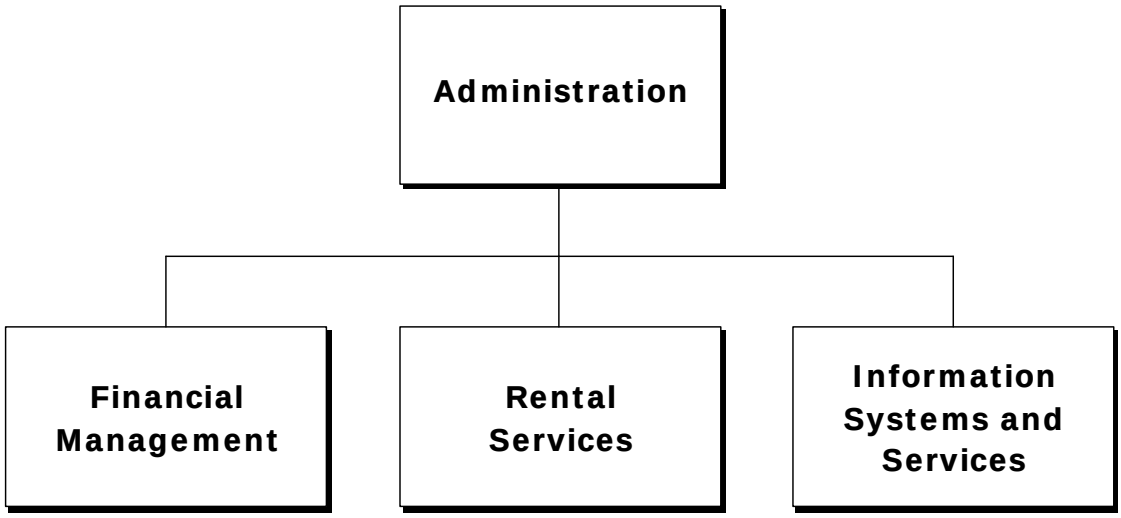
Fund 81510
Housing Choice Voucher Program



Mission

To ensure that participants in the Federal Housing Choice Voucher program are provided with decent, safe and affordable private market housing.

Focus

The Housing Choice Voucher 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 Housing Choice Voucher program.

Under Fund 81510 (formerly Fund 966), Housing Choice Voucher program, 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.

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The FY 2014 funding level of $54,952,190 consists of housing assistance payments of $51,267,718 and administrative expenses of $3,684,472 to support 3,537 Housing Choice Voucher units as part of the Federal Housing Assistance Program for lower income families. The FY 2014 request for this program is based on the Calendar Year 2012 HUD budget for July 2012 through December 2012 and projected for the full fiscal year for HAP and Administrative Fees. In FY 2012, the FCRHA was awarded an additional 10 vouchers resulting in a total of 48 vouchers to serve homeless veterans and their families who are referred by the Veterans Affairs (VA) Administration to HCD. These veterans are assigned a VA case manager who works with the veteran to improve the veteran's general health and mental health, and to enhance the veteran's ability to remain stable, housed, and community integrated.

The FY 2014 revenue projection of $54,953,222, an increase of $4,104,239 over the FY 2013 Adopted Budget Plan, is the result of an increase in the Annual Contributions from HUD for Calendar Year 2012; an increase in Annual Contributions for increased leasing activity; and an increase in leasing by HCV Portability participants. 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.

In August 2011, Congress passed the Budget Control Act of 2011, which provided for reductions in discretionary spending in Federal Fiscal Year 2013. These reductions, known generally as "sequestration", went into effect on March 1, 2013 and impact all of the federal funding received by the Fairfax County and the Fairfax County Redevelopment and Housing Authority (FCRHA) from the U.S. Department of Housing and Urban Development (HUD), including the Housing Choice Voucher program. The official Calendar Year 2013 award from HUD will reduce funding to the HCV program and adjustments to the FY 2014 Fund 81510 budget will be made as part of the *FY 2013 Carryover Review*.

