

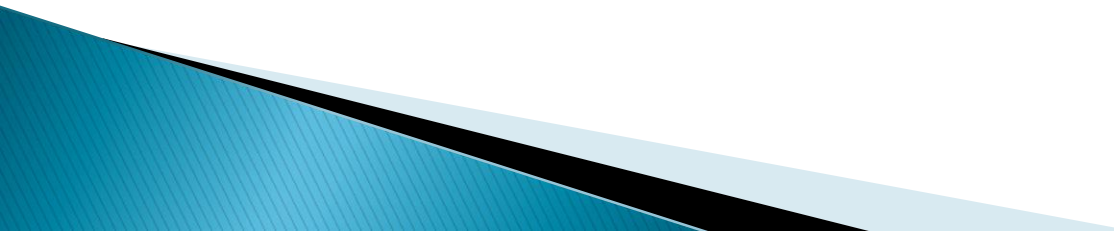
# Housing Choice Voucher Program CY 2016 Implementation

Public Housing Agency Briefing

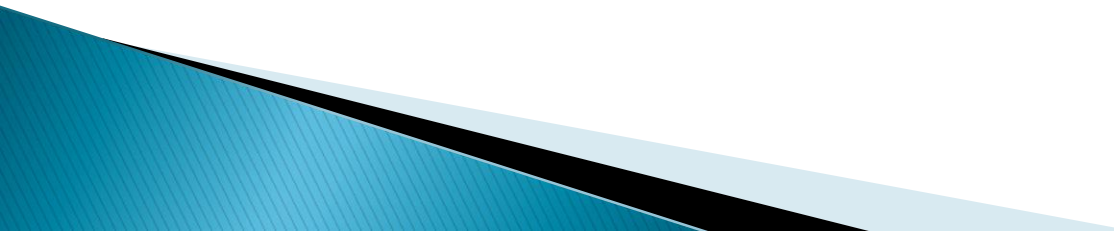
January 28, 2016



# Today's Topics

- ▶ CY 2016 Voucher Renewal Funding
  - ▶ CY 2016 HAP Set-Aside
  - ▶ CY 2016 Administrative Fees
  - ▶ Other Voucher Funding
  - ▶ HCVP Financial Management
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# FY 2016 Appropriations

- ▶ HUD operated under a continuing resolution prior to enactment of FY 2016 Appropriations
  - ▶ Funding allotments were received based on FFY 2015 Appropriations during that time
  - ▶ January thru March 2016 obligations to PHAs have been made based on that level of funding and individual PHA CY 2015 renewal eligibility amount; disbursements limited to that level, based on projected needs and frontload amounts PHAs need and for which funds are available
  - ▶ Public Law 114-113 was enacted December 18, 2015, providing full year appropriations
  - ▶ Full text found at: <https://www.congress.gov/bill/114th-congress/house-bill/2029/text>
  - ▶ HCVP portion included in 2016 implementation notice
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# FY 2016 Appropriations

HAP Renewal Funding	\$17,681,451,000
Tenant Protection Vouchers	\$130,000,000
Administrative Fees	\$1,650,000,000
5 Year Mainstream	\$107,074,000
Veterans' Affairs Supportive Housing	\$60,000,000
Total	\$19,628,525,000

# Voucher Renewal Funding

- ▶ FFY 2015 Renewal Funding:  
\$17,486,000,000
- ▶ FFY 2016 Renewal Funding:  
\$17,681,451,000
- Increase of \$195,451,000, but funding also must cover more vouchers in 2016
- No sequestration in FFY 2016
  - ▶ HUD may use up to \$75,000,000 of FFY 2016 Renewal Funding as a HAP Set-Aside

# Voucher Renewal Funding

- ▶ PHA renewal allocations are calculated per Appropriations Act, summarized as follows:
  - (1) Re-benchmarking conducted, based on actual HAP costs for CY 2015, per VMS reporting and HUD review, not to exceed costs for baseline units
  - (2) Renewal Inflation Factor applied
  - (3) Adjustments for first time renewals – to ensure that new increments initially funded for fewer than 12 months are fully funded through 12/31/2016, and that initial funding is inflated per renewal inflation factors for new increments that span 2015 and 2016

