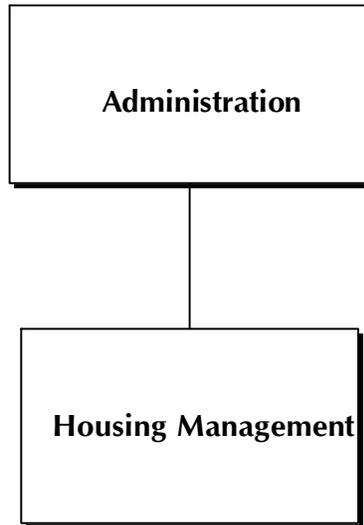


Fund 966

Section 8 Annual Contribution



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 FY 2005 funding of \$44,211,530 consists of housing assistance payments of \$41,487,266 and administrative expenses of \$2,724,264 to support 3,506 Section 8 project units as part of the Federal Housing Assistance Program for lower income families. As of October 2002, the U.S. Department of Housing and Urban Development (HUD) has authorized 3,146 housing choice vouchers to subsidize Fairfax County residents. Additional Section 8 programs administered by the Fairfax County Redevelopment and Housing Authority (FCRHA) include 360 privately owned new construction units.

The FY 2005 revenue projection is \$44,640,208, an increase of \$4,531,498, over the *FY 2004 Revised Budget Plan* primarily due to the projected revenues for the Portability Program primarily due to the estimated increase in the number of units leased, and an average monthly increase in lease costs. Portability payments are received from other jurisdictions for recovered costs and servicing fees for providing Housing to recipients of vouchers from the other jurisdictions.

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 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 vouchers and new construction projects. In FY 2003 the FCRHA approved reinstatement of the Portability Program after there is 100 percent utilization of the vouchers available to Fairfax County residents in the HCV Program. Through this program, a tenant from another locality finds housing in Fairfax and the FCRHA pays the subsidy portion of their rent on behalf of the originating housing authority. A subsequent reimbursement from the originating housing authority is received by the FCRHA to cover the subsidy payment.

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The Section 8 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 FMR's 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. Administrative fees are established by HUD and earned from HUD by the FCRHA through leasing units. The administrative fee earned is used to cover expenses associated with administering the Section 8 program.

The current income limits for most components¹ of the HCV Program as established by HUD, effective as of February 20, 2003, are shown below:

Household Size	Very, Very Low Income	Very Low Income	Lower Income
1	\$18,250	\$30,450	\$39,550
2	\$20,900	\$34,800	\$45,200
3	\$23,500	\$39,150	\$50,850
4	\$26,100	\$43,500	\$56,500
5	\$28,200	\$47,000	\$61,000
6	\$30,300	\$50,450	\$65,550
7	\$32,350	\$53,950	\$70,050
8+	\$34,450	\$57,400	\$74,600

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 2005 SUMMARY OF PROJECTS	
PROJECTS	NUMBER OF UNITS
Consolidated Vouchers ¹	3,146
Bridle Creek (New Construction) ²	131
Strawbridge Square (New Construction)	128
Island Walk (New Construction)	101
Subtotal Contract P-2509	3,506
Total Fund 966	3,506

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.

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Fund 966 covers the following components in FY 2005:

◆ **New Construction - 360 units.**

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

◆ **Housing Choice Vouchers - 3,146 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 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 2005 Requested Budget Plan is based on the maximum funding available in FY 2004 under the Annual Contributions (ACC) contract with HUD for the Housing Choice Voucher and New Construction Programs at the time of budget preparation. Funds available will permit 100 percent usage of the available Housing Choice Vouchers.

Budget and Staff Resources

Agency Summary					
Category	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	35/ 35	35/ 35	36/ 36	36/ 36	36/ 36
Grant	3/ 3	3/ 3	3/ 3	3/ 3	3/ 3
Expenditures:					
Personnel Services	\$2,147,181	\$2,152,361	\$2,398,588	\$2,291,875	\$2,291,875
Operating Expenses	33,106,980	33,141,287	38,308,215	41,919,655	41,919,655
Capital Equipment	0	0	0	0	0
Total Expenditures	\$35,254,161	\$35,293,648	\$40,706,803	\$44,211,530	\$44,211,530

Position Summary					
<u>ADMINISTRATION</u>		<u>HOUSING MANAGEMENT</u>		4	Human Services Assistants
1	Network/Telecom Analyst III	2	Housing Services Specialists IV 1G	1	Administrative Assistant V
1	Network/Telecom Analyst II	3	Housing Services Specialists III	1	Administrative Assistant IV
1	Accountant I	20	Housing Services Specialists II 2G	2	Administrative Assistants III
		1	Human Services Coordinator II	2	Administrative Assistants II
TOTAL POSITIONS			G Denotes Grant Positions		
39 Positions / 39.0 Staff Years					

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FY 2005 Funding Adjustments

The following funding adjustments from the FY 2004 Revised Budget Plan are necessary to support the FY 2005 program:

- ◆ **Employee Compensation** **(\$106,713)**
A decrease of \$106,713 in Personnel Services associated with salary adjustments necessary to support the County's compensation program and pro-rated salaries among FCRHA funds.

- ◆ **Housing Assistance Payments** **\$4,024,402**
A net increase of \$4,024,402 in Housing Assistance Payments based on budget adjustment projections for the average monthly rent approved by the U.S. Department of Housing and Urban Development (HUD). All other Operating Expenses remain at the FY 2004 Adopted Budget Plan level. It should be noted that the agency is not budgeting insurance expenses in Fund 966 as a result of discussions with Risk Management. The County Insurance Fund is including the expenses for liability and workers' compensation insurance in the County insurance coverage thereby saving approximately \$24,856 for Fund 966. This reduction is offset by increases in information processing services and administrative fees for the portability program.