The FCRHA took a number of immediate steps to begin addressing sequestration in the HCV program, including halting new leasing, and cancelling the award of new "project-based" vouchers to various non-profit partners. However, even with these steps, sequestration was estimated to cause a funding shortfall for the HCV program by the end of Calendar Year 2013; this would require that as many as 200 currently participating families lose their subsidies. Based on this information, the Board of Supervisors voted on May 14, 2013 to provide a portion of the FY 2014 Bridging Affordability funds to serve as a safety net for Housing Choice Voucher program assistance through the end of FY 2014, in the absence of further funding from HUD. This includes funding to provide a one-week HAP reserve at the end of the fiscal year.

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The current income limits for most components of the HCV Program as established by HUD, effective as of December 1, 2012, are shown below:

INCOME LIMITS		
Number of Persons	**Very Low**	**Low**
1	$37,600	$46,750
2	$42,950	$53,400
3	$48,300	$60,100
4	$53,650	$66,750
5	$57,950	$72,100
6	$62,250	$77,450
7	$66,550	$82,800
8	$70,850	$88,150

FY 2014 SUMMARY OF PROJECTS	
PROJECTS	**NUMBER OF UNITS**
Consolidated Vouchers[1]	3,537
Total Contract P-2509 Fund 81510	**3,537**

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

Fund 81510 covers the following components in FY 2014:

- **Housing Choice Vouchers – 3,537 issued through the FCRHA**
  Under this component of the Housing Choice Voucher 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 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.

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Budget and Staff Resources

Category	FY 2012 Actual	FY 2013 Adopted	FY 2013 Revised	FY 2014 Advertised	FY 2014 Adopted
FUNDING					
Expenditures:					
Personnel Services	$2,868,287	$3,178,735	$2,723,874	$3,003,959	$3,003,959
Operating Expenses	48,907,333	47,745,965	52,072,991	51,948,231	51,948,231
Capital Equipment	0	0	0	0	0
Total Expenditures	$51,775,620	$50,924,700	$54,796,865	$54,952,190	$54,952,190
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Grant	39 / 39	39 / 39	39 / 39	39 / 39	39 / 39

AFFORDABLE RENTAL HOUSING SUBSIDIES

1	Network/Telecom Analyst III	1	Admin. Assistant IV
1	Accountant II	1	Human Services Assistant
3	Housing Srvcs. Specialists V	2	Admin. Assistants III
5	Housing Srvcs. Specialists III	1	Admin. Assistant II
24	Housing Srvcs. Specialists II		

TOTAL POSITIONS
39 Grant Positions / 39.0 Grant FTE

FY 2014 Funding Adjustments

The following funding adjustments from the FY 2013 Adopted Budget Plan are necessary to support the FY 2014 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on April 30, 2013.

- **Employee Compensation** **$36,001**
  An increase of $36,001 in Personnel Services reflects the full year impact of the FY 2013 2.5 percent performance-based scale and salary increase, effective January 2013, for non-uniformed employees. It should be noted that no funding is included for additional employee compensation for this fund in FY 2014.

- **Other Post-Employment Benefits** **$1,328**
  An increase of $1,328 in Personnel Services is required to reflect increased costs associated with providing Other Post-Employment Benefits (OPEBs) to retirees, including the Retiree Health Benefits Subsidy. Before FY 2011, costs related to these benefits were paid solely by the General Fund; however, these annual costs are now spread across funds in order to more appropriately reflect benefit-related expenses for the employees within each fund. For more information on Other Post-Employment Benefits, please refer to Fund 73030, OPEB Trust Fund, in Volume 2 of the FY 2014 Adopted Budget Plan.

- **Housing Assistance Program** **$4,109,540**
  An increase of $4,109,540 in HAP is based primarily on projected increases in HCV and Portability In program leasing activity.

- **Ongoing Administrative Expenses** **($119,379)**
  A net decrease of $119,379 in Ongoing Administrative Expenses is due to a decrease of $212,105 in Personnel Services primarily associated with project-based budgeting adjustments, offset by an increase in anticipated Operating Expenses of $92,726.

Changes to FY 2013 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2013 Revised Budget Plan since passage of the FY 2013 Adopted Budget Plan. Included are all adjustments made as part of the FY 2012 Carryover Review, FY 2013 Third Quarter Review, and all other approved changes through April 23, 2013.