# Voucher Renewal Funding

PHA renewal allocations are calculated per Appropriations Act:

- (4) National Pro-ration Factor applied – determined by comparing national eligibility to funds appropriated; same factor applies to all PHAs
- (5) Result is CY 2016 Prorated Renewal Funding
  - Remember: PHAs also have non-renewal funding and RNP/Program Reserves available to support CY 2016 HAP needs

# Voucher Renewal Funding

- ▶ PHA's pro-rated eligibility is compared to renewal funds obligated January thru March
  - Thru March, if obligations are less than pro-rated eligibility after offset (if there is any offset), the difference will be obligated
  - Thru March, if obligations exceed pro-rated eligibility after offset (if there is any offset), the excess will be reduced from the April obligation, rather than reducing obligations across the remaining months of the year



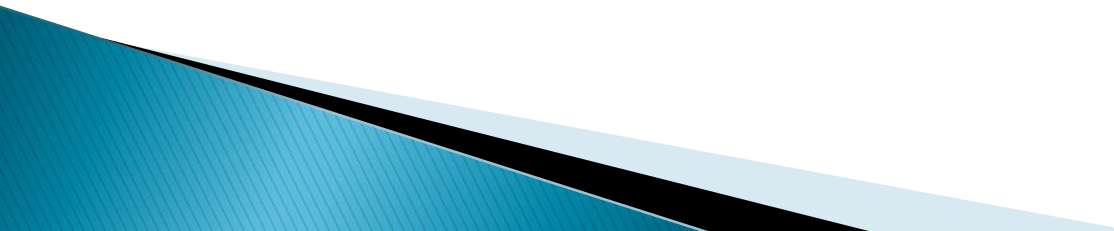
# Voucher Renewal Funding

## (1) Re-benchmarking

- Based on submitted and validated CY 2015 HAP costs per VMS, as of January 26 deadline
- HAP costs capped at 100% of baseline vouchers to ensure over-leasing is not funded:
  - UMAs divided by UMLs, not to exceed 100%
  - Example:  $1000 \text{ UMAs} / 1050 \text{ UMLs} = .95238$
  - HAP costs = \$1,000,000; multiplied by .95238 to yield baseline eligibility of \$952,380 = amount to renew 1000 UMAs

# Voucher Renewal Funding

## (2) Renewal Inflation Factor

- Change in the national average per unit cost (PUC) based on a forecasting model is apportioned among PHAs based on the increase in the Fair Market Rents in each area
  - HUD is forecasting the expected change in average PUC for 2016 using actual PUC information from VMS through December 2015
  - Forecasting model also uses the Consumer Price Index, Unemployment and Wages and Salaries in determining the forecast.
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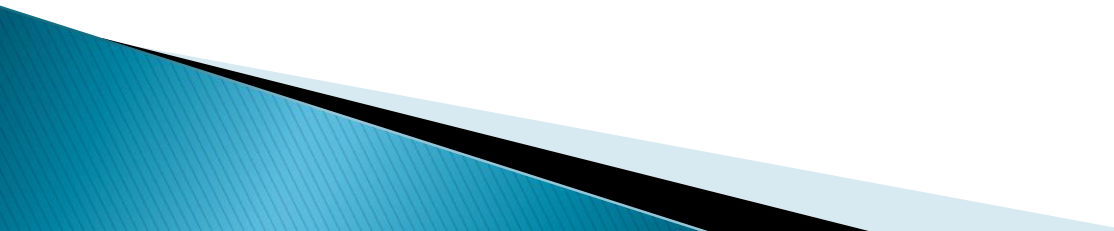
# Voucher Renewal Funding

## ▶ (2) Renewal Inflation Factor

- In CY 2015, inflation factors were all 1.000 because the PUC for 2014 was lower than 2013, and 2015 was expected to decline as well;
- HUD projects that PUC will increase in 2016 relative to 2015
- Therefore, for 2016, unlike 2015, HUD expects to issue some inflation factors above 1.000
- No area will have an inflation factor below 1.000

# Voucher Renewal Funding

## (3) Adjustment for first time renewals

- Applies to new (not renewal) increments effective after January 1, 2015
  - If funded for 12 months, an inflation adjustment per the renewal inflation factor is applied for the months in CY 2016
  - If funded for less than 12 months, renewal funding is provided based on: 12, minus months in VMS in CY 2015, minus months funded in CY 2016
- 

