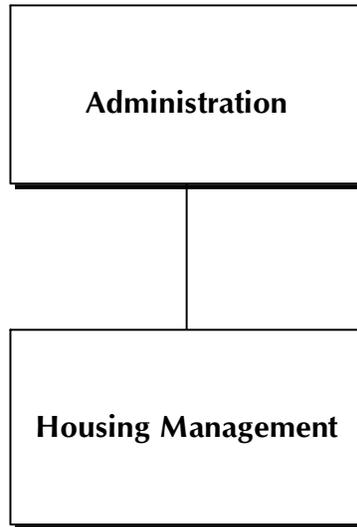


# Fund 966

## Section 8 Annual Contribution

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### **Mission**

To ensure that participants in the Federal Section 8 Program, Housing Choice Voucher (HCV) and New Construction, are provided with decent, safe and affordable private market housing.

### **Focus**

The Section 8 program is a Federal Housing Assistance Program for lower income families seeking housing in the private market place. The United States Department of Housing and Urban Development (HUD) provides funds to pay a portion of the family's rent. In most cases, this subsidy is the difference between 30 percent of the eligible family's income and a HUD-approved Fair Market Rent (FMR) for a housing unit, although FMRs are different for the Housing Choice Voucher (HCV) program and the project-based components of the program. The rent subsidy payments are made pursuant to a Housing Assistance Payments (HAP) Contract with the owner of the housing. Housing authorities administer the contract for these subsidy funds on behalf of HUD, which involves making the monthly subsidy payments, verifying that those benefiting from the subsidy are eligible and monitoring compliance with federal regulations. This is done pursuant to an Annual Contribution Contract between the Fairfax County Redevelopment and Housing Authority (FCRHA) and HUD. Administrative fees are established by HUD and earned from HUD by the FCRHA. The administrative fee earned is used to cover expenses associated with administering the Section 8 program.

Under Fund 966, Section 8 Annual Contribution, rental subsidies are provided by HUD to cover the difference between a market-established rent and the rent which is determined to be affordable at a given family's income level. In some cases, the subsidies are associated with a particular housing development and in other cases they are transferable with the tenant. Private developers, local housing authorities and state housing finance agencies all participate in different aspects of the HCV program. Within the Portability Program, one aspect of the HCV program, a tenant from another locality finds housing in Fairfax County and the FCRHA pays the subsidy portion of the rent on behalf of the originating housing authority. A subsequent reimbursement from the originating housing authority is received by the FCRHA as Portability Program Revenue to cover the subsidy payment as well as 80 percent of the originating Housing Authority's administrative fee to cover administrative costs.

The Annual Contributions Contracts for the administration of the Section 8 Housing Assistance Payments contract for the two New Construction properties, Island Walk and Strawbridge Square, terminated effective June 30, 2007. FCRHA will no longer be the Contract Administrator for these two properties.

## Fund 966

### Section 8 Annual Contribution

The FY 2009 funding level of \$40,960,248 consists of housing assistance payments of \$37,725,696 and administrative expenses of \$3,234,552 to support 3,204 Section 8 project units as part of the Federal Housing Assistance Program for lower income families. Effective January 2005, HUD converted the budget for the HCV program to a calendar year process. Therefore, the FY 2009 request for this program is based on the Calendar Year 2007 HUD budget for July 2007 through December 2007 and projected for the full fiscal year for HAP and Administrative Fees. The New Construction Annual Contributions budgets are based on the FY 2007 budgets approved by HUD. As of September 2005, HUD has authorized 3,204 housing choice vouchers to subsidize Fairfax County residents.

The FY 2009 revenue projection is \$40,708,636, a decrease of \$445,634 from the *FY 2008 Revised Budget Plan* that is primarily due to the loss of the Contract Administration of the New Construction properties.

In accordance with the revised HUD funding formula that became effective January 1, 2005, the administrative fees earned by the FCRHA for the lease-up of authorized FCRHA vouchers decreased. The revised formula decreased the per unit administrative fee earned for each unit leased. This trend is expected to continue through HUD's Federal Fiscal Year 2008 as part of the Congressional review of the Federal Section 8 Choice Voucher Program Budget. It should be noted that an additional amount of \$267,801 is provided as a subsidy in Agency 38, Department of Housing and Community Development, to assist with the anticipated shortfalls as a result of the Congressional actions affecting the HCV Program. Adjustments, if necessary, will be made to Fund 966 upon receipt of the official award.

