



Office of Housing Voucher Programs

Implementation of 2010 Appropriations
Housing Choice Voucher Program

February 18, 2010

Purpose of This Broadcast

- Review the provisions of the 2010 Appropriations Act
- Explain the CY 2010 Housing Choice Voucher Program funding allocations
- Identify the requirements for PHA requests for additional funding under the Set-Aside

CY 2010 HAP and Admin Fee Funding

- Public Law 111-117 enacted December 16, 2009
- URL:
<http://thomas.loc.gov/home/approp/app10.html>
- Prior to the Act, HUD was funded via two Continuing Resolutions
 - Provided funding at 2009 appropriated level
 - Continued 2009 appropriations requirements
 - Jan and Feb disbursements equaled 1/12 of CY 2009 pro-rated eligibility and set-aside

HAP Funding – Appropriations

	2010	2009
Total Renewal	\$16,339,200,000	\$15,034,071,000
Set-Aside (deduct)	\$150,000,000	\$100,000,000
Available	\$16,189,200,000	\$14,934,071,000
Offset	0	\$750,000,000

HAP Funding – Provisions

- **Basic Funding Eligibility Components**
 - FFY 2009 Actual HAP Costs from VMS
 - HAP Costs for First Time Renewals
 - Allowance for Family Self-Sufficiency Escrow Deposits
 - Adjustment for Fungibility Expenses

HAP Funding – Provisions

Basic Funding Eligibility Components

- Application of Renewal Funding Annual Adjustment Factor
- Adjustment for Transfers
- Eligibility for DHAP to HCV Voucher Renewals
- VASH Renewals

HAP Funding - Provisions

- Re-benchmarking, based on FFY 2009 validated cost data from VMS
 - October 2008 thru September 2009
 - Including all categories of HAP Expense except 5 Year Mainstream , DHAP to HCV, and VASH
 - Including total HAP Expenses for Contracts Effective after the First
 - Deduction at average per unit cost for over-leased unit months

HAP Funding – Provisions

- Data Integrity Efforts
 - Each PHAs provided its first of month costs and after first of month costs as the PHA had reported them in VMS (October 29 letter)
 - To ensure PHAs were now accurately reporting their costs after the first for appropriate credit
 - Data compared costs after the first to the first of month costs and identified potential variances
 - Data compared costs after the first from VMS to costs derived from PIC and identified potential variances

HAP Funding – Provisions

- Data Integrity Efforts:
 - PHAs were asked to review data, enter any needed changes to VMS, and confirm when the data was accurate, by November 20
 - Any other VMS changes could be made as well
 - New data extract then taken from VMS and data re-sent to all PHAs
 - Looser variance standards set since PHAs had all reviewed their data

HAP Funding – Provisions

- Data Integrity Efforts:
 - PHAs that had no variances were so advised and told that any remaining changes must be entered to VMS by January 15
 - PHAs that had not confirmed data and had remaining variances were called, to review the data and variances and to make required changes by January 15
 - PHAs that had confirmed data and had significant remaining variances were called for review and any revisions by January 15

HAP Funding – Provisions

- Data Integrity Efforts:
 - After January 15 a new data extract was taken and examined for missing data and month-to-month changes in leasing or costs exceeding 30%
 - Affected PHAs were contacted by phone and corrected data gathered, to update January 15 database
 - This database became the source for FFY 2009 HAP costs

HAP Funding – Provisions

- Data Integrity Efforts:
 - No further data changes considered unless directed by HUD
 - No further data extracts from VMS after COB on January 15
 - PHAs should still update data as needed, but base for 2010 funding will not be changed

HAP Funding - Process

- January 15 data is the starting point
- Adjustments for 1st time renewal of HOPE VI, tenant protection and incremental vouchers
 - To provide funding through 12/31/2010 for vouchers that are not represented for 12 months in the VMS data
 - First time renewal funding consists of initial funding, lease-up period, actual costs from VMS, and additional months required
 - Lease-up and additional months funding provided at the higher of the initial funding rate or VMS FFY 2009 average per unit cost