# Voucher Renewal Funding

## (3) Adjustment for first time renewals

- Example:

Increment term: 6/1/2015 thru 3/31/2016 (10 months)

Months reported in VMS in re-benchmarking period:  
6/1/2015 thru 12/31/2015 (7 months)

Months funded in CY 2016: 1/1/2016 thru 3/31/2016  
(3 months) – renewal inflation factor also applied

First time renewal funding:  $12 - 7 - 3 = 2$  months

Based on total vouchers in increment and higher of increment PUC or CY 2015 VMS PUC, inflated

# Voucher Renewal Funding

- ▶ (3) Adjustment for first time renewals
  - Some tenant protection increments were funded for fewer than 12 months in CYs 2015 and 2016 to date
  - These will be renewed thru 12/31/2016, rather than extended
  - Renewal based on higher of increment PUC or renewal PUC
  - Includes short term increments effective and expiring in 2015 or 2016, or effective in 2015 and expiring in 2016

# Voucher Renewal Funding

The following are summed to yield Total Renewal Eligibility:

- Capped renewal eligibility, inflated, plus adjustment for first time renewals, as described
- First time renewal eligibility
- Plus or minus adjustments for transfers
  - VMS expenses for months after effective date of the transfer are moved to the receiving PHA
- Plus inflated DHAP and sunset TP vouchers eligibility
  - Based on higher of DHAP or TP December PUC or CY 2015 average PUC and eligible vouchers leased as of December

# Voucher Renewal Funding

## (4) National Proration Factor

- Total Renewal Eligibility for all PHAs is compared to total renewal funding available (appropriations minus set-aside) to determine a national proration factor
- Proration factor is applied to the eligibility of each PHA to determine prorated eligibility
- MTW agencies' eligibilities are calculated per their agreements, but prorated at the same rate as non-MTW PHAs



# Voucher Renewal Funding

- ▶ (5) Prorated Renewal Funding
  - Monthly obligations will equal  $1/12$  of prorated renewal eligibility
  - April obligations will include any under-obligations for January thru March
  - Any over-obligations for January thru March will result in reduced obligation for April and later months if needed

# Voucher Renewal Funding

- Appropriations Act again authorizes HUD to offset excess funds (RNP and program reserves) in order to:
  - Avoid or reduce the need for proration of renewal funding; and
  - Prevent termination of assistance as the result of insufficient funding
- Act does not mandate that an offset be applied, nor any amount
- HUD does not anticipate at this time that we will exercise this authority in CY 2016
  - Expect an adequate proration level and that shortfall funds will be sufficient for any eligible cases

Calculation of Calendar Year 2016 Renewal Funding			
Housing Choice Voucher			
Program			
1	HA Number:	US001	
2	HA Name:	One Great PHA	
	<u>FUNDS AVAILABLE TO THE PHA FOR CY 2016</u>		
	CY 2016 HCV Renewal Funding (from line 15 below)	\$5,972,000	
	CY 2016 Non-Renewal Funding (TPVs, VASH, etc.) to Date	\$0	
	12/31/2015 Estimated HUD-Held Program Reserves	\$150,000	
	12/31/2015 PHA-Reported Net Restricted Assets	\$20,000	
	Total Estimated Funds Available for CY 2016		\$6,142,000

	<b><u>ELIGIBILITY</u></b>			
3	Total Unit Months Leased per VMS – CY 2015		12,600	
4	Total Unit Months Available – CY 2015		12,500	
5	Capping Percentage (see Notes)		99.2%	
6	Total CY 2015 HAP Expenses per VMS		\$6,000,000	
7	Total CY 2015 Capped HAP Expenses (Line 5 x Line 6)		\$5,952,000	
8	Renewal Funding Inflation Factor		1.010	Hypothetical for example
9	Inflated Eligibility Sub-Total (Line 7 x Line 8)		\$6,011,520	
10	First Time Renewals		\$20,000	
11	Transfers In or Out		\$0	
12	Total DHAP Eligibility		\$0	
13	Total Renewal Eligibility (Line 9 + Line 10 + Line 11 + Line 12)		\$6,031,520	
14	Proration Factor		Hypothetical for example	1.000
15	Prorated Eligibility (Line 13 x Line 14)			\$6,031,520

