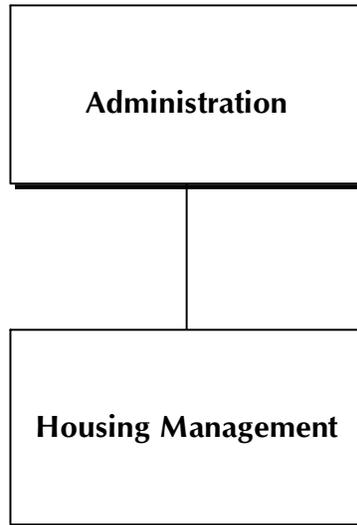


Fund 966

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.

The FY 2011 funding level of \$43,607,618 consists of housing assistance payments of \$40,438,548 and administrative expenses of \$3,169,070 to support 3,284 Housing Choice Voucher units as part of the Federal Housing Assistance Program for lower income families. The FY 2011 request for this program is based on the Calendar Year 2009 HUD budget for July 2009 through December 2009 and projected for the full fiscal year for HAP and Administrative Fees. HUD has authorized up to 3,284 housing choice vouchers to subsidize Fairfax County residents. As part of the FY 2011 budget process, County funds have been allocated for Other

Fund 966

Section 8 Annual Contribution

Post Employment Benefits (OPEB) charges for the first time. More details on the OPEB charges may be found in the narrative for Fund 603, OPEB Trust Fund, in Volume 2. For Fund 966, this amount is \$93,663. Pending submission to HUD and review and approval of the expense by the federal government, the *FY 2011 Revised Budget Plan* will reflect the approved level of funding to include OPEB charges.

The FY 2011 revenue projection is \$44,141,770, an increase of \$2,974,892 over the FY 2010 Adopted Budget Plan as a result of an increase in leasing by HCV Portability participants, and also the recently awarded Annual Contribution Contract from HUD for an additional 80 Enhanced Vouchers. In accordance with the HUD funding formula that became effective January 1, 2008 administrative fees are earned by the FCRHA for the lease-up of authorized FCRHA vouchers. The formula is based on a graduated scale for leased units rather than a fixed rate.

The current income limits for most components of the HCV Program as established by HUD, effective as of March 19, 2009, are shown below:

Household Size	Very Low Income	Lower Income
1	\$35,950	\$44,800
2	\$41,200	\$51,200
3	\$46,200	\$57,600
4	\$51,350	\$64,000
5	\$55,450	\$69,100
6	\$59,550	\$74,250
7	\$63,650	\$79,350
8+	\$67,800	\$84,500

FY 2011 SUMMARY OF PROJECTS	
PROJECTS	NUMBER OF UNITS
Consolidated Vouchers ¹	3,284
Total Contract P-2509 Fund 966	3,284

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

Fund 966 covers the following components in FY 2011:

◆ **Housing Choice Vouchers – 3,284 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.

Fund 966

Section 8 Annual Contribution

- ◆ 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 2011 Adopted Budget Plan is based on the maximum funding available in FY 2010 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 2009 Actual	FY 2010 Adopted Budget Plan	FY 2010 Revised Budget Plan	FY 2011 Advertised Budget Plan	FY 2011 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	35/ 35	35/ 35	34/ 34	34/ 34	34/ 34
Grant	4/ 4	4/ 4	4/ 4	4/ 4	4/ 4
Expenditures:					
Personnel Services	\$2,515,223	\$2,689,834	\$2,761,161	\$2,551,002	\$2,551,002
Operating Expenses	39,335,170	38,484,971	41,233,769	41,056,616	41,056,616
Capital Equipment	0	0	0	0	0
Total Expenditures	\$41,850,393	\$41,174,805	\$43,994,930	\$43,607,618	\$43,607,618

Position Summary					
ADMINISTRATION		HOUSING MANAGEMENT		2	Administrative Assistants III
1	Network/Telecom Analyst III	3	Housing Svcs. Specialists V 1G	1	Administrative Assistant II
		5	Housing Svcs. Specialists III		
		23	Housing Svcs. Specialists II 3G		
1	Accountant II	1	Human Services Assistant		
1	Administrative Assistant IV				
TOTAL POSITIONS					
38 Positions / 38.0 Staff Years			G Denotes Grant Positions		

Note: As a result of a transition by the U.S. Department of Housing and Urban Development to a project based budgeting model for the maintenance of public housing facilities, a number of positions are being moved within the Fairfax County Department of Housing and Community Development (DHCD) to better align the positions to the developments they support. In the *FY 2010 Revised Budget Plan*, 1/1.0 SYE position was exchanged between Fund 966 and Agency 38, Housing and Community Development General Fund, 1/1.0 SYE position was exchanged between Fund 966 and Fund 941, Fairfax County Rental Program (FCRP), 3/3.0 SYE positions were redirected to Fund 967, Public Housing Projects Under Management, and 2/2.0 SYE positions were transferred from Fund 967, Public Housing Projects Under Management.

FY 2011 Funding Adjustments

The following funding adjustments reflect all changes from the FY 2010 Adopted Budget Plan, as approved by the Board of Supervisors on April 27, 2010.

- ◆ **Employee Compensation** **\$0**
It should be noted that no funding is included for pay for performance or market rate adjustments in FY 2011.

Fund 966

Section 8 Annual Contribution

- ◆ **Housing Assistance Program** **\$2,520,228**
An increase of \$2,520,228 in Housing Assistance Payments is based primarily on increased leasing in the portability program and an increase in the maximum monthly voucher count of the Housing Choice Voucher program from 3,204 to 3,284.

