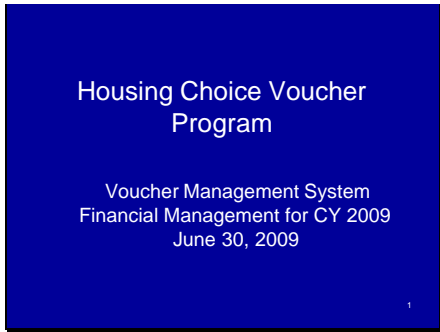


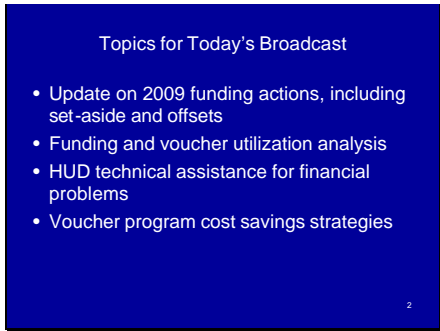
Slide 1



Slide 2



Slide 3



Slide 4

2009 Funding Challenges

- Financial management critical for 2009 success due to simultaneous impact of –
 - Participants' loss of income or jobs due to recessionary cutbacks
 - Increased HAP costs
 - Decreased program attrition rates
 - Significant offsets, including usable portion of NRA

3

Slide 5

2009 Funding Challenges

- Late appropriations
- Timing of data used for re-benchmarking (FFY 2008 rather than a later period)
- Data reporting issues (revisions after the cut-off date and need to use PIC for mid-month costs)

4

Slide 6

2009 Funding Challenges

- Result:
 - PHAs find they cannot support all their current vouchers
 - PHAs must be able to determine how many vouchers they can afford or may lease for the balance of 2009
 - Leasing limited by both funds available and the leasing cap (a unit and a funding issue)

5

Slide 7

Leasing and Funds Analysis

- Utilization report previously presented will assist HUD staff and PHAs to assess funds and units available for the balance of the year
- Report updated through April currently
- Report format on the web at www.hud.gov/offices/pih/programs/hcv/
- Report can be updated by adding data for later months – it will automatically re-calculate values

6

Slide 8

Leasing and Funds Analysis

- Report identifies UMAs and UMLs to date and the leasing percentage
- Report identifies BA and HAP expenses to date and the utilization percentage
- Projects PHA's potential leasing and costs for the balance of the year (at fixed rate) and compares to funds available (BA and BA plus NRA)
- Informs PHA of the level of leasing the PHA can afford or is permitted to achieve under the cap for the year and as monthly average

7

Slide 9

Leasing and Funds Analysis

- Data entry on blank format:
 - Enter UMAs and UMLs for each month; leasing rate for month and year-to-date will calculate
 - Enter BA and HAP for each month; utilization rate and per-unit -cost for month and year-to-date will calculate
 - Enter NRA Balance as of 1/1/09 (net of offset); ABA YTD, HAP Expenses YTD and Remaining NRA YTD will calculate

8

Slide 10

Leasing and Funds Analysis

- Data entry on blank format:
 - Enter CY Eligibility and CY Months Remaining; Remaining CY Eligibility and Monthly CY Eligibility Remaining will calculate (for both BA only and BA plus NRA)
 - Enter Unit Months Available CY; all other fields on the form will calculate

9

Slide 11

Leasing and Funds Analysis

- Data Explanations:
 - UMAs and UMLs are as of the first of each month
 - BA and HAP expenses should include all funds available for the month and all HAP expenses incurred
 - Renewal BA is 1/12 per month; other BA is pro-rated per the funding increment term
 - BA includes renewal funding and any other HAP funding, and is net of the 2009 offset

10

Slide 12

Leasing and Funds Analysis

- Data Explanations:
 - HAP expenses recorded by HUD include first of month expenses from VMS and mid-month expenses from PIC
 - HAP expenses and leasing should not include 5 Year Mainstream, DVP, VASH or DHAP to HCV costs

11

Slide 13

Leasing and Funds Analysis

- Report displays:
 - Funds expended and funds remaining for the CY (both BA and NRA)
 - Voucher UMs leased and voucher UMs remaining for the CY (available and affordable)
 - Target leasing level for each month of the year based on funds and unit months available

12

Slide 14

Leasing and Funds Analysis

- Example 1:
 - PHA is utilizing less than 100% of vouchers but more than 100% of funds available
 - PHA's rate of funds utilization is increasing (note that projections only consider current YTD PUC)
 - PHA cannot afford to lease the total remaining number of unit months available – cannot lease to baseline
 - PHA cannot afford to maintain the current leasing level, even utilizing all BA and NRA
 - PHA must reduce leasing to the level that remaining funds can support

