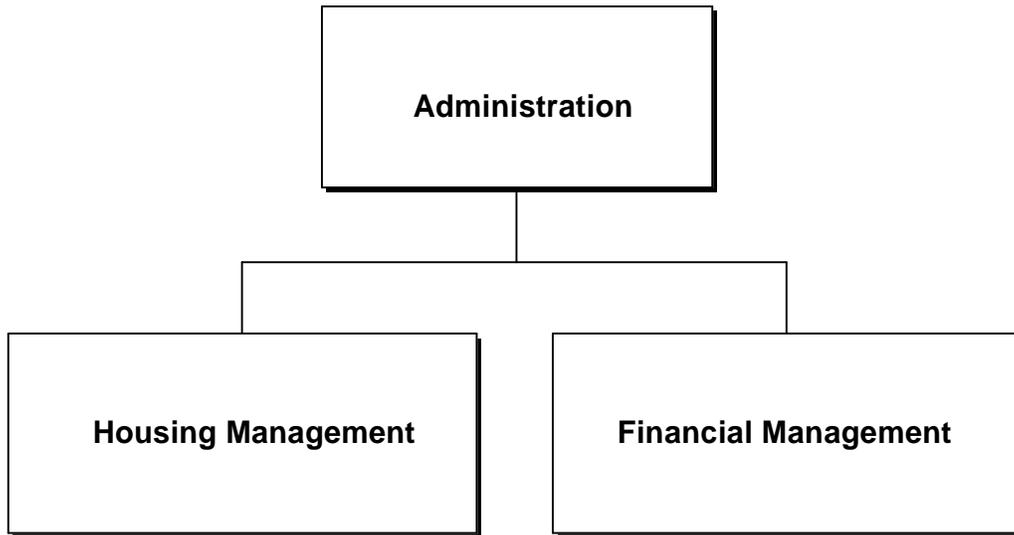


**DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
FUND 966, SECTION 8 ANNUAL CONTRIBUTION**



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 Administrative Assistant V
 1 Administrative Assistant IV
 2 Administrative Assistants III
2 Administrative Assistants II
 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 Housing Choice Voucher (HCV) Program are provided with decent, safe, and affordable private market housing.

Agency Summary					
Category	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 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	\$1,959,902	\$2,117,544	\$2,234,332	\$2,166,043	\$2,152,361
Operating Expenses	25,826,427	26,834,475	33,791,551	33,141,287	33,141,287
Capital Equipment	0	0	0	0	0
Total Expenditures	\$27,786,329	\$28,952,019	\$36,025,883	\$35,307,330	\$35,293,648

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2004 Advertised Budget Plan, as approved by the Board of Supervisors on April 28, 2003:

- ◆ A decrease of \$13,682 reflects reduced funding for the Pay for Performance program. Based on the approved 25 percent reduction, the FY 2004 program will result in reductions in the increases employees will receive based on their performance rating, capping employees to a maximum of 5.25 percent. This adjustment leaves in place the Pay for Performance program in preparation for system redesign for FY 2005.

The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan from January 1, 2003 through April 21, 2003. Included are all adjustments made as part of the FY 2003 Third Quarter Review:

- ◆ An increase in Operating Expenses of \$2,271,795 due to an increase in Housing Assistance Payments (HAP) to landlords based on HUD-devised formulas for low- and moderate-income affordability in the amount of \$2,155,007; and Personnel Services requirements for positions in Fund 966 that had previously been expensed to the Housing General Fund to alleviate the deficit in the Section 8 program, as well as two additional limited term positions for a Section 8 workflow study in the amount of \$116,788.
- ◆ An increase in revenues of \$3,120,508 due to reimbursements from the Department of Housing and Urban Development (HUD) for Housing Choice Vouchers and the Island Walk new construction project in the amount of \$1,928,035, the reinstatement of the Fairfax County Portability Program allowing residents of other jurisdictions with Housing Choice Vouchers to reside in Fairfax County with Fairfax County receiving HAP payments and servicing fees, \$368,307, and the sale of the Old Mill site as approved by the Fairfax County Redevelopment and Housing Authority on September 19, 2002, \$824,166.
- ◆ Subsequent to the *FY 2002 Carryover Review*, an allocation in the amount of \$346,065 provided funding for the full year contract for Project 013822, Bridle Creek, as approved by the U.S. Department of Housing and Urban Development (HUD). Revenues are increased by \$366,040 as approved by HUD.

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

County Executive Proposed FY 2004 Advertised Budget Plan

Purpose

The FY 2004 funding of \$35,307,330 consists of housing assistance payments of \$32,713,234 and administrative expenses of \$2,594,096 to support 3,455 HCV project units as part of the Federal Housing Assistance Program for lower income families. As of October 2001, the U.S. Department of Housing and Urban Development (HUD) has authorized 3,095 housing choice vouchers to subsidize Fairfax County residents. Additional HCV programs administered by the Fairfax County Redevelopment and Housing Authority (FCRHA) include 360 new construction units.

Under Fund 966, 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 HCV 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. In 1999, certificates and vouchers were merged into one program called the "Housing Choice Voucher Program", which was completed March 1, 2001. Another program change in FY 2000 resulted in absorbing portability tenants into the FCRHA Voucher or Certificate Program. In FY 2002, one development with an expiring project contract converted to vouchers. In FY 2003 it is anticipated that the Portability Program will be reinstated after 100 percent utilization of the HCV Program is realized.