- ◆ **Administrative Repayments** **(\$412,962)**
A decrease of \$412,962 for repayments to Fund 940, FCRHA General Operating, for funding received for the sale of the Old Mill Site property.

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2005 Advertised Budget Plan, as approved by the Board of Supervisors on April 26, 2004:

- ◆ The Board of Supervisors made no adjustments to this fund.

Changes to FY 2004 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2004 Revised Budget Plan since passage of the FY 2004 Adopted Budget Plan. Included are all adjustments made as part of the FY 2003 Carryover Review and all other approved changes through December 31, 2003:

- ◆ **Out-of-Cycle Adjustment**
Subsequent to the FY 2003 Carryover Review, 1/1.0 SYE Housing Services Specialist II was transferred from Fund 950, FCRHA Partnerships due to the Department of Housing and Community Development agencywide reorganization. Funding for this position will be absorbed within the Fund 966 budget.

- ◆ **Out-of-Cycle Adjustment** **\$412,962**
Subsequent to the FY 2003 Carryover Review, an allocation provided \$412,962 to repay funding received from Fund 940, FCRHA General Operating, for the sale of the Old Mill Site property.

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- ◆ **Carryover Adjustments** **\$7,692,801**
As part of the *FY 2003 Carryover Review*, FY 2004 expenditures increased by \$7,692,801 due to revised Housing Assistance Payments based on revised United States Department of Housing and Urban Development (HUD) Housing Choice Voucher, New Construction, and Portability Program budgets in the amount of \$7,688,465, and encumbered carryover of \$4,336. FY 2004 revenues were increased in the amount of \$7,927,033 based on the revised HUD Housing Choice Voucher and New Construction budgets. The increases were based on new vouchers, fair market rate adjustments and administrative fee increases.

The following funding adjustments reflect all approved changes to the *FY 2004 Revised Budget Plan* from January 1, 2004 through April 19, 2004. Included are all adjustments made as part of the FY 2004 Third Quarter Review:

- ◆ **Third Quarter Adjustments** **(\$2,692,608)**
As part of the *FY 2004 Third Quarter Review*, the Board of Supervisors approved a decrease of \$2,692,608 due primarily to a Fairfax County lease-up rate change from 100 percent to 98.6 percent in the Housing Choice Voucher Program and compliance with U.S. Department of Housing and Urban Development (HUD) funding regulations for low- and moderate-income Section 8 participants. This decrease is offset by an increase in Personnel Services due to the addition of a Housing Services Specialist II position from Fund 950, FCRHA Partnerships associated with the Department of Housing and Community Development agencywide reorganization, additional prorated salaries from Fund 940, FCRHA General Operating and Fund 967, Public Housing Programs Under Modernization, as well as an increase in Operating Expenses for the procurement of a Housing Management Information System.

In addition FY 2004 revenues decreased \$3,420,759 due to the reduction in reimbursements for the Housing Choice Voucher Program in order to comply with U.S. HUD funding regulations for low- and moderate-income Section 8 participants, offset by an increase in the Portability Program as a result of repayment of previously deferred Alexandria portability clients.

Fund 966

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FUND STATEMENT

Fund Type H96, Federal Section 8 Rental Assistance

Fund 966, Section 8 Annual Contribution

	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Beginning Balance	\$89,501	\$790,917	\$957,832	\$1,437,143	\$359,739
Revenue:					
Annual Contributions ^{1,2}	\$34,257,161	\$33,403,734	\$36,400,923	\$40,932,175	\$40,932,175
Investment Income	2,292	1,774	2,292	2,538	2,538
Portability Program	1,850,045	2,172,288	3,680,855	3,680,855	3,680,855
Miscellaneous Revenue	12,994	24,640	24,640	24,640	24,640
Total Revenue	\$36,122,492	\$35,602,436	\$40,108,710	\$44,640,208	\$44,640,208
Total Available	\$36,211,993	\$36,393,353	\$41,066,542	\$46,077,351	\$44,999,947
Expenditures:					
Housing Assistance Payments ^{1,2}	\$32,358,520	\$32,713,234	\$37,012,864	\$41,487,266	\$41,487,266
Ongoing Admin. Expenses	2,895,641	2,580,414	3,693,939	2,724,264	2,724,264
Total Expenditures	\$35,254,161	\$35,293,648	\$40,706,803	\$44,211,530	\$44,211,530
Total Disbursements	\$35,254,161	\$35,293,648	\$40,706,803	\$44,211,530	\$44,211,530
Ending Balance³	\$957,832	\$1,099,705	\$359,739	\$1,865,821	\$788,417

¹ FY 2005 Annual Contributions Budget and Housing Assistance Payments (HAP) are based on approved FY 2004 Certificate and Voucher Budgets and submitted New Construction budgets.

² In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$87,949 have been reflected as a decrease to FY 2003 revenues and audit adjustments in the amount \$261,304 have been reflected as an increase to FY 2003 expenditures. The audit adjustments have been included in the FY 2003 Comprehensive Annual Financial Report (CAFR). Details of the FY 2003 audit adjustments have been included in the FY 2004 Third Quarter Package.

³ The FY 2004 Revised Budget Plan Ending Balance decrease is attributable to increases for the Personnel Services Pay For Performance expenditures, the one-time repayment for the sale of the Old Mill Site property and the one-time expense for the procurement of a Housing Management Information System approved by the FCRHA in October 2003. The FY 2005 Adopted Budget Plan Ending Balance increases by more than 10 percent over the FY 2004 Revised Budget Plan primarily due to the projected revenues attributable to the estimated increase in the number of units leased and an average monthly increase in lease costs.