

# **Housing Choice Voucher Program**

## **CY 2018 Administrative Fee Rates**

The file following this narrative provides the calendar year (CY) 2018 administrative fee rates for the Housing Choice Voucher (HCV) Program. For CY 2018, administrative fees will be paid on the basis of units leased as of the first day of each month. This data will be extracted from the Voucher Management System (VMS) at the close of each reporting cycle.

Two fee rates are provided for each public housing authority (PHA). The first rate, Column A, applies to the first 7200 unit months leased in CY 2018. The second rate, Column B, applies to all remaining unit months leased in CY 2018. In years prior to 2010, a Column C rate was also provided, which applied to all unit months leased in units owned by the PHA. For CY 2018 there are no Column C administrative fee rates. Fees for leasing PHA-owned units will be earned in the same manner and at the same Column A and Column B rates as for all other leasing.

In some cases, the fee rates calculated for CY 2018 resulted in rates lower than those provided for CY 2017. In those cases, the affected PHAs will continue to receive the CY 2017 rates.

The fee rates for each PHA are generally those rates covering the areas in which each PHA has the greatest proportion of its participants, based on Public Housing Information Center (PIC) data. In some cases, PHAs have participants in more than one fee area. The PHA may request that the Department establish a blended fee rate schedule that will consider proportionately all areas in which participants are located. Once a blended rate schedule is calculated, it will be used to determine the PHA's fee eligibility for all months of CY 2018. A PHA that received a blended fee rate for 2017 will not receive it automatically for 2018. Requests for blended fee rates must be submitted to the Financial Management Division at HUD Headquarters, instructions for applying and the deadline date for submitting requests will be detailed in the 2018 HCV funding implementation notice.

A PHA that operates over a large geographic area, defined as multiple counties, may request higher administrative fees. To request higher fees, the PHAs must submit specific financial documentation to the PHA's assigned Financial Analyst at the Financial Management Center (FMC), instructions for applying, documentation requirements and the deadline date for submitting requests will be detailed in the 2018 HCV funding implementation notice.

The Department is presently disbursing administrative fee funds monthly to each PHA. These disbursements are based on the most recent leasing data available, an estimated pro-ration, and one-twelfth of the available annual fee appropriation. PHAs should not assume that the fees actually earned for CY 2018 will match the funds disbursed each month. The Department will calculate each PHA's fee eligibility after the VMS data for each quarter is available. Each PHA's eligibility will be pro-rated if needed to ensure that fees granted do not exceed the appropriated funds available. If pro-rations are necessary, the same percentage will be applied to all PHAs. At the end of the CY, a final reconciliation will be completed, to account for any changes in VMS data and to establish a final proration level for the year. PHAs should be aware that the quarterly pro-ration factor is an estimated pro-ration factor; the final CY 2018 admin fee reconciliation will reflect a weighted pro-ration factor for the entire CY. PHAs should consider the most up-to-date proration factor included within the administrative fee reconciliation enclosure provided to each agency.

Effective with the new billing requirements implemented through publication of the final portability rule, receiving PHAs must calculate the **lesser of** 80% of the initial PHA's column B administrative fee rate (then prorated to the national proration level) **or** 100% of their own column B administrative fee rate (then prorated to the national proration level). The PHA may use a national proration rate of 76% for CY 2018 billings. It is important to note that going forward, although the national proration level will change, the "lesser of" calculation provided in the final portability rule will continue.

Below is an example of the calculation, based on a Column B rate of \$60.59 for the initial PHA and \$42.05 for the receiving PHA and assumes a proration at 76%; however, this proration is just an example, as the administrative fee proration is not yet known. HUD’s recommendation is to apply the proration for billing purposes prospectively, considering the date your housing agency receives the change in proration announcement.

<b>PHA A (initial PHA)</b>	<b>Column B Rate x Proration x 0.8</b>
	<b>\$ 60.59 x 0.76 x 0.80 = \$36.84</b>
<b>PHA B (receiving PHA)</b>	<b>Column B Rate x Proration x 1</b>
	<b>\$ 42.05 x 0.76 x 1 = \$31.96</b>
<b><i>Billed Administrative Fee = \$31.96.</i></b>	

These fee rates also apply to the Moderate Rehabilitation program and the Mainstream 5 Year program.

If you need further assistance with this narrative, please contact the Financial Management Division at [PIH.Financial.Management.Division@hud.gov](mailto:PIH.Financial.Management.Division@hud.gov), or by phone at 202-708-2934.