be reported in this field.*

4. **Implementation Date.** These new fields will be utilized beginning in May 2010 for the PHA's April 2010 data submission. The fields will accommodate data

retroactively to January 2010. Submission of data to these fields is mandatory for all months in 2010; data already submitted for January, February and March must therefore be revised by the PHAs to include the entry of data in the four new fields.

5. **Paperwork Reduction Act.** The information collection requirements contained in this Notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3520). In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number. The following active information collections contained in this Notice have been approved under the PRA OMB Control Number 2577-0169.

6. **Questions.** Direct all inquiries about this Notice to the Financial Management Center at the following address: FinancialManagementCenter@hud.gov

Sandra B. Henriquez, Assistant Secretary for
Public and Indian Housing