HAP Funding – Process

- Example: TP increment, term April 1, 2009 thru March 31, 2010
- 2010 funding consists of:
 - Original Funding 1/10 thru 3/10 3 mo
 - Funding based on VMS data for 7/09 to 9/09 included in re-benchmarking 3 mo
 - Funding to cover lease-up period of 4/09 thru 6/09, not assumed in VMS 3 mo
 - Funding for months not covered above 3 mo

HAP Funding - Process

- Adjustment for deposits to participants' FSS escrow accounts (1 of 2 provisions)
 - Data from PIC – participants and monthly deposit amounts
 - Based on October thru December 2009 new accounts, extrapolated to cover 12 months
 - Prior escrows are already in the re-benchmarking expenses via VMS reporting

HAP Funding - Process

- Allowance for Fungibility Expenses for eligible PHAs
- 2010 Renewal Funding AAF applied
 - Renewal Funding AAFs published and posted
 - Two AAF tables this year
 - Applied a factor of 125% of the AAF to account for time lag between end of re-benchmarking period on 9/30/09 and start of funding period on 1/1/10

HAP Funding Process

- Adjustment for Transfer In or Out
 - Factored after application of AAF to ensure AAF of initial PHA is applied to its costs
 - Divesting PHA's VMS costs within FFY 2009 and prior to the transfer are added to Receiving PHA's VMS costs

HAP Funding - Process

- Addition of DHAP to HCV Vouchers
Renewal
 - Funded through 12/31/2009 and then renewed as regular vouchers
 - Renewal eligibility based on each PHA's December leasing
 - Each affected PHA was provided VMS data for review, revision and certification
 - Renewal per unit funding based on higher of reported costs for these vouchers or PHA's program-wide FFY 2009 costs

HAP Funding - Process

- Result of these calculations is PHA's 2010 renewal eligibility
- Based on the total national eligibility and appropriated amount, a pro-ration factor was set and applied to all PHAs' eligibility to determine pro-rated eligibility (99.5%)
- 2010 Appropriations Act does not provide for an NRA offset, and none was taken

HAP Funding - Process

- VASH vouchers and funds, leasing and costs, all maintained separately in accounting and VMS reporting
- VASH vouchers have been renewed separately from the main Voucher program
- VASH renewal funding based on FFY 2009 VASH leasing and costs – variance from CY 2009
- Renewal Funding AAF applied
- Pro-ration factor is the same as regular vouchers
- No renewal funding for FFY 2009 awards, as none expires before 12/31/2010

HAP Funding - Process

- VASH HAP and NRA may be used only for VASH participants
- VASH vouchers must continue to be used for VASH-eligible participants upon turnover
- Each VASH PHA will receive an additional letter, confirming available VASH funds from initial and renewal funding

HAP Funding - Process

- MTW Agencies
 - Funded per the terms of the PHAs' individual agreements
 - Pro-rated at same percentage as all other PHAs
 - Per 2010 Act, MTW agencies may use appropriated funds to lease vouchers in excess of baseline, but will not be funded for the excess leasing

HAP Funding - Process

- 60 day completion requirement per appropriations act
- Detailed funding allocation calculations provided to each PHA with an explanation of each step
 - Allocation Letter
 - Calculations
 - Notes explaining each data item in the calculations

HAP Funding - Process

- Key Points
 - Letter references upcoming Appropriations Act Implementation notice – issued February 16, 2010 as PIH Notice 2010-05; posted on HUD web
 - Letter quotes total funding – this total includes regular vouchers and VASH, but funds may not be mingled
 - Costs will not be updated for eligibility calculation except at HUD direction