- ◆ **Ongoing Administrative Expenses** **(\$87,415)**
A decrease of \$87,415 in Ongoing Administrative Expenses is primarily due to the net impact of realigning positions within the Department of Housing and Community Development to correspond with the U.S. Department of Housing and Urban Development project based budgeting model, a decrease in Department of Vehicle Services charges and a reduction in limited term funding, offset by an increase in professional and consulting contracts funding.

Changes to FY 2010 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2010 Revised Budget Plan since passage of the FY 2010 Adopted Budget Plan. Included are all adjustments made as part of the FY 2009 Carryover Review, FY 2010 Third Quarter Review, and all other approved changes through April 20, 2010.

- ◆ **Carryover Adjustments** **\$1,928,253**
As part of the *FY 2009 Carryover Review*, the Board of Supervisors approved an increase of \$1,928,253 due to an increase of \$1,893,087 for the Housing Choice Voucher (HCV) housing assistance payment funding based on the U.S. Department of Housing and Urban Development (HUD) HCV Annual Contributions funding renewal notice received May 2009, and \$35,166 for encumbered carryover. FY 2010 revenues increased by \$1,947,164 due to an increase of \$1,065,777 in FY 2009 HUD HCV Annual Contribution funding based on the most recent renewal notice from HUD received in May 2009, and an increase of \$881,387 to accommodate the increased leasing in the portability program.

- ◆ **Ongoing Administrative Expenses** **(\$79,500)**
Subsequent to the *FY 2009 Carryover Review*, Ongoing Administrative Expenses decreased by \$79,500 due to a reduction in limited term funding and training expenses to better align costs with projected FY 2010 expenditures.

- ◆ **Third Quarter Adjustments** **\$971,372**
As part of the *FY 2010 Third Quarter Review*, the Board of Supervisors approved an increase of \$971,372 associated with an increase of \$840,045 in operating expenses based primarily on an increase in the Housing Assistance Payments average per unit cost and an increase of \$131,327 in Ongoing Administrative Expenses primarily as a result of the elimination of Agency 38, Department of Housing and Community Development support for compliance activities and lower than anticipated vacancy losses.

Fund 966

Section 8 Annual Contribution

FUND STATEMENT

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

	FY 2009 Actual	FY 2010 Adopted Budget Plan	FY 2010 Revised Budget Plan	FY 2011 Advertised Budget Plan	FY 2011 Adopted Budget Plan
Beginning Balance	\$5,319,653	\$3,801,127	\$3,887,046	\$3,816,986	\$6,274,216
Revenue:					
Annual Contributions ¹	\$39,433,656	\$39,604,816	\$44,076,416	\$40,792,562	\$40,792,562
Investment Income ^{2,3}	40,319	112,297	16,164	40,818	40,818
Portability Program ⁴	815,690	1,352,781	2,231,833	3,211,406	3,211,406
Miscellaneous Revenue ³	128,121	96,984	57,687	96,984	96,984
Total Revenue	\$40,417,786	\$41,166,878	\$46,382,100	\$44,141,770	\$44,141,770
Total Available	\$45,737,439	\$44,968,005	\$50,269,146	\$47,958,756	\$50,415,986
Expenditures:					
Housing Assistance Payments ^{3,5}	\$38,908,131	\$37,918,320	\$40,651,452	\$40,438,548	\$40,438,548
Ongoing Admin. Expenses ³	2,942,262	3,256,485	3,343,478	3,169,070	3,169,070
Total Expenditures	\$41,850,393	\$41,174,805	\$43,994,930	\$43,607,618	\$43,607,618
Total Disbursements	\$41,850,393	\$41,174,805	\$43,994,930	\$43,607,618	\$43,607,618
Ending Balance⁶	\$3,887,046	\$3,793,200	\$6,274,216	\$4,351,138	\$6,808,368
HAP Reserve	\$2,920,195	\$3,165,635	\$5,057,778	\$3,630,584	\$5,057,778
Operating Reserve	966,851	627,565	1,216,438	720,554	1,750,590
Unreserved Ending Balance	\$0	\$0	\$0	\$0	\$0

¹The FY 2011 Adopted Budget Plan is based on the calendar year 2009 HUD budget for Annual Contributions from July 2009 through December 2009, and projected for the period January 2010 through June 2010. Adjustments to projected Annual Contributions, if necessary, will be made at a future quarterly review.

²The FY 2011 increase in Investment Income is primarily based on FY 2009 actuals plus a slight inflation factor.

³In order to account for revenues and expenditures in the proper fiscal year, audit adjustments totaling a net increase of \$160,544.56 were reflected as an increase of \$128,227.41 to FY 2009 revenues associated with investment income and debt reimbursements and a decrease of \$32,317.15 in FY 2009 expenditures to reflect reduced expenditures associated with accrued leave and to reclassify expenditures. The audit adjustments have been included in the FY 2009 Comprehensive Annual Financial Report (CAFR). Details of the FY 2009 audit adjustment were included in the FY 2010 Third Quarter Package.

⁴Portability 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 Portability In monthly leasing activity. Revenue for FY 2011 is based on Recovered Costs of 100 percent for Portability Housing Assistance Payment (HAP) and Utility Allowance Payment (UAP) expenses. A servicing fee will also be earned equal to 80 percent of the originating housing authority's administrative fees.

⁵The FY 2011 increase of \$2,520,228 in Housing Assistance Payments is based primarily on an increase in leasing for the portability program and an increase in the maximum monthly voucher count of the Housing Choice Voucher Program from 3,204 to 3,284.

⁶The fluctuations in the Ending Balance are primarily a result of a projected adjustments in leasing trends.