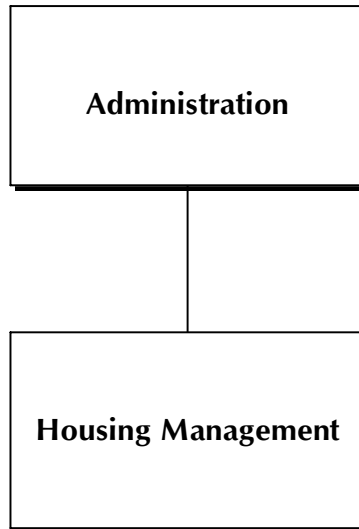


Fund 966

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 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 FMR's 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 through leasing units. The administrative fee earned is used to cover expenses associated with administering the Section 8 program.

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 County 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 as Portability Program Revenue to cover the subsidy payment.

The FY 2007 funding level of \$41,882,198 consists of housing assistance payments of \$38,640,285 and administrative expenses of \$3,241,913 to support 3,396 Section 8 project units as part of the Federal Housing Assistance Program for lower income families. Effective January 2005, HUD converted the budget for the HCV program to a calendar year process. Therefore, the FY 2007 request for this program is based on the

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Calendar Year 2005 HUD budget for July 2005 through December 2005 and projected for the full fiscal year for HAP and Administrative Fees. A new HUD budget was released in Calendar Year 2006, and a revision was submitted during the County's *FY 2006 Third Quarter Review*. The New Construction Annual Contributions budgets are based on the FY 2006 budgets approved by HUD. As of October 2004, HUD has authorized 3,168 housing choice vouchers to subsidize Fairfax County residents. Additional Section 8 programs administered by the FCRHA include 228 privately owned new construction units.

The FY 2007 revenue projection is \$41,573,790, an increase of \$882,783, from the *FY 2006 Revised Budget Plan* primarily due to revisions in the Recovered Costs associated with the Portability Program reimbursements.

In accordance with the revised HUD funding formula that became effective January 1, 2005, 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 2006 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 HCV Program. Adjustments, if necessary, will be made to Fund 966 upon receipt of the official award.

The current income limits for most components of the HCV Program as established by HUD, effective as of February 11, 2005, are shown below:

Household Size	Very Low Income	Lower Income
1	\$31,250	\$40,600
2	\$35,700	\$46,400
3	\$40,200	\$52,200
4	\$44,650	\$58,000
5	\$48,200	\$62,650
6	\$51,800	\$67,300
7	\$55,350	\$71,900
8+	\$58,950	\$76,550

FY 2006 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 2007:

◆ **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 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 2007 Adopted Budget Plan is based on the maximum funding available in FY 2006 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 2005 Actual	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2007 Advertised Budget Plan	FY 2007 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	36/ 36	36/ 36	35/ 35	35/ 35	35/ 35
Grant	3/ 3	3/ 3	3/ 3	3/ 3	3/ 3

Expenditures:					
Personnel Services	\$2,247,309	\$2,581,255	\$2,636,018	\$2,721,255	\$2,721,255
Operating Expenses	37,659,261	37,082,855	38,246,373	39,160,943	39,160,943
Capital Equipment	0	0	0	0	0
Total Expenditures	\$39,906,570	\$39,664,110	\$40,882,391	\$41,882,198	\$41,882,198
Position Summary					
ADMINISTRATION		HOUSING MANAGEMENT		4	Human Services Assistants
1	Network/Telecom Analyst III	3	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	1	Administrative Assistant II
TOTAL POSITIONS					
38 Positions / 38.0 Staff Years					

G Denotes Grant Positions

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FY 2007 Funding Adjustments

The following funding adjustments from the FY 2006 Revised Budget Plan are necessary to support the FY 2007 program:

- ◆ **Employee Compensation** **\$140,000**
An increase of \$140,000 in Personnel Services is associated with salary adjustments necessary to support the County's compensation program.

- ◆ **Housing Assistance Program** **\$468,153**
An increase of \$468,153 in Operating Expenses is based on the United States Department of Housing and Urban Development's budget for the latter portion of 2005 for the Housing Choice Voucher and New Construction programs.

- ◆ **Other Operating Expenses** **\$88,269**
An increase of \$88,269 in Operating Expenses is primarily associated with an anticipated increase in Audit Costs.

