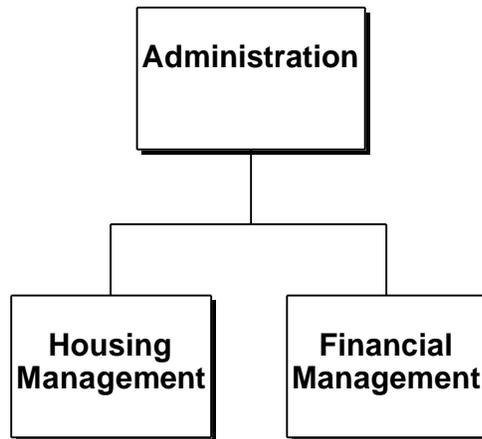


**DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
FUND 966, SECTION 8 ANNUAL CONTRIBUTION**



FUND 966

SECTION 8 ANNUAL CONTRIBUTION

Agency Position Summary

35	Regular Positions	/	35.0	Regular Staff Years
<u>3</u>	Grant Positions	/	<u>3.0</u>	Grant Staff Years
38	Total Positions	/	38.0	Total Staff Years

Position Detail Information

ADMINISTRATION

1 Network/Telecom Analyst III
1 Programmer Analyst II
 2 Positions
 2.0 Staff Years

FINANCIAL MANAGEMENT

1 Accountant I
 1 Position
 1.0 Staff Year

HOUSING MANAGEMENT

2 Housing Services Specialists IV 1G
 3 Housing Services Specialists III
 19 Housing Services Specialists II 2G
 1 Human Services Coordinator II
 4 Human Services Assistants
 1 Secretary I
 1 Administrative Aide
 2 Account Clerks II
 1 Clerical Specialist
1 Accounting Technician
 35 Positions
 35.0 Staff Years

G Denotes Grant Positions

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

Agency Mission

To ensure that participants in the Federal Section 8 Rental Assistance Program are provided with decent, safe, and affordable private market housing.

Agency Summary					
Category	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	35/ 35	35/ 35	35/ 35	35/ 35	35/ 35
Grant	3/ 3	3/ 3	3/ 3	3/ 3	3/ 3
Expenditures:					
Personnel Services	\$1,745,064	\$2,070,557	\$2,070,557	\$2,026,242	\$2,046,504
Operating Expenses	20,974,458	23,182,549	21,161,033	22,008,314	22,008,314
Capital Equipment	4,694	9,259	9,259	0	0
Total Expenditures	\$22,724,216	\$25,262,365	\$23,240,849	\$24,034,556	\$24,054,818

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2002 Advertised Budget Plan, as approved by the Board of Supervisors on April 30, 2001:

- The 1.0 percent cost-of-living adjustment approved by the Board of Supervisors, and previously held in reserve, has been spread to County agencies and funds. This action results in an increase of \$20,262.

The following funding adjustments reflect all approved changes to the FY 2001 Revised Budget Plan from January 1, 2001 through April 23, 2001. Included are all adjustments made as part of the FY 2001 Third Quarter Review:

- A net decrease of \$852,976 due to a decrease in Housing Assistance Payments (HAP) and Ongoing Administrative Expenses. In addition, FY 2001 revenues decrease \$2,455,034 due to reimbursements to the Department of Housing and Urban Development (HUD) for FY 1999 and FY 2000 overpayments and a decrease associated with Portability HAP reimbursements to other jurisdictions as a result of the absorption of portability clients into the Fairfax County HUD-approved program.

County Executive Proposed FY 2002 Advertised Budget Plan

Purpose

The FY 2002 funding of \$24,034,556 consists of housing assistance payments of \$21,578,860 and administrative expenses of \$2,455,696 to support 3,141 Section 8 project units as part of the Federal Housing Assistance Program for lower income families. As of August 2000, the U.S. Department of Housing and Urban Development (HUD) has authorized 1,068 certificates and 1,684 vouchers to subsidize Fairfax County residents. Additional Section 8 programs administered by the Fairfax County Redevelopment and Housing Authority (FCRHA) include 389 new construction units.

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

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 Section 8 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 this program which include existing housing certificates and vouchers, and new construction projects. On October 1, 1999, Section 8 certificates and vouchers were merged into one program called the "Housing Choice Voucher Program", which was completed January 1, 2001. Another program change in FY 2000 resulted in absorbing portability tenants into the FCRHA Voucher or Certificate Program.

The Section 8 program is a Federal Housing Assistance Program for lower income families seeking housing in the private market place. The basic concept is the same for all components of the program. 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 each program component. 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 housing authority and HUD. Prior to FY 1997, fees established by HUD covered expenses associated with administering the HAP contracts; however, in October 1996, Congress approved a change in the fee schedule that reduced the amounts that could be recovered by Public Housing Authorities.

The current income limits for most components¹ of the Section 8 program as established by HUD, effective as of January 27, 2000, are shown below:

Household Size	Very, Very low income	Very Low Income	Lower Income
1	\$16,550	\$28,200	\$35,150
2	\$19,350	\$32,250	\$40,150
3	\$21,750	\$36,250	\$45,200
4	\$24,200	\$40,300	\$50,200
5	\$26,100	\$43,500	\$54,200
6	\$28,050	\$46,750	\$58,250
7	\$30,000	\$49,950	\$62,259
8+	\$31,900	\$53,200	\$66,259

¹ The Bridle Creek (new construction project) has a lower set of limits because it is located in a different geographical location – southeastern Virginia.