The current income limits for most components of the HCV Program as established by HUD, effective as of April 20, 2007, are shown below:

Household Size	Very Low Income	Lower Income
1	\$33,100	\$42,000
2	\$37,800	\$48,000
3	\$42,550	\$54,000
4	\$47,250	\$60,000
5	\$51,050	\$64,800
6	\$54,800	\$69,600
7	\$58,600	\$74,400
8+	\$62,350	\$79,200

FY 2008 SUMMARY OF PROJECTS	
PROJECTS	NUMBER OF UNITS
Consolidated Vouchers <sup>1</sup>	3,204
<b>Total Contract P-2509 Fund 966</b>	<b>3,204</b>

<sup>1</sup> Actual number of vouchers issued may be lower than HUD-approved count due to local market conditions.

# Fund 966

## Section 8 Annual Contribution

Fund 966 covers the following components in FY 2009:

◆ **Housing Choice Vouchers – 3,204 issued through the FCRHA**

Under this component of the Section 8 housing program, local or state housing authorities contract with HUD for housing assistance payment subsidy funds and issue vouchers to eligible households who may lease any appropriately sized, standard quality rental unit from a participating landlord.

The housing authority maintains a waiting list of those seeking a Housing Choice Voucher, verifies applicant income eligibility before issuing a voucher, inspects the unit the family selects to ensure compliance with HCV Housing Quality Standards, computes the portion of rent the family must pay or the maximum subsidy, contracts with the landlord to pay the subsidy, recertifies eligibility annually, and maintains required financial records and reports. The owner of the housing (landlord), not the housing authority, selects the families to whom the landlord will rent, and renews or terminates the family's lease in accordance with the terms of the lease.

The FY 2009 Adopted Budget Plan is based on the maximum funding available in FY 2008 under the Annual Contributions (ACC) contract with HUD for the Housing Choice Voucher program at the time of budget preparation.

### Budget and Staff Resources

Agency Summary					
Category	FY 2007 Actual	FY 2008 Adopted Budget Plan	FY 2008 Revised Budget Plan	FY 2009 Advertised Budget Plan	FY 2009 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	35/ 35	35/ 35	35/ 35	35/ 35	35/ 35
Grant	4/ 4	4/ 4	4/ 4	4/ 4	4/ 4
Expenditures:					
Personnel Services	\$2,470,552	\$2,776,141	\$2,572,224	\$2,621,610	\$2,651,594
Operating Expenses	37,447,466	37,829,549	38,825,358	38,338,638	38,308,654
Capital Equipment	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$39,918,018</b>	<b>\$40,605,690</b>	<b>\$41,397,582</b>	<b>\$40,960,248</b>	<b>\$40,960,248</b>

Position Summary					
<u>ADMINISTRATION</u>		<u>HOUSING MANAGEMENT</u>		2	Administrative Assistant III
1	Network/Telecom Analyst III	3	Housing Services Specialists IV 1G	1	Administrative Assistant II
1	Network/Telecom Analyst II	3	Housing Services Specialists III		
		23	Housing Services Specialists II 3G		
<u>FINANCIAL MANAGEMENT</u>		3	Human Services Assistants		
1	Administrative Assistant IV	1	Human Services Coordinator II		
<b>TOTAL POSITIONS</b>					
<b>39 Positions / 39.0 Staff Years</b>				<b>G Denotes Grant Positions</b>	

Note: As the result of a transition by the U.S. Department of Housing and Urban Development to a project based budgeting model for the maintenance of public housing facilities, a number of positions are being moved within the Fairfax County Department of Housing and Community Development to better align the positions to the developments they support. This realignment is driven by the movement of maintenance positions but also impacts financial and management positions to maintain the level of County support and the number of County positions while complying with the federal requirements. In FY 2009, 3/3.0 SYE positions were exchanged between Fund 966 and Agency 38, Housing General Fund.

# Fund 966

## Section 8 Annual Contribution

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### FY 2009 Funding Adjustments

The following funding adjustments from the FY 2008 Revised Budget Plan are necessary to support the FY 2009 program:

- ◆ **Employee Compensation** **(\$154,531)**  
A decrease of \$154,531 in Personnel Services is associated primarily with the implementation of project based accounting for salaries and the elimination of partial support for some positions. As a result of budget constraints, compensation adjustments for County employees have been reduced. For FY 2009, employee increases as part of the pay for performance system have been discounted by 50 percent and the impact of the lower pay for performance funding is reflected above.
  