13

Slide 15

Leasing and Funds Analysis

- Example 2:
 - PHA is utilizing slightly less than 100% of vouchers and slightly less than 100% of funds available
 - PHA can afford to lease the total remaining number of unit months available – can lease to baseline for the CY
 - PHA can afford to lease above baseline, but is limited to baseline

14

Slide 16

Leasing and Funds Analysis

- Please note !:
 - HAP expenses recorded by HUD are based on VMS plus PIC; if PHA has different expenses, values should be adjusted
 - NRA balance as of 1/1/09 is based on HUD calculations; if PHA has a different balance, for any reason, value should be adjusted
 - BA is pro-rated as described; it does not represent the rate at which funds are being disbursed for 2009; if PHA was over-disbursed through May, later disbursements will be less than BA indicated

15

Slide 17

Leasing and Funds Analysis

- Please note !:
 - PHA is limited to leasing the total number of units under ACC
 - PHAs are generally not funded to lease 100% of the baseline units, due to rebenchmarking
 - HUD cannot provide additional funds to enable PHA to reach baseline
 - SEMAP assessment does not require that PHA reach a set percentage of units leased – utilizing BA is sufficient

16

Slide 18

Utilization Assessment

- HUD is assessing the situation of each PHA with a projected shortfall for 2009 and each PHA that has requested such assistance
- FMC is performing initial assessments and coordinating efforts

17

Slide 19

FMC Utilization Assessment

- Utilization tracking report is used to monitor program utilization of both units and budget authority
- Goal of monitoring is to identify early those PHAs who face a potential shortfall or over-leased status
- Focus is on those PHAs with potential deficits and possible terminations

18

Slide 20

FMC Utilization Assessment

- Used to determine when a triage is needed
- Provides a tool for PHAs to use to manage their programs

19

Slide 21

FMC Analysis of Data

- Focus is on identifying funding shortfalls and determining whether a triage call is needed
- A potential shortfall can occur for various reasons, and our analysis will aid in determining the possible reasons for the shortfall, whether the shortfall will be resolved or whether it appears a more serious situation exists that warrants a triage call

20

Slide 22

FMC Analysis of Data

- The FMC will make an analysis in the following areas:
 - To what extent do HAP expenses exceed budget authority
 - Whether the NRA is sufficient to cover the overage
 - Whether the PHA is over-leased
 - Whether the shortfall is due to a temporary cash-flow problem

21

Slide 23

FMC Analysis of Data

- The FMC will determine if the shortfall can be alleviated by initial steps:
 - Discuss financial situation with PHA
 - Discuss situation with field office staff
 - Determine what steps can be taken
 - Continue to monitor program costs

22

Slide 24

FMC Analysis of Data

- Elevation of serious issues
 - If the PHA indicates that it will be difficult or impossible to reduce leasing sufficiently for the remainder of the year, and does not have another source of funds for HAP expenses – a triage may be needed
 - Triage will be scheduled if terminations are determined to be imminent or the involvement of other parties is needed (FMC, FO, HQ, PHA)
 - PHAs will be advised of information to have available for their triage call

23

Slide 25

PHA Actions to Reduce Voucher Program Costs

Payment Standards

- Reduce payment standards across the board.
- Submit a waiver request to apply reduction in payment standard immediately. The waiver request MUST:
 - Provide justification (include calculation the PHA used to arrive at projected shortfall)
 - Identify any cost saving measures that the PHA has already taken

24

Slide 26

PHA Actions to Reduce Voucher Program Costs

Utility Allowances

- Review utility allowances to determine if they are too high. Changes may be implemented immediately, but not later than next scheduled reexamination of income.
- Requirement for PHAs to revise utility allowances whenever there is a utility rate increase of 10% or more is regulatory requirement. PHAs can request a waiver of this requirement for good cause.

25

Slide 27

PHA Actions to Reduce Voucher Program Costs

Portability

- PHA may opt to deny portability moves, and voluntary moves within the PHA jurisdiction, if the PHA does not have sufficient funds under its CY ABA to subsidize families that move to a higher cost area or unit.
- For all "port-out" families, the PHA should contact the receiving PHA to confirm whether it can absorb the family.

26

Slide 28

PHA Actions to Reduce Voucher Program Costs

Rent Reasonableness

- PHAs do not have to wait until the HAP anniversary date to re-evaluate owner rents and reduce them if warranted. If the rent is not reasonable as determined by the PHA, the owner must reduce the rent to the reasonable amount or the HAP should be terminated.
- If owner rent is reasonable, the PHA could request the owner to voluntarily agree to a temporary rent reduction or defer a rent increase.

27

Slide 29

PHA Actions to Reduce Voucher Program Costs

Voucher Issuance

- If a PHA is facing a possible shortfall of funding, new vouchers should not be issued regardless of whether the PHA is leased up to baseline or not.
- PHA should consider pulling back outstanding vouchers for applicants searching for housing that have not yet resulted in an executed HAP contract – this must be done in consultation with the Board, as it may be controversial.

