

FFY 2010 Funding – Questions and Answers

The following questions have been asked by public housing authorities (PHAs), concerning the FFY 2010 Funding process and other Housing Choice Voucher Program financial issues. The answers are provided for the information of all PHAs.

1) May a PHA use Administrative Fee Reserves to pay HAP costs for CY 2010?

Answer: Yes. Administrative Fee Reserves (now referred to as Unrestricted Net Assets or UNA) may be used to cover HAP expenses in CY 2010. UNA is restricted to the provision of Section 8 assistance for the voucher program, and payment of HAP expenses for the voucher program is an appropriate use of these funds. Remember that excess administrative fees do not accrue to the UNA until the housing authority fiscal year in which they are earned has been closed. Please refer to the PIH Notice 2010-07 for additional information.

2) Does Line 8 in Enclosure A for the 2010 renewal funding allocation include VASH or 5-Year Mainstream units? If not, where is the funding for new VASH units awarded during the re-benchmarking period?

Answer: No. Line 8 of the Enclosure does not include VASH or 5-Year Mainstream units. 5-Year Mainstream is not included because it is funded from a separate appropriation. VASH information is provided in Lines 32-38 of Enclosure A to the February 12, 2010 renewal allocation letter. Please be advised that additional information related to the VASH renewal funding and available VASH NRA will be provided under separate cover to PHAs administering the VASH program.

3) We are in the process of recertifying tenants due to HUD's rescission of the CY 2009 payment standard waiver provided to our PHA to avoid termination of families' assistance in CY 2009. We are concerned that since some or all of the increased HAP costs due to the rescission of the payment standard waiver are not in VMS for the re-benchmarking period, we may experience a shortfall in funding in CY 2010. What type of relief is available to PHAs in this situation?

Answer: As stated in PIH Notice 2010-05, PHAs anticipating a shortfall in HAP funds in CY 2010 due to the Department's decision to rescind the payment standard waivers approved in CY 2009 to avoid termination of families' assistance were eligible for funds under the \$150 million set-aside, under Category 1, Unforeseen Circumstances. Additionally, affected PHAs were advised to revise their VMS data for FFY 2009 to include the additional HAP costs incurred as a result of the rescission. These revisions were due by May 1, 2010, and will result in a recalculation of CY 2010 HAP eligibility.

4) FSS deposits were first reported in VMS in December 2008. Our FSS escrow funding appears to be less than we need; is this because there was not a full 12 months included in the baseline?

Answer: The funding for FSS escrow account deposits is included in the total FFY HAP expenses because it is reported as part of the total HAP costs in VMS - currently in a separate category, but previously within the other HAP categories. As a result, you do not see that amount separately on the funding enclosure - it is part of the FFY 2009 total. The FSS escrow amount that is shown on Line 14 of the funding enclosure is **additional** funding eligibility being provided, for those escrow expenses that did not exist in FFY 2009 but are expected in CY 2010. That amount is based on the new escrow accounts established, or deposit amounts increased, between October 1 and December 31, 2009.

5) How was the funding determined for VASH and FSS escrow deposits?

Answer: Funding for FSS escrow accounts that were in existence in FFY 2009 are included in the FFY 2009 HAP Expenses. Additional eligibility was calculated as explained above for new or revised escrow deposits.

The HAP renewal funding for VASH for those VASH vouchers funded from the FY 2008 appropriations is based on FFY 2009 leasing, the same as for all regular vouchers. It is recognized that PHAs will lease up additional VASH units in CY 2010, as most have not reached full leasing. However, PHAs have significant funds to support this leasing, including the NRA from 2008 funding, since virtually no one began leasing on the effective date, thereby generating significant NRA; the 2009 renewal funding, which was done at 100% regardless of leasing; and now the 2010 renewal funding. For increments first awarded in 2009, there is no renewal funding provided because the increment does not initially expire until December 31, 2010.

6) What pro-ration factor should PHAs use when calculating portability administrative fees for 2010?

Answer: PHAs may use the January pro-ration factor to pro-rate portability administrative fees for the entire calendar year. It is anticipated that the pro-rations HUD will use for monthly fee settlements will continue to be close to 90% in 2010. Remember that portability administrative fees are based on 80 percent of the Column B rate. Therefore the fee to be paid for each portable voucher billed is the Column B rate times 80 percent times the January pro-ration factor.

7) May a PHA use NRA generated from unused VASH HAP funds to support non-VASH vouchers?

Answer: No. VASH budget authority and NRA generated from unused VASH funds may only be used to support VASH HAP costs.

8) Are PHAs to continue to separately report in VMS those vouchers awarded for DHAP to HCV conversion and now renewed as regular vouchers?

Answer: If a PHA has executed new HAP contracts, effective January 1, 2010 or later, for DHAP to HCV, the PHA should report these vouchers separately in 2010. DHAP to HCV vouchers that

were renewed as regular Housing Choice Vouchers on January 1, 2010, do not need to be separately reported in 2010.

- 9) My PHA received Extraordinary Administrative Fee funding in CY 2009. We did not need the total amount received for the identified eligible activities. What is to be done with the remaining balance?**

Answer: Extraordinary Administrative Fees were obligated to the PHAs as administrative funds and could be used for administrative needs and HAP costs. That portion used for HAP costs should be transferred to the HAP account. Any unused portion of the EAF accrues to the Net Unrestricted Assets account at the end of the fiscal year and is available to support the Voucher program only.

- 10) My PHA received additional HAP funding in CY 2009 to mitigate a shortfall or to provide the funds needed to support HAP costs due to the rescission of the payment standard waiver. We did not need the total amount received for the identified eligible activities. What is to be done with the remaining balance?**

Answer: The additional HAP funding in these two categories was authorized by Congress for use for these purposes through December 31, 2009, only. Unused portions will be recouped by HUD, and should not be utilized by the PHA for any period after December 31, 2009.

- 11) How should the PHA report HAP costs for contracts effective after the first of the month for the following categories of vouchers: DHAP to HCV, THU to HCV, VASH?**

Answer: These costs should be reported with all other HAP costs for contracts effective after the first of the month, in the single field provided for that purpose.