HAP Funding - Process

- Key Points:
 - Appropriated HAP funds may not be used to support leasing above baseline
 - Appropriated HAP funds may not be used for any other purposes
 - Administrative fees will be earned based on PHA leasing
 - Set-aside funding will be processed in accordance with details in the Notice

HAP Funding - Process

- Disbursements for January and February 2010 were based on CY 2009 pro-rated eligibility plus set-aside award, divided by 12
- Front load funding has been provided as needed, if a PHA has insufficient funds (BA and NRA) to support present HAP contracts
- Front load funding is an advance disbursement of CY 2010 eligibility, not additional eligibility

HAP Funding - Process

- Based on established allocations –
 - Under-disbursements through February will be made up in an additional payment
 - Excess disbursements will be recouped across the remaining months of CY 2010

HAP Set-Aside

- Expanded in CY 2009 and CY 2010 to reduce impact on the renewal formula
- Eligible Uses:
 - To adjust allocations for PHAs that experienced a significant increase in renewal costs, resulting from unforeseen circumstances or portability under section 8(r)

HAP Set-Aside

- Eligible Uses:
 - To adjust allocations for PHAs with leasing rates at the end of CY 2009 that exceed the average leasing for the 12-month re-benchmarking period
 - To adjust for costs associated with VASH vouchers
 - To adjust for vouchers not in use during the 12 months in order to be available to meet a commitment under section 8(o)(13) – project-based vouchers

HAP Set-Aside

- Exact procedures and application formats are provided in Notice PIH 2010-05
- Applications are due to HUD HQ by COB on March 9, 2010
 - Overnight (tracked) mail recommended
 - E-mails not acceptable
- PHAs are required to apply for each category for which they want consideration and provide the documentation required

HAP Set-Aside

Unforeseen Circumstances – PHA must submit:

- Attachment A from Notice 2010-05
- Written justification
- Evidence to support justification
- PHA calculation of the 2010 increased cost

Portability – PHA must submit:

- Attachment A
- No other documentation required – HUD will determine eligibility based on entries in PIC

HAP Set-Aside

- Additional Leasing – PHA must submit:
 - Attachment A
 - No other documentation required – HUD will determine eligibility based on leasing per VMS
- HUD VASH
 - Attachment A
 - Evidence that 2010 anticipated VASH HAP costs exceed VASH funds (provide calculation of costs that exceed funding plus VASH NRA)

HAP Set-Aside

- Project Based Vouchers – PHA must submit:
 - Attachment A
 - Attachment B for each project
 - Executed AHAPs
 - Executed HAPs or statement by PHA that none have been executed yet

HAP Set-Aside

- General Issues from Prior Years:
 - Failure to provide signed Attachment A or B
 - Failure to mark on Attachment A the category(ies) for which the PHA is applying
 - Incorrect PHA number on Attachment A or B
 - Submissions received after the deadline

HAP Set-Aside

- Issues for Unforeseen Circumstances:
 - PHA failed to provide a direct link between the U/C and how it impacted the PHA's HCV program costs
 - PHA failed to provide the calculated amount needed and/or did not provide documentation to support the calculated amount

HAP Set-Aside

- Issues for Project Based Vouchers:
 - PHA failed to provide signed AHAP/HAP in its entirety (including exhibits) to support the number of unit withheld due to the commitment
 - PHA failed to provide Attachment B with the number of vouchers held from leasing each month for the specific PB commitment
 - PHA failed to provide separate Attachment B and documents for each project-based commitment

HAP Set-Aside

- Issues for Project Based Vouchers:
 - PHA requested funding for an existing housing project based commitment, which is not eligible since there is no reason to withhold vouchers from leasing

HAP Set-Aside

- HUD has received the most questions on U/C category since it is unique to each PHA
- Examples of U/C include but not limited to:
 - PHA is anticipating shortfalls in 2010 due to HUD's rescission of payment standard waivers approved in 2009 to avoid termination of participants; documentation could include:

