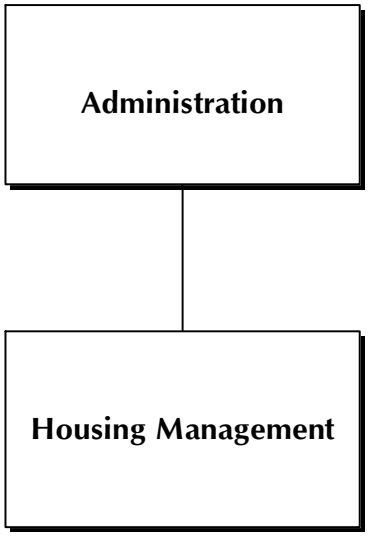
Fund 966
Section 8 Annual Contribution



Mission

To ensure that participants in the Federal Section 8 Program, Housing Choice Voucher (HCV) 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.

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The FY 2010 funding level of $41,236,692 consists of housing assistance payments of $37,918,320 and administrative expenses of $3,318,372 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 2010 request for this program is based on the Calendar Year 2008 HUD budget for July 2008 through December 2008 and projected for the full fiscal year for HAP and Administrative Fees. HUD has authorized up to 3,204 housing choice vouchers to subsidize Fairfax County residents.

The FY 2010 revenue projection is $41,166,878, an increase of $1,009,067 over the *FY 2009 Revised Budget Plan* that is primarily due to the increase in leasing by HCV Portability participants.

In accordance with the revised HUD funding formula that became effective January 1, 2008 there is an increase in administrative fees earned by the FCRHA for the lease-up of authorized FCRHA vouchers. The new formula is based on a graduated scale for leased units rather than a fixed rate and results in an increased per unit administrative fee earned for each unit leased. It should be noted that an additional amount of $221,594 is provided as a subsidy in Agency 38, Department of Housing and Community Development, to assist with personnel services expenses associated with program compliance activities, including investigations, inspections, coordination of wrap-around services to prevent eviction and homelessness, and related administrative responsibilities.

The current income limits for most components of the HCV Program as established by HUD, effective as of February 13, 2008, are shown below:

Household Size	Very Low Income	Lower Income
1	$34,450	$43,050
2	$39,350	$49,200
3	$44,300	$55,350
4	$49,200	$61,500
5	$53,150	$66,400
6	$57,050	$71,350
7	$61,000	$76,250
8+	$64,950	$81,200

FY 2010 SUMMARY OF PROJECTS	
PROJECTS	**NUMBER OF UNITS**
Consolidated Vouchers[1]	3,204
Total Contract P-2509 Fund 966	**3,204**

[1] Actual number of vouchers issued may be lower than HUD-approved count due to local market conditions.

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Fund 966 covers the following components in FY 2010:

- **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 2010 Baseline Budget is based on the maximum funding available in FY 2009 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 2008 Actual	FY 2009 Adopted Budget Plan	FY 2009 Revised Budget Plan	FY 2010 Baseline Budget
Authorized Positions/Staff Years				
Regular	35/ 35	35/ 35	35/ 35	35/ 35
Grant	4/ 4	4/ 4	4/ 4	4/ 4
Expenditures:				
Personnel Services	$2,443,706	$2,651,594	$2,651,594	$2,751,721
Operating Expenses	36,295,740	38,308,654	37,791,710	38,484,971
Capital Equipment	0	0	0	0
Total Expenditures	**$38,739,446**	**$40,960,248**	**$40,443,304**	**$41,236,692**

Position Summary

	ADMINISTRATION		**HOUSING MANAGEMENT**	2	Administrative Assistants 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		
	FINANCIAL MANAGEMENT	3	Human Services Assistants		
1	Administrative Assistant IV	1	Human Services Coordinator II		

TOTAL POSITIONS
39 Positions / 39.0 Staff Years

G Denotes Grant Positions

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FY 2010 Funding Adjustments

The following funding adjustments from the FY 2009 Revised Budget Plan are necessary to support the FY 2010 program:

- **Employee Compensation** **$100,127**
  An increase of $100,127 in Personnel Services is associated primarily with salary adjustments necessary to support the County's compensation program.

- **Housing Assistance Program** **$693,261**
  An increase of $693,261 in Housing Assistance Payments is based primarily on an increase of $721,100 for leasing in the Housing Choice Vouchers Portability Program offset by a decrease of $27,839 for Ongoing Administrative Expenses.