28

Slide 30

PHA Actions to Reduce Voucher Program Costs

Subsidy Standards

- PHA should consider revising “overly generous” subsidy standards to reduce bedroom size eligibility.
 - A subsidy standard of two persons per bedroom, regardless of sex or age, is acceptable.
 - An efficiency subsidy standard (0-bedroom unit) for single person households is acceptable.

29

Slide 31

PHA Actions to Reduce Voucher Program Costs

Subsidy Standards

- Ensure that payment standards for families leasing a larger unit that the unit size on the voucher is based on the lower of the voucher size unit size or the actual unit size leased.

30

Slide 32

PHA Actions to Reduce Voucher Program Costs

Minimum Rent Policies

- If the PHA does not have a minimum rent policy, a minimum rent of \$50 should be considered.
- The effective date would be dependent upon PHA policy. The PHA could institute a policy for increases in family contribution to be effective immediately, before the next reexamination.

31

Slide 33

PHA Actions to Reduce Voucher Program Costs

Family Income Matching/Verification and Other Anti-Fraud Efforts

- Accelerate efforts concerning income matching and income verification.
 - Aggressively utilize EIV monitoring techniques.
- PHAs could notify families that enforcement action could be taken where underreporting of income is discovered.
 - If payment agreements are created, the PHA should implement strict policies for defaulting on the agreement.

32

Slide 34

PHA Actions to Reduce Voucher Program Costs

Interim Reexaminations

- PHAs should require families to report all increases income between annual reexaminations and conduct frequent income reviews for zero-income families. The effective date of the an annual or interim reexamination of family income is dependent upon PHA policies.

33

Slide 35

PHA Actions to Reduce Voucher Program Costs

Termination of Assistance Due to Insufficient Funding

- PHAs should notify the Field Office prior to notifying families of the potential termination of housing assistance.
 - PHA termination policies due to insufficient funding should be added to the administrative plan. The plan should describe how the PHA will determine which HAP contracts will be terminated. Any policies regarding the resumption of assistance based on preferences for the impacted families must also be included in the administrative plan if the PHA plans to resume assistance for these families.

Slide 36

PHA Actions to Reduce Voucher Program Costs

Other things to consider prior to the termination of assistance:

- Does the PHA have administrative reserves to cover shortfall? PHAs will be required to use available administrative reserves to cover shortfall expenses should they have money available.
- Are HOME funded rental subsidies available?
- Are any other local funds available?
- Does the PHA have vacant public housing units to house voucher holders if needed?

36

Slide 37

PHA Actions to Reduce Voucher Program Costs

Waiver Requests

- Payment Standard and/or Utility Allowance waiver requests should be sent directly to the Office of Public Housing and Voucher Programs (PHVP) via fax to:
 - Phyllis Smelkinson
 - Fax number: (202) 401-7965/7974

36

Slide 38

2009 Funding Offset

- Offset of \$750 million was mandated by the Appropriations Act
- Cut-off date for calculation of NRA balance was set at 12/31/2009 by the Approps
- Offset calculations did consider both usable and unusable balances
- Offset burden was based on level of program utilization in CY 2008

37

Slide 39

2009 Funding Offset

- PIC data was used for mid-month costs, as has been done in the past, because overall VMS mid-month data was found to be unreliable; reporting is mandated in both systems
- After calculation per formula, funding needs to maintain December 2008 leasing were calculated – NRA needed for that purpose was not offset
- Offsets to be completed by September 1 HAP disbursement

38

Slide 40

VMS Reporting – Mid Month

- Intent to get this data to a level of reliability that it can be used
- HAP expense after first of the month – HAP expenses for all new contracts effective after the first of the month, for that month
 - Contract effective July 10 gets reported in this category for July HAP costs only
 - Contract executed this month but retroactive to the prior month, after the first, is reported in this category for the prior month only

39

Slide 41

VMS Reporting – Mid Month

- HAP expenses after first of the month –
 - Does not include checks cut or issued after the first for contracts in place on the first
 - Does not include manual payments unless they are for contracts after the first of the month
 - The method and timing of the payment is not the determinant; it is the period it covers
- Goal: To capture all HAP expenses for the first of the month in the individual categories and the balance of the month in this category

40

Slide 42

2009 HAP Set-Aside

- 900+ funding requests received
- Intend to complete all processing by mid-July, with disbursements immediately thereafter
- Processing completed for additional leasing and portability categories; 50% of eligibility obligated and in disbursement
- No VASH awards anticipated

41

Slide 43

2009 HAP Set-Aside

- Project-Based Voucher awards under review
- Unforeseen Circumstances category reviewed but all decisions not made –
 - Many PHAs identified an unforeseen circumstance but did not tie to PHA population and costs
 - Many PHAs provided locality data but did not tie to an unforeseen circumstance