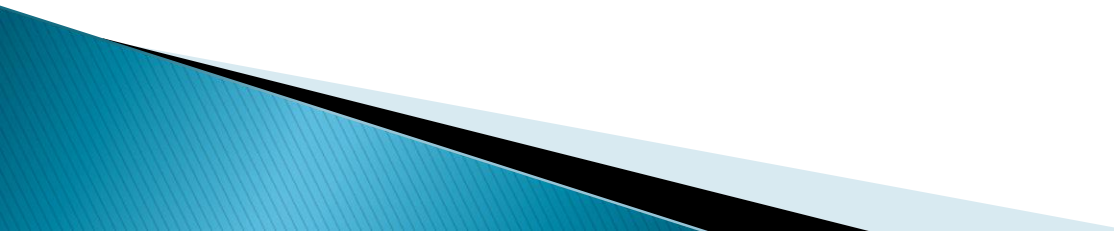
	<b>FUNDING</b>			
16	Total CY 2016 Prorated Renewal Funding			\$6,031,520
17	Renewal Funding Obligations, January through March 2016			\$1,500,000
18	Remaining to Obligate for CY 2016 (Line 16 – Line 17)			\$4,531,520
19	Total Obligations Due Through March, 2016 (Line 16 x 25%)			\$1,507,880
20	Additional Obligations Due Through March, 2016 (Line 19 – Line 17, if Line 19 is higher; else 0)			\$7,880
21	Excess Obligations Through March, 2016 (Line 17 – Line 19, if Line 17 is higher; else 0)			\$0
22	Obligation, April 2016		\$502,627	(plus \$7,880)
23	Obligation, May 2016		\$502,627	
24	Obligation, June 2016		\$502,627	
25	Obligation, July 2016		\$502,627	
26	Obligation, August 2016		\$502,627	
27	Obligation, September 2016		\$502,627	
28	Obligation, October 2016		\$502,626	
29	Obligation, November 2016		\$502,626	
30	Obligation, December 2016		\$502,626	
31	CY 2016 Funded Per Unit Cost		\$480.95	

# Renewal Disbursements

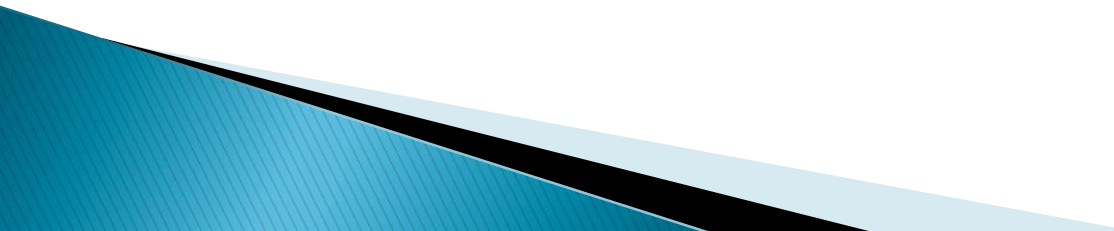
## ► For CY 2016:

- Disbursements will be based on cash management requirements per Notice PIH 2011-67
  - Margin will vary based on national leasing and cost fluctuations
  - Margin does not change funding eligibility
- PHAs must still assess level of program they can support across the CY
- Based on total HAP funding and RNP/HUD-held reserves available, actual expenses to date, and projected expenses
- Disbursements for the balance of CY will be calculated per cash management requirements