The HCV program is a Federal Housing Assistance Program for lower income families seeking housing in the private market place. 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 voucher choice 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 housing authority and HUD. Prior to FY 1997, fees established by HUD covered expenses associated with administering the HAP contracts; however, in October 2001, Congress approved a change in the fee schedule that increased the amounts that could be recovered by public housing authorities.

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The current income limits for most components¹ of the HCV Program as established by HUD, effective as of June 2002, are shown below:

Household Size	Very, Very Low Income	Very Low Income	Lower Income
1	\$18,250	\$30,450	\$38,100
2	\$20,900	\$34,800	\$43,500
3	\$23,500	\$39,150	\$48,950
4	\$26,100	\$43,500	\$54,400
5	\$28,200	\$47,000	\$58,750
6	\$30,300	\$50,450	\$63,100
7	\$32,350	\$53,950	\$67,450
8+	\$34,450	\$57,400	\$71,800

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

FY 2004 SUMMARY OF PROJECTS	
PROJECTS	NUMBER OF UNITS
Consolidated Vouchers ¹	3,095
Bridle Creek (New Construction) ²	131
Strawbridge Square (New Construction)	128
Island Walk (New Construction)	101
Subtotal Contract P-2509	3,455
Total Fund 966	3,455

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 2004:

- ◆ New Construction - 360 units.

Under the New Construction component of the HCV Program, 360 units have been made available for recipients of Section 8 housing assistance payments. FCRHA administers these payments, and the projects are privately owned.

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

- ◆ Existing Vouchers - 3,095 issued through the FCRHA.

Under these components of the HCV Program, Local or State housing authorities contract with HUD for HCV 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 HCV 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.

The FY 2004 Advertised Budget Plan is based on the maximum funding available in FY 2003 under the Annual Contributions (ACC) contract with HUD for the Choice Voucher Program at the time of budget preparation. Funds available will permit 100 percent usage of the available vouchers.

FY 2004 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 to receive it.

Funding Adjustments

The following funding adjustments from the FY 2003 Revised Budget Plan are necessary to support the FY 2004 program:

- ◆ An increase of \$48,499 in Personnel Services associated with salary adjustments necessary to support the County's compensation program.
- ◆ A net increase of \$1,850,808 in Operating Expenses primarily based on budget adjustment projections approved by the U.S. Department of Housing and Urban Development (HUD) for the FY 2003 Housing Assistance Payments and the projected reinstatement of the Portability Program that allows tenants to utilize vouchers from other jurisdictions for units in Fairfax County.

The following funding adjustments reflect all approved changes in the FY 2003 Revised Budget Plan since passage of the FY 2003 Adopted Budget Plan. Included are all adjustments made as part of the FY 2002 Carryover Review and all other approved changes through December 31, 2002:

- ◆ Subsequent to the FY 2002 Carryover Review, an allocation in the amount of \$339,477 provided funding to repay Fund 940, FCRHA General Operating, for an FY 2002 payment to alleviate the Fund 966 deficit.
- ◆ As part of the FY 2002 Carryover Review, expenditures were increased \$4,116,527 and revenues were increased \$4,354,216 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 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
Beginning Balance¹	(\$435,546)	(\$190,344)	\$89,501	\$224,728	\$790,917
Revenue:					
Annual Contributions ^{1,2}	\$28,061,884	\$28,861,895	\$35,510,186	\$33,403,734	\$33,403,734
Investment Income	5,219	0	0	1,774	1,774
Portability Program ³	0	0	1,192,473	2,172,288	2,172,288
Miscellaneous Revenue	244,273	24,640	24,640	24,640	24,640
Total Revenue	\$28,311,376	\$28,886,535	\$36,727,299	\$35,602,436	\$35,602,436
Total Available	\$27,875,830	\$28,696,191	\$36,816,800	\$35,827,164	\$36,393,353
Expenditures:					
Housing Assistance Payments ^{1,2}	\$25,368,234	\$26,406,422	\$33,013,584	\$32,713,234	\$32,713,234
Ongoing Admin. Expenses ^{2,4}	2,418,095	2,545,597	3,012,299	2,594,096	2,580,414
Total Expenditures	\$27,786,329	\$28,952,019	\$36,025,883	\$35,307,330	\$35,293,648
Total Disbursements	\$27,786,329	\$28,952,019	\$36,025,883	\$35,307,330	\$35,293,648
Ending Balance	\$89,501	(\$255,828)	\$790,917	\$519,834	\$1,099,705

¹ FY 2004 Annual Contributions Budget and Housing Assistance Payments (HAP) are based on approved FY 2003 Certificate and Voucher Budgets and submitted New Construction budgets. Subsequent to the FY 2002 Carryover Review, an allocation in the amount of \$346,065 provided funding for the full year contract for Project 013822, Bridle Creek, as approved by the U.S. Department of Housing and Urban Development (HUD). Revenues are increased by \$366,040 as approved by HUD.

² In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$31,618 have been reflected as an increase to FY 2002 revenues and audit adjustments in the amount \$334,117 have been reflected as an increase to FY 2002 expenditures. These adjustments have been included in the FY 2002 Comprehensive Annual Financial Report (CAFR).

³ The portability program is anticipated to be implemented after a 100 percent utilization of the Housing Choice Voucher Program resulting in an increase in FY 2003 revenue and expenditures.

⁴ Subsequent to the FY 2002 Carryover Review an allocation in the amount of \$339,477 provided funding to repay Fund 940, FCRHA General Operating, for an FY 2002 payment to alleviate the Fund 966 deficit.