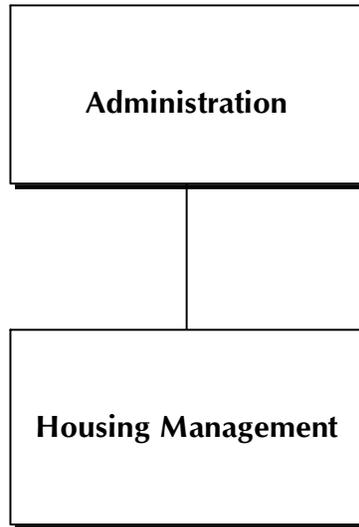


Fund 966

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 2006 funding level of \$39,664,110 consists of housing assistance payments of \$36,650,466 and administrative expenses of \$3,013,644 to support 3,396 Section 8 project units as part of the Federal Housing Assistance Program for lower income families. As of October 2004, the U.S. Department of Housing and Urban Development (HUD) has authorized 3,168 housing choice vouchers to subsidize Fairfax County residents. Additional Section 8 programs administered by the Fairfax County Redevelopment and Housing Authority (FCRHA) include 228 privately owned new construction units. The number of new construction units available under the Section 8 program decreased by 131 units in FY 2004 as a result of the project owner's decision to opt out of the project based Section 8 program.

The FY 2006 revenue projection is \$39,473,919, a decrease of \$1,087,254, from the *FY 2005 Revised Budget Plan* primarily due to revisions in the HCV funding formula for reimbursements.

In accordance with the revised HUD funding formula that became effective January 1, 2004, 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 2005 as part of the Congressional reviewing 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 for anticipated shortfalls as a result of the recent Congressional actions affecting the Housing Choice Voucher Program. Adjustments, if necessary, will be made to Fund 966 upon receipt of the official award.

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 was 100 percent utilization of 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

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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.

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 Choice Voucher 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 components of the HCV Program as established by HUD, effective as of January 28, 2004, are shown below:

Household Size	Very Low Income	Lower Income
1	\$30,450	\$40,250
2	\$34,800	\$46,000
3	\$39,150	\$51,750
4	\$43,500	\$57,500
5	\$47,000	\$62,100
6	\$50,450	\$66,700
7	\$53,950	\$71,300
8+	\$57,400	\$75,900

FY 2005 SUMMARY OF PROJECTS	
PROJECTS	NUMBER OF UNITS
Consolidated Vouchers ¹	3,168
Strawbridge Square (New Construction)	127
Island Walk (New Construction)	101
Subtotal Contract P-2509	3,396
Total Fund 966	3,396

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 2006:

◆ **New Construction - 228 units.**

Under the New Construction component of the Section 8 housing program, 228 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 - 3,168 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 2006 Adopted Budget Plan is based on the maximum funding available in FY 2005 under the Annual Contributions (ACC) contract with HUD for the Housing Choice Voucher and New Construction Programs at the time of budget preparation.

Budget and Staff Resources

Agency Summary					
Category	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	36/ 36	36/ 36	36/ 36	36/ 36	36/ 36
Grant	3/ 3	3/ 3	3/ 3	3/ 3	3/ 3
Expenditures:					
Personnel Services	\$2,302,732	\$2,291,875	\$2,382,417	\$2,581,255	\$2,581,255
Operating Expenses	37,525,082	41,919,655	38,190,514	37,082,855	37,082,855
Capital Equipment	0	0	0	0	0
Total Expenditures	\$39,827,814	\$44,211,530	\$40,572,931	\$39,664,110	\$39,664,110

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

FY 2006 Funding Adjustments

The following funding adjustments from the FY 2005 Revised Budget Plan are necessary to support the FY 2006 program:

◆ **Employee Compensation**

\$198,838

An increase of \$198,838 in Personnel Services associated with salary adjustments necessary to support the County's compensation program and pro-rated salaries among FCRHA funds.

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- ◆ **Housing Assistance Program** **(\$1,107,659)**
A net decrease of \$1,107,659 in Housing Assistance Payments based primarily on projections for an increase in the average monthly rent approved by the U.S. Department of Housing and Urban Development (HUD) and the average number of units leased for the Portability Program. All other Operating Expenses remain at the FY 2005 Adopted Budget Plan level.