- **Carryover Adjustments** **$2,787,350**
  As part of the *FY 2012 Carryover Review*, the Board of Supervisors approved funding of $2,787,350 associated with an increase in Housing Choice Voucher (HCV) and portability program leasing rates and HAP expense averages in the amount of $2,771,320, and an increase of $16,030 for the carryover of FY 2012 encumbrances.

- **Third Quarter Adjustments** **$1,084,815**
  As part of the *FY 2013 Third Quarter Review*, the Board of Supervisors approved funding of $1,084,815 associated with an increase of $1,396,703 in operating expenses based primarily on an increase in HAP leasing activity, the Portability Program lease rate, and the HUD mandate to post collection losses as HCV operating expenses. Ongoing Administrative Expenses decreased $311,888 due to a reduction of $454,861 in Personnel Services reflecting higher than anticipated position vacancies, offset by an increase in operating expenses of $142,973 for legal requirements due to the designation as a "Moving to Work" agency.

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FUND STATEMENT

Fund 81510, Housing Choice Voucher Program

	FY 2012 Actual	FY 2013 Adopted Budget Plan	FY 2013 Revised Budget Plan	FY 2014 Advertised Budget Plan	FY 2014 Adopted Budget Plan
Beginning Balance	$6,643,321	$4,844,240	$7,490,429	$6,942,466	$5,588,212
Revenue:					
Annual Contributions[1,2]	$48,633,231	$46,457,972	$47,569,932	$48,609,444	$48,609,444
Investment Income[1]	10,902	16,354	16,354	16,354	16,354
Portability Program[3]	3,714,942	4,329,524	5,263,229	6,282,291	6,282,291
Miscellaneous Revenue	263,653	45,133	45,133	45,133	45,133
Total Revenue	$52,622,728	$50,848,983	$52,894,648	$54,953,222	$54,953,222
Total Available	$59,266,049	$55,693,223	$60,385,077	$61,895,688	$60,541,434
Expenditures:					
Housing Assistance Payments[1,4]	$48,361,486	$47,158,178	$51,483,046	$51,267,718	$51,267,718
Ongoing Admin. Expenses[5]	3,414,134	3,766,522	3,313,819	3,684,472	3,684,472
Total Expenditures	$51,775,620	$50,924,700	$54,796,865	$54,952,190	$54,952,190
Total Disbursements	$51,775,620	$50,924,700	$54,796,865	$54,952,190	$54,952,190
Ending Balance[6]	$7,490,429	$4,768,523	$5,588,212	$6,943,498	$5,589,244
HAP Reserve	$5,158,809	$2,488,618	$3,304,315	$4,998,910	$4,998,910
Operating Reserve	2,331,620	2,279,905	2,283,897	1,944,588	590,334
Unreserved Ending Balance	$0	$0	$0	$0	$0

[1] In order to account for revenues and expenditures in the proper fiscal year, audit adjustments totaling a net increase of $167,947.06 have been reflected as a decrease of $5,635.05 in FY 2012 revenues to record accrual adjustments and reclassify revenues in the proper fiscal year and a decrease of $173,585.11 in FY 2012 expenditures to reclassify expenses to the appropriate fiscal year. These audit adjustments have been included in the FY 2012 Comprehensive Financial Report (CAFR). Details of the audit adjustments were included in the FY 2013 Third Quarter package.

[2] The FY 2014 Adopted Budget Plan is based on the calendar year 2012 HUD approved budget for July 2012 through December 2012 and projected for the full fiscal year. Adjustments to projected Annual Contributions, if necessary, will be made at a future quarterly review.

[3] Portability In tenants are being billed to the local originating housing authorities. The increase over the FY 2013 Adopted Budget Plan in Recovered Costs and Servicing Fees is due to an increase in the anticipated lease rate based on Portability In monthly leasing activity. Revenue 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.

[4] The FY 2014 increase over the FY 2013 Adopted Budget Plan is primarily the result of an increase in Annual Contributions to support Housing Assistance Payment expenses and the increase in the anticipated Portability In lease rate.

[5] The FY 2014 net decrease from the FY 2013 Adopted Budget Plan is primarily associated with project-based budgeting salary and fringe benefits adjustments offset by an increase in anticipated operating expenses.

[6] The fluctuations in the Ending Balance are primarily a result of projected adjustments in leasing trends and corresponding administrative expenses.