HAP Set-Aside

- Payment Standard by bedroom size prior to the PS reduction
- Payment Standard by bedroom size after the PS reduction
- Number of affected households by bedroom size
- Period of the impact
- Projected Shortfall for CY 2010 (provide calculation)

HAP Set-Aside

- PHAs that have experienced significant cost increases due to an unforeseeable rise in rental costs above the Renewal Funding AAFs provided by HUD; documentation could include:
 - Evidence of increased rents
 - Identification of affected contracts in the PHA's HCV program
 - Calculation of the increased cost

HAP Set-Aside

- PHAs experiencing an increase in HAP per unit cost (PUC) in comparison to the pro-rated funded HAP PUC for CY 2010, due to economic conditions resulting in decreased total tenant payments; documentation could include:
 - Actual per unit tenant payments and HAP costs experienced by the PHA in CY 2010

HAP – Use of Funds

- 2010 HAP funds, same as 2005 thru 2009, may only be used for eligible HAP expenses for unit months up to baseline
 - Rental or homeownership subsidy payments
 - Utility reimbursements
 - FSS escrow deposits

HAP – Use of Funds

- Eligible uses are the same as when HUD held excess funds in the program reserve
- Only difference: where the funds are held – PHA – and they can be used for eligible costs without requesting HUD approval
- Any portion remaining at year's end must be deposited to the NRA

HAP – Use of Funds

- Interest earned on investment of NRA funds accrues as program receipts – belongs to the program
- HAP and NRA funds may not be used for prior year deficits or any other purpose, including
 - Administrative costs
 - Public housing expenses
 - Other housing expenses

HAP – Use of Funds

- Any funds which have been used for other purposes or transferred out of the NRA must be returned – no exceptions
- PHAs that have diverted funds may be subject to administrative fee sanctions or other actions
- HUD's calculation of NRA balances assumes all HAP funds provided were used for eligible HAP purposes and reported in VMS or are in the NRA

Tenant Protection Funds - Provisions

- \$120,000,000 for all purposes
- Eligible for PH demolition/disposition, multifamily conversions, Mod Rehab replacements; Section 202 re-financing
- Vouchers provided for all units occupied during previous 24 months that cease to be available as assisted housing

Admin Fee Funding – Appropriations –

	2010	2009
Total Fees	1,575,000,000	1,500,000,000
On-Going Fees	1,525,000,000	1,400,000,000
Set-Aside	50,000,000	50,000,000
Family Self Sufficiency	0	50,000,000

Administrative Fee Funding - Provisions

- Fees based on provisions of section 8(q) of the Act, as it existed immediately prior to QHWRA
- Same provisions as in 2009 – fee eligibility based on first of month leasing for all vouchers and on 2010 fee rates
- For 2010, no separate fee rates (Column C) for PHA owned units – will be calculated the same as fees for all other Voucher leasing

Administrative Fee Funding - Provisions

Fee rate schedules will be posted at:

<http://www.hud.gov/offices/pih/programs/hcv/adminfees2010.cfm>

Fees will be pro-rated, as needed to stay within appropriation, based on using 1/12 of appropriated funds monthly

Fee provisions apply to all vouchers – renewal, incremental, tenant protection, VASH

Administrative Fee Funding – Process

- Fees advanced CY 2010 to date based on latest reconciled VMS data when funds were issued
- Fees advanced do not equal eligibility or fees earned – just an estimate
- Fees will continue to be advanced based on leasing data – as it updates
- Fees will be reconciled monthly as actual leasing data is updated

Administrative Fee Funding - Process

- Fee set-aside will be used for:
 - Homeownership incentive fees
 - One time special fees for Housing conversion tenant protection actions (\$200 per occupied unit)
 - Program specific audits as required
 - PHAs in need of additional funds to administer their program (remainder)