Changes to FY 2009 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2009 Revised Budget Plan since passage of the FY 2009 Adopted Budget Plan. Included are all adjustments made as part of the FY 2008 Carryover Review and all other approved changes through September 15, 2008:

- **Carryover Adjustments** **($516,944)**
  As part of the *FY 2008 Carryover Review*, the Board of Supervisors approved a net decrease of $516,944 due to a decrease of $1,962,818 for Housing Assistance Payment (HAP) expenses as a result of the absorption of all portability clients based on U.S. Department of Housing and Community Development (HUD) guidelines. Partially offsetting this decrease is an increase of $1,434,342 in Housing Choice Voucher (HCV) housing assistance payment expenditures to appropriate an increase in HUD HCV Annual Contributions revenue and $11,532 for encumbered carryover. Revenues decreased $550,825 due to a reduction of $2,064,634 in HAP income attributable to the absorption of portability tenants from other jurisdictions partially offset by an increase of $1,436,847 in FY 2009 HUD HCV Annual Contribution funding based on the most recent renewal notice from HUD received in March 2008 and an increase of $76,962 in interest income based on current HAP reserve levels.

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FUND STATEMENT

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

	FY 2008 Actual	FY 2009 Adopted Budget Plan	FY 2009 Revised Budget Plan	FY 2010 Baseline Budget
Beginning Balance	**$2,251,982**	**$2,008,670**	**$5,451,570**	**$5,166,077**
Revenue:				
Annual Contributions[1,2]	$40,237,709	$37,921,915	$39,358,762	$39,604,816
Investment Income[3]	112,297	31,217	108,179	112,297
Portability Program[4]	1,439,749	2,668,094	603,460	1,352,781
Miscellaneous Revenue[5]	149,279	87,410	87,410	96,984
Total Revenue	$41,939,034	$40,708,636	$40,157,811	$41,166,878
Total Available	**$44,191,016**	**$42,717,306**	**$45,609,381**	**$46,332,955**
Expenditures:				
Housing Assistance Payments[6]	$35,801,237	$37,725,696	$37,197,220	$37,918,320
Ongoing Admin. Expenses[7]	2,938,209	3,234,552	3,246,084	3,318,372
Total Expenditures	$38,739,446	$40,960,248	$40,443,304	$41,236,692
Total Disbursements	**$38,739,446**	**$40,960,248**	**$40,443,304**	**$41,236,692**
Ending Balance	**$5,451,570**	**$1,757,058**	**$5,166,077**	**$5,096,263**
HAP Reserve[8]	$4,491,047	$1,405,540	$4,468,698	$4,468,698
Operating Reserve[8]	960,523	351,518	697,379	627,565
Unreserved Ending Balance	**$0**	**$0**	**$0**	**$0**

[1] 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 2010 Baseline Budget is based on the calendar year 2008 HUD budget from July 2008 through December 2008, and projected Annual Contributions for the period January 2009 through June 2009. Adjustments to projected Annual Contributions, if necessary, will be made at a future quarterly review.

[2] The decrease in Annual Contributions in the *FY 2009 Revised Budget Plan* and the FY 2010 Baseline Budget compared to the FY 2008 Actuals is due to retroactive increases in the HUD approved budget in FY 2008 resulting in a one-time additional revenue earned for Annual Contributions in FY 2008.

[3] Under new guidelines from HUD, housing agencies have been instructed to keep unused Housing Assistance Payments (HAP) revenue in restricted reserve for future HAP payments. This new guideline has resulted in an increase in Investment Income.

[4] "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 2010 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. In FY 2009 HCD absorbed portability payments within the existing budget resulting in a decrease in the *FY 2009 Revised Budget Plan*.

[5] The increase in Miscellaneous Revenue is due to provisions under the HUD guidelines for Fraud Repayment Agreements that allows Housing Authorities to retain 50 percent of fraudulent claims.

[6] The increase in HAP expenditures is the result of an increase in Portability HAP.

[7] The increase in Ongoing Administrative Expenses is due to an increase in salary expenses as a result of Pay For Performance increases.

[8] Further detailed instruction and guidelines in the calculation of HAP and Operating Reserve have been given by HUD and will result in the update of these amounts retroactive to January 2005. Revised distribution between HAP and Operating Reserve balances will be based on these guidelines and will be provided at the *FY 2009 Third Quarter Review*.