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

FY 2002 SUMMARY OF PROJECTS	
PROJECTS	NUMBER OF UNITS
Existing Certificates	1,068
Consolidated Vouchers ¹	1,684
Bridle Creek (New Construction) ²	131
Strawbridge Square (New Construction)	127
Island Walk (New Construction)	101
Briarcliff (New Construction)	30
Subtotal Contract P-2509	3,141
Total Fund 966	3,141

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

² The Bridle Creek project is located in Virginia Beach, VA, and is administered by FCRHA.

Fund 966 covers the following components in FY 2002:

- ◆ New Construction - 389 units.

Under the New Construction component of the Section 8 program, 389 units have been made available for recipients of Section 8 housing assistance payments. FCRHA administers these payments, and the projects are privately owned.

- ◆ Existing Certificates - 1,068 issued through the FCRHA and 172 Portable.
- ◆ Existing Vouchers - 1,684 issued through the FCRHA and 179 Portable.

Under these components of the Section 8 program, Local or State housing authorities contract with HUD for Section 8 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 Section 8 voucher or certificate, verifies applicant income eligibility before issuing a certificate or voucher, inspects the unit the family selects to ensure compliance with Section 8 Housing Quality Standards, computes the portion of the 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 those families to whom the landlord will rent, and renews, or terminates the family's lease in accordance with the terms of the lease.

FY 2002 Initiatives

- ◆ Cover the difference between a market-established rent and the rent, which is determined to be affordable at a given family's income level.
- ◆ Monitor the housing unit that the family selects to ensure compliance with Federal regulations.
- ◆ Verify that those benefiting from the subsidy are eligible for receiving it.

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

Funding Adjustments

The following funding adjustments from the FY 2001 Revised Budget Plan are necessary to support the FY 2002 program:

- ◆ A net decrease of \$44,315 in Personnel Services primarily due to 50 percent spread of salaries for three positions to the General Fund. This redistribution is a result of HUD's reductions in administrative fees and operating subsidy combined with increased costs associated with administering Section 8 program. This decrease is partially offset by an increase in Exempt Limited salaries.

- ◆ A net decrease of \$5,695 in Operating Expenses primarily due to a decrease in Internal Charges partially offset by increases in miscellaneous operating expenses.

The following funding adjustments reflect all approved changes in the FY 2001 Revised Budget Plan since passage of the FY 2001 Adopted Budget Plan. Included are all adjustments made as part of the FY 2000 Carryover Review and all other approved changes through December 31, 2000:

- ◆ As part of the FY 2000 Carryover Review, expenditures are decreased \$1,168,540 and revenues are decreased \$1,137,586 based on revised HUD budgets.

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

FUND STATEMENT

Fund Type H96, Federal Section 8 Rental Assistance

Fund 966, Section 8 Annual
Contribution

	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
Beginning Balance	(\$687,447)	\$558,354	\$556,175	\$335,359	(\$1,266,699)
Revenue:					
Annual Contributions ¹	\$21,592,746	\$22,204,173	\$22,207,439	\$23,873,009	\$23,873,009
Investment Income	23,843	0	0	0	0
Other Charges ²	204,418	206,422	0	0	0
Miscellaneous Revenue ³	2,146,831	2,600,000	(789,464)	24,640	24,640
Total Revenue	\$23,967,838	\$25,010,595	\$21,417,975	\$23,897,649	\$23,897,649
Total Available	\$23,280,391	\$25,568,949	\$21,974,150	\$24,233,008	\$22,630,950
Expenditures:					
Housing Assistance Payments ¹ Ongoing Administrative Expenses	\$20,607,079	\$22,747,400	\$21,344,094	\$21,578,860	\$21,578,860
	2,117,137	2,514,965	1,896,755	2,455,696	2,475,958
Subtotal Expenditures	\$22,724,216	\$25,262,365	\$23,240,849	\$24,034,556	\$24,054,818
COLA Reserve	0	0	0	20,262	0
Total Expenditures	\$22,724,216	\$25,262,365	\$23,240,849	\$24,054,818	\$24,054,818
Total Disbursements	\$22,724,216	\$25,262,365	\$23,240,849	\$24,054,818	\$24,054,818
Ending Balance⁴	\$556,175	\$306,584	(\$1,266,699)	\$178,190	(\$1,423,868)

¹ FY 2001 Revised Annual Contributions Budget and Housing Assistance Payments (HAP) are based on approved FY 2000 Certificate and Voucher Budgets and submitted New Construction budgets.

² Administrative Fees earned from other jurisdictions have been reduced to reflect the current trend of absorbing clients from other jurisdictions.

³ FY 2002 Miscellaneous Revenue does not include Portability HAP reimbursements due to the absorption of tenants from other jurisdictions. FY 2002 projection is based on anticipated expenses that will be covered by revenue earned by the Compliance Unit as a result of fraud investigations.

⁴ The negative Ending Balance will be addressed as part of a reconciliation of balances of the Section 8 Program in conjunction with a review of the Program's funding stream by the Department of Housing and Community Development.