- ◆ **Housing Assistance Program** **\$479,104**  
An increase of \$479,104 in Operating Expenses is comprised of \$471,618 for Housing Assistance Payments based primarily on HUD's projections for the Housing Choice Voucher budget, as well as \$7,486 for Ongoing Administrative Expenses.
  
- ◆ **Carryover Adjustments** **(\$1,266,179)**  
A decrease of \$1,266,179 in Operating Expenses is due to the carryover of one-time adjustments made as part of the FY 2007 Carryover Review.

### Board of Supervisors' Adjustments

*The following funding adjustments reflect all changes to the FY 2009 Advertised Budget Plan, as approved by the Board of Supervisors on April 28, 2008:*

- ◆ **Pay for Performance** **\$0**  
A net increase of \$0 as a result of an increase of \$29,984 in Personnel Services is associated with the decision by the Board of Supervisors to eliminate the 50 percent reduction to employee increases as part of the pay for performance system offset by a corresponding reduction in operating expenses to maintain funding at the level supported by projected revenues. A reduction to pay for performance increases had been proposed in the FY 2009 Advertised Budget Plan due to budget constraints. However, as a result of the Board's decision, employees will be eligible for the full compensation increase for which they qualify based on performance.

# Fund 966

## Section 8 Annual Contribution

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### **Changes to FY 2008 Adopted Budget Plan**

*The following funding adjustments reflect all approved changes in the FY 2008 Revised Budget Plan since passage of the FY 2008 Adopted Budget Plan. Included are all adjustments made as part of the FY 2007 Carryover Review and all other approved changes through December 31, 2007:*

◆ **Carryover Adjustments** **\$1,266,179**

As part of the *FY 2007 Carryover Review*, the Board of Supervisors approved a net increase of \$1,266,179 due to increases of \$3,418,642 for Housing Choice Voucher (HCV) housing assistance payment funding and \$11,557 for encumbered carryover, offset by a decrease of \$2,164,020 for New Construction projects that have been reassigned to a HUD contracted third party administrator. FY 2008 revenues increased a net \$1,392,828 due primarily to an increase in the FY 2007 HUD HCV Annual Contribution funding and an increase of \$26,588 in Fraud Recovery revenue, offset by a decrease of \$2,265,750 due to HUD's reassignment of the New Construction project contract administrator function to a HUD contracted third party administrator.

*The following funding adjustments reflect all approved changes to the FY 2008 Revised Budget Plan from January 1, 2008 through April 21, 2008. Included are all adjustments made as part of the FY 2008 Third Quarter Review:*

◆ **Third Quarter Adjustments** **(\$474,287)**

As part of the *FY 2008 Third Quarter Review*, the Board of Supervisors approved a decrease of \$474,287 due to a decrease of \$270,370 in Operating Expenses required for Portability Housing Assistance Payment expenses due to the one-time absorption of portability clients in an effort to increase Housing Choice Voucher (HCV) program leasing rates and the utilization of current year U.S. Department of Housing and Urban Development annual housing assistance funding. In addition, Personnel Services funding was reduced \$203,917 due primarily to higher than anticipated vacancy rates and lower than anticipated fringe benefit costs.

# Fund 966

## Section 8 Annual Contribution

### FUND STATEMENT

Fund Type H96, Annual Contribution Contract      Fund 966, Section 8 Annual Contribution