Administrative Fee Funding – Process

- Higher Rates
 - PHAs must request and justify higher fees
 - Full requirement set out in the notice
 - Eligible PHAs are those operating over a large geographic area
 - Year-end reconciliation required to determine break-even amount
 - Request to: Financial Management Center (KC) by February 26

Administrative Fee Funding – Process

- Blended Rates
 - PHA must request; no justification required
 - Calculation based on location of participants per PIC
 - No reconciliation required
 - Request to: Financial Management Division (HQ) by February 26

Family Self-Sufficiency Coordinators

- \$60,000,000 for 2010
- Since the FSS funds are not administrative fees for 2010, a NOFA will be published for PHAs to apply for funding
- Announcements of 2009 awards expected by March
- PHAs may use administrative fee funds and request a frontload of fees to cover FSS coordinator costs until FSS funds are received

2010 Incremental Funding

- VASH - \$75,000,000
 - Guidance forthcoming
 - Anticipate issuing invitations based on VA/HUD determination of needs of homeless veterans
- Family Unification - \$15,000,000
 - Eligibility criteria and application procedures forthcoming

2010 Incremental Funding

- Both categories have language requiring continued use of the vouchers for the intended population upon turnover
- This restriction also applies to vouchers provided for VASH, FUP and Non-Elderly Disabled populations under the 2008 and 2009 Appropriations Acts

Managing HAP Funds

- PHAs must monitor leasing and HAP costs
 - Ensure effective use of BA and NRA funds
 - Ensure current leasing levels can be supported within funds available and known attrition
 - HUD cannot provide additional funds to PHAs that over-spend and experience shortfall
 - CY 2009 additional funding was an exception
- HUD does not fund 100% of baseline units, but allocates funds based on the re-benchmark period alone

Managing HAP Funds

- Track monthly and YTD leasing and costs as compared to unit months and Budget Authority available
- Project unit months and BA available for the balance of the year and adjust program activities accordingly
- PHAs may request frontloading of HAP funds to support cash flow
- If a PHA anticipates a shortfall for CY 2010, contact your financial analyst at the FMC

Voucher Management System

- Four new fields are being added to VMS to allow the user a more complete picture of the PHA's financial position
- New fields currently appear on the HUD-52681B report form, but they are not to be used until PHAs are notified
 - HUD will issue a notice explaining the fields and their reporting; notice posted for comment
 - HUD will present a separate broadcast on these fields before they are implemented

Voucher Management System

- 1. Net Restricted Assets (NRA) as of the last day of the month
- 2. Unrestricted Net Assets (UNA) as of the last day of the month
- 3. Cash/Investments as of the last day of the month
- 4. Number of Vouchers issued but not under HAP Contract on the last day of the month

Voucher Management System

- Next software release scheduled for April and will include:
 - **Report Formatting:** All VMS reports and documents to be formatted in a printer friendly format. System to be able to format a report or document on one page
 - **Print Button:** A “Print” option will be provided on the main page to enable the PHA to print their data for review prior to submission

Voucher Management System

- **Email Correspondence Enhancement:**
Automated e-mails concerning hard edit approval or disapproval will identify the PHA and the submission month
- **Data Collection Report:** All users to be able to view and generate the Data Collection Report, which provides reported data for up to 12 months in one view

Net Restricted Assets Reconciliation

- Purpose: to determine an agreed-upon and accurate NRA balance for each PHA
 - HUD-calculated balances and FASS reported balances should not vary significantly, but many do
 - HUD calculations and FASS submissions have specific variances which will be reconciled

Net Restricted Assets Reconciliation

- Process: HUD will calculate a balance for each PHA, based on FASS submissions, HUDCAPS funding, and VMS reporting
 - If HUD results are materially different from FASS submission, PHAs will review the results and present data to support their submission, to reach a final value
 - As needed, PHAs will update values in FASS
 - Project begins with 500 largest PHAs

Questions after the broadcast may be submitted to:

PIH.Financial.Management.Division@HUD.GOV