# Renewal Disbursements

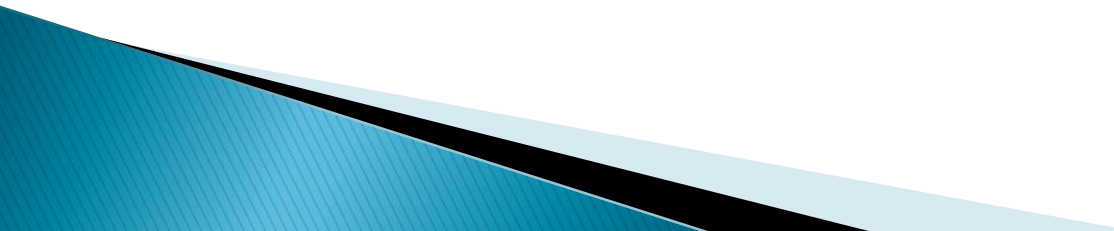
- ▶ For CY 2016:
    - Frontloads will continue to be available, up to the total budget authority obligated for the PHA
    - Non-renewal disbursements will continue to be made based on contract terms of incremental awards (tenant protection, new VASH and RAD)
    - Total disbursements will be reconciled against total requirements at the end of each quarter
- 

# Voucher Set-Aside Funding

- ▶ Up to \$75,000,000 of renewal appropriations may be used to augment renewal allocations for the following purposes:
    - Prevention of terminations due to insufficient funding
    - Unforeseen circumstances
    - Portability cost increases
    - Project-Based Vouchers
    - HUD-VASH
- 



# Voucher Set-Aside Funding

- Prevention of terminations due to insufficient funding
  - Scenario 1 – PHAs already in shortfall
    - At the time of set-aside application, PHA is working with HUD's Shortfall Prevention Team and SPT has confirmed the PHA is in shortfall
    - PHA has ceased issuing vouchers as of 4/1/2016
    - PHA has rescinded vouchers on the street as of 4/1/2016
    - Exceptions: participants issued vouchers to move; tenant protection vouchers for targeted families residing in covered property on the date of the eligibility event; VASH vouchers for homeless veterans, up to VASH baseline
- 

# Voucher Set-Aside Funding

- Scenario 1 – PHAs already in shortfall
  - PHAs may enter into project-based HAP contracts for units already under AHAP and may fill vacant PB units
  - PHA has ceased absorbing portable vouchers as of 4/1/2016
- Scenario 2 – PHAs who manage their program budgets in a responsible manner but are later determined by SPT to be in shortfall
- PHA must submit signed CY 2016 Set-Aside Attachment A for either scenario

# Voucher Set-Aside Funding

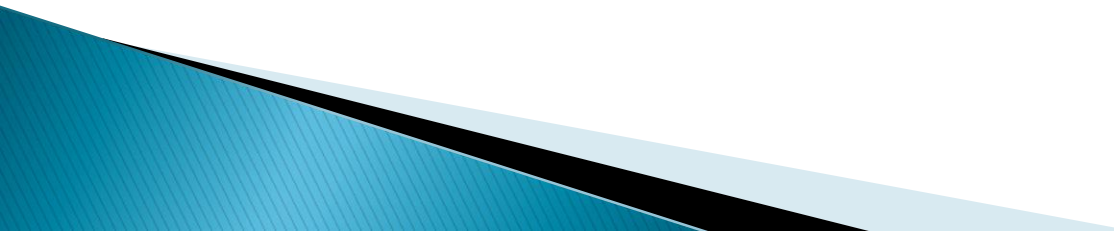
- ▶ Shortfalls: Determination of Funding Required
  - Calculated by HUD using Two Year Projection Tool
  - Compares all resources available to PHA to HAP expenses projected for the year
    - Resources: RNP; HUD-held reserves; CY 2016 renewal BA; CY 2016 portion of incremental BA; set-aside funds
    - Expenses: Current leasing and expense data, projected through the year; suspension of vouchers; projected attrition based on prior actual attrition

# Voucher Set-Aside Funding

## ▶ Shortfalls:

- Application period remains open through CY 2016
- PHA may apply multiple times if circumstances change
- PHA anticipating a shortfall should immediately contact the field office
- Shortfall funds will be awarded in the amount needed for the PHA to end CY 2016 with \$0 RNP and reserves