	FY 2007 Actual	FY 2008 Adopted Budget Plan	FY 2008 Revised Budget Plan	FY 2009 Advertised Budget Plan	FY 2009 Adopted Budget Plan
<b>Beginning Balance<sup>1</sup></b>	\$2,733,572	\$1,974,363	\$2,251,982	\$2,014,468	\$2,008,670
Revenue: <sup>2</sup>					
Annual Contributions <sup>3,4</sup>	\$37,879,136	\$37,863,599	\$39,255,975	\$37,921,915	\$37,921,915
Investment Income <sup>3,5</sup>	31,902	13,544	20,161	31,217	31,217
Portability Program <sup>3,6</sup>	1,437,978	2,176,948	1,845,846	2,668,094	2,668,094
Miscellaneous Revenue <sup>3</sup>	87,412	54,263	32,288	87,410	87,410
<b>Total Revenue</b>	<b>\$39,436,428</b>	<b>\$40,108,354</b>	<b>\$41,154,270</b>	<b>\$40,708,636</b>	<b>\$40,708,636</b>
<b>Total Available</b>	<b>\$42,170,000</b>	<b>\$42,082,717</b>	<b>\$43,406,252</b>	<b>\$42,723,104</b>	<b>\$42,717,306</b>
Expenditures:					
Housing Assistance Payments <sup>3,7</sup>	\$36,925,895	\$37,254,078	\$38,218,971	\$37,725,696	\$37,725,696
Ongoing Admin. Expenses <sup>3</sup>	2,992,123	3,351,612	3,178,611	3,234,552	3,234,552
<b>Total Expenditures</b>	<b>\$39,918,018</b>	<b>\$40,605,690</b>	<b>\$41,397,582</b>	<b>\$40,960,248</b>	<b>\$40,960,248</b>
<b>Total Disbursements</b>	<b>\$39,918,018</b>	<b>\$40,605,690</b>	<b>\$41,397,582</b>	<b>\$40,960,248</b>	<b>\$40,960,248</b>
<b>Ending Balance<sup>8</sup></b>	<b>\$2,251,982</b>	<b>\$1,477,027</b>	<b>\$2,008,670</b>	<b>\$1,762,856</b>	<b>\$1,757,058</b>
HAP Reserve <sup>5</sup>	\$1,405,540	\$1,105,846	\$1,405,540	\$1,405,540	\$1,405,540
Operating Reserve	846,442	371,181	608,928	357,316	351,518
<b>Unreserved Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Fund 966

## Section 8 Annual Contribution

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<sup>1</sup> The FY 2007 beginning balance was adjusted based on the audited FY 2007 Financial Statement and is primarily due to depreciation expenses not accounted for in prior fiscal years.

<sup>2</sup> Effective January 2005 the United States Department of Housing and Urban Development (HUD) converted the budget cycle for the Housing Choice Voucher program to a calendar year budget cycle. The FY 2009 Adopted Budget Plan is based on the calendar year 2007 HUD budget from July 2007 through December 2007, and projected Annual Contributions for the period January 2008 through June 2008. Adjustments to projected Annual Contributions, if necessary, will be made at a future quarterly review.

<sup>3</sup> In order to account for revenues and expenditures in the proper fiscal year, audit adjustments totaling a net decrease of \$2,928.60 have been reflected as a decrease of \$10,072.24 to FY 2007 revenues to reflect reduced earnings from Housing Assistance Program (HAP) revenue, additional investment income, and additional portability program income and a decrease of \$7,143.64 in FY 2007 expenditures to reflect reduced expenditures associated with HAP, accrued leave, and to reclassify expenditures. The audit adjustments have been included in the FY 2007 Comprehensive Annual Financial Report (CAFR).

<sup>4</sup> The decrease in Annual Contributions is due to the expiration of FCRHA Contract Administration for the New Construction program properties, Island Walk and Strawbridge Square. A corresponding decrease is reflected in Housing Assistance Payments (HAP) expenditures.

<sup>5</sup> Under new guidelines from HUD, housing agencies have been instructed to keep unused HAP revenue in restricted reserve for future HAP payments. This new guideline has resulted in an increase in Investment Income.

<sup>6</sup> "Portability In" tenants are being billed to the local originating housing authorities. The increase in Recovered Costs and Servicing Fees is due to an increase in the lease rate anticipated based on actual monthly leasing increases in this jurisdiction. Revenue for FY 2009 is based on Recovered Costs of 100 percent for portability HAP and Utility Allowance Payment (UAP) expenses. A servicing fee will also be earned for 80 percent of the originating housing authority's fees.

<sup>7</sup> The decrease in HAP expenditures is the net result of an increase in Portability HAP and a decrease from the expiration of FCRHA Contract Administration for the New Construction program properties, Island Walk and Strawbridge Square.

<sup>8</sup> Fluctuation in ending balances is a result of federal funding reimbursements lost due to the temporary absorption of Portability Program tenants from non-local housing authorities as they transition into the FCHRA.