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2006 Advertised Budget Plan, as approved by the Board of Supervisors on April 25, 2005:

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

Changes to FY 2005 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2005 Revised Budget Plan since passage of the FY 2005 Adopted Budget Plan. Included are all adjustments made as part of the FY 2004 Carryover Review and all other approved changes through December 31, 2004:

- ◆ **Carryover Adjustments** **(\$5,267,968)**
As part of the FY 2004 Carryover Review, FY 2005 expenditures are decreased by a total of \$5,267,968. Of this total, a decrease of \$5,447,752 is due to revised Housing Assistance Payments based on a policy change by the United States Department of Housing and Urban Development (HUD) for the Housing Choice Voucher and Portability Program, and the opting out of the Bridle Creek property, offset by encumbered carryover of \$179,784. FY 2005 revenues were decreased by \$5,793,898 based on the revised HUD Housing Choice Voucher Program offset by increases in the Portability Program.

The following funding adjustments reflect all approved changes to the FY 2005 Revised Budget Plan from January 1, 2005 through April 18, 2005. Included are all adjustments made as part of the FY 2005 Third Quarter Review:

- ◆ **Third Quarter Adjustments** **\$1,629,369**
As part of the FY 2005 Third Quarter Review, expenditures are to increase \$1,629,369 due to a revision in the Housing Choice Voucher Program (HCV) funding formula which is based on a calendar year rather than a fiscal year basis, an increase in Personnel Services due to an increase in fringe benefits due to actual requirements, additional salary expenses for a position added in FY 2004 and pro-rated costs shared with Fund 940, FCRHA General Operating, and Fund 967, Public Housing Under Management and extra pay for the start-up of the new Department of Housing and Community Development (HCD) software system, additional operating expenses pro-rated across all HCD funds based on historical costs, and an increase in administrative fees for the Portability Program due to an increase in the number of clients leasing units in other jurisdictions.

In addition, FY 2005 revenues increase \$1,714,863 due to revisions in the HCV funding formula for reimbursements offset by a decrease in the Portability Program as a result of new funding regulations that limit other jurisdictions from leasing in a jurisdiction with a higher fair market rent.

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FUND STATEMENT

Fund Type H96, Federal Section 8 Rental Assistance

Fund 966, Section 8 Annual Contribution

	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Beginning Balance	\$957,832	\$359,739	\$521,873	\$779,045	\$510,115
Revenue:					
Annual Contributions ^{1,2}	\$35,961,624	\$40,932,175	\$36,864,716	\$35,036,879	\$35,036,879
Investment Income ¹	4,354	2,538	2,538	13,544	13,544
Portability Program	3,237,889	3,680,855	3,669,279	4,393,020	4,393,020
Miscellaneous Revenue	187,988	24,640	24,640	30,476	30,476
Total Revenue	\$39,391,855	\$44,640,208	\$40,561,173	\$39,473,919	\$39,473,919
Total Available	\$40,349,687	\$44,999,947	\$41,083,046	\$40,252,964	\$39,984,034
Expenditures:					
Housing Assistance Payments ^{1,2}	\$36,340,815	\$41,487,266	\$37,536,064	\$36,650,466	\$36,650,466
Ongoing Admin. Expenses	3,486,999	2,724,264	3,036,867	3,013,644	3,013,644
Total Expenditures	\$39,827,814	\$44,211,530	\$40,572,931	\$39,664,110	\$39,664,110
Total Disbursements	\$39,827,814	\$44,211,530	\$40,572,931	\$39,664,110	\$39,664,110
Ending Balance ³	\$521,873	\$788,417	\$510,115	\$588,854	\$319,924

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$4,073 have been reflected as an increase to FY 2004 revenues and audit adjustments in the amount \$358,497 have been reflected as an increase to FY 2004 expenditures. These adjustments have been included in the FY 2004 Comprehensive Annual Financial Report (CAFR). Details of the FY 2004 audit adjustments were included in the FY 2005 Third Quarter Package.

² FY 2006 Annual Contributions Budget and Housing Assistance Payments (HAP) are based on the Housing Choice Voucher and New Construction budgets.

³ The FY 2006 Ending Balance decrease is primarily due to increased Personnel Services expenditures associated with the County's Pay for Performance program.