- ◆ **Carryover Adjustments** **(\$139,795)**
A decrease of \$139,795 in Operating Expenses is due to the carryover of one-time expenses as part of the FY 2005 Carryover Review.

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2007 Advertised Budget Plan, as approved by the Board of Supervisors on May 1, 2006:

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

Changes to FY 2006 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2006 Revised Budget Plan since passage of the FY 2006 Adopted Budget Plan. Included are all adjustments made as part of the FY 2005 Carryover Review and all other approved changes through December 31, 2005:

- ◆ **Housing Assistance Program** **\$1,661,461**
As part of the FY 2005 Carryover Review, an increase of \$1,661,461 in Operating Expenses is due to an increase of \$1,521,666 in Housing Assistance Payments associated with revisions by the United States Department of Housing and Urban Development (HUD) for the Housing Choice Voucher and Portability Program. In addition, an increase of \$139,795 is due to the encumbered carryover of Operating Expenses. FY 2006 revenues were increased by \$1,643,498 based on the revised HUD Housing Choice Voucher Program.

- ◆ **Capital Fund Program Support** **\$0**
Subsequent to the FY 2005 Carryover Review, 1/1.0 SYE Merit Grant Administrative Assistant II was abolished in this fund and re-established as a Merit Grant position in Fund 969, Public Housing Projects Under Modernization, to provide additional support for modernization programs.

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The following funding adjustments reflect all approved changes to the FY 2006 Revised Budget Plan from January 1, 2006 through April 24, 2006. Included are all adjustments made as part of the FY 2006 Third Quarter Review:

◆ **Third Quarter Adjustments** **(\$443,180)**

As part of the *FY 2006 Third Quarter Review*, the Board of Supervisors approved a \$443,180 decrease in Operating Expenses associated with absorbing portability clients which lease into the Housing Choice Voucher Program, under-leasing in the New Construction properties, and revised Housing Assistance and Utility Payments based on actual expenditures and the recently approved U.S. Department of Housing and Urban Development (HUD) budget authority for CY 2006. These decreases are partially offset by a net increase in Personnel Services associated with an increase in fringe benefits.

Also as part of the *FY 2006 Third Quarter Review*, the Board of Supervisors approved a \$426,410 decrease in revenue. This is due to a decrease in Portability Program revenue as a result of absorbing all portability clients that lease in Fairfax County and a decrease in Annual Contributions due to lower leasing rates for July through December 2005.

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FUND STATEMENT

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

	FY 2005 Actual	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2007 Advertised Budget Plan	FY 2007 Adopted Budget Plan
Beginning Balance	\$521,873	\$510,115	\$791,560	\$551,582	\$600,176
Revenue: ¹					
Annual Contributions	\$36,456,075	\$35,036,879	\$36,553,629	\$36,734,051	\$36,734,051
Investment Income	3,320	13,544	13,544	13,544	13,544
Portability Program	3,633,373	4,393,020	4,093,358	4,805,224	4,805,224
Miscellaneous Revenue	83,489	30,476	30,476	20,971	20,971
Total Revenue	\$40,176,257	\$39,473,919	\$40,691,007	\$41,573,790	\$41,573,790
Total Available	\$40,698,130	\$39,984,034	\$41,482,567	\$42,125,372	\$42,173,966
Expenditures: ¹					
Housing Assistance Payments	\$37,171,396	\$36,650,466	\$37,674,189	\$38,640,285	\$38,640,285
Ongoing Admin. Expenses	2,735,174	3,013,644	3,208,202	3,241,913	3,241,913
Total Expenditures	\$39,906,570	\$39,664,110	\$40,882,391	\$41,882,198	\$41,882,198
Total Disbursements	\$39,906,570	\$39,664,110	\$40,882,391	\$41,882,198	\$41,882,198
Ending Balance²	\$791,560	\$319,924	\$600,176	\$243,174	\$291,768

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments increased the FY 2005 ending balance by \$31,824.40 and had a commensurate impact on the balance carried forward to FY 2006. In particular, revenues increased a net \$30,983.72 and Operating Expenses decreased \$840.68. These adjustments were included in the FY 2005 Comprehensive Annual Financial Report (CAFR). Details of the FY 2005 audit adjustments were included in the FY 2006 Third Quarter Package.

² The FY 2005 Ending Balance may be adjusted when the Year-End Settlement statements are approved by HUD. These statements were submitted to HUD on August 19, 2005.