# Voucher Set-Aside Funding

- ▶ Unforeseen Circumstances
  - ▶ Eligibility: PHA must have encountered circumstances during or after the re-benchmarking period that could not have been foreseen and have significantly increased renewal costs
  - ▶ Submission Requirements:
    - Signed Set-Aside Attachment B for CY 2016
    - Written narrative describing the unforeseen circumstance
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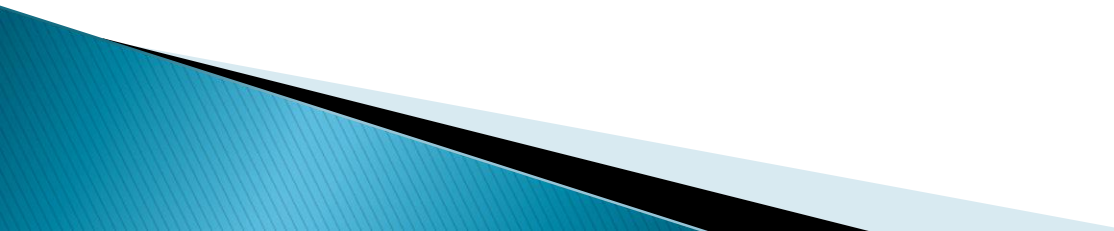
# Voucher Set-Aside Funding

- ▶ Unforeseen Circumstances Requirements
  - Evidence to support the narrative
  - PHA calculation of the increased costs for CY 2016
- ▶ Qualifications:
  - The circumstance must have occurred during or after the re-benchmarking period AND it must be beyond the ability of the PHA to control AND must have increased the PHA's projected 2016 HAP costs
  - PHA actions (raising payment standards or utility allowances; leasing beyond means) do not constitute unforeseen circumstances

# Voucher Set-Aside Funding

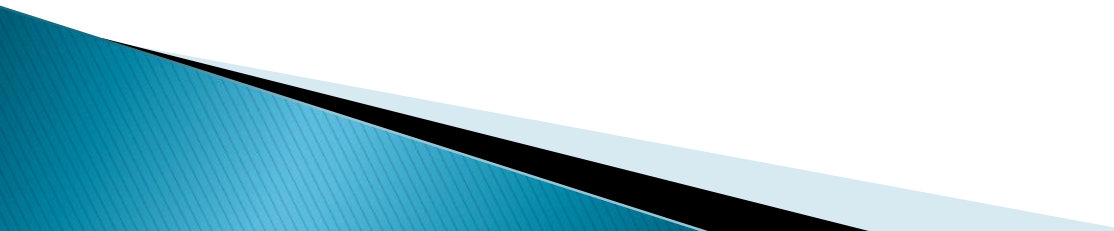
- ▶ Portability – Eligibility:
- ▶ PHA must have experienced a significant increase in renewal costs due to portability (HUD will calculate)
  - Portability average HAP PUC for re-benchmarking period must exceed program-wide PUC by 10%
  - Eligibility will be HAP difference multiplied by the unit months leased for “Port Vouchers Paid”
- ▶ Submission Requirements:
  - Signed Set-Aside Attachment B for CY 2016

# Voucher Set-Aside Funding

- ▶ Project-Based Vouchers – Eligibility:
  - ▶ Vouchers were not in use during the re-benchmarking period, in order to be available to meet a commitment for PB vouchers assistance
    - Adjustment will not exceed the number of unleased unit months
    - Only new construction and rehabilitated housing are eligible
- 



# Voucher Set-Aside Funding

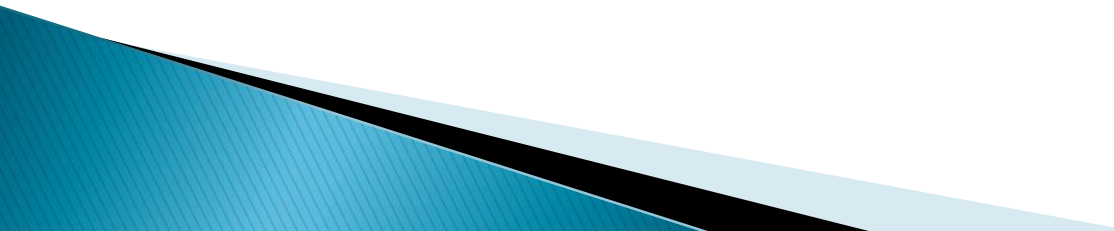
- ▶ Project-Based Vouchers
  - ▶ Submission requirements:
    - Specific sections of the executed AHAP agreement (see the Notice)
    - If executed, specific sections of the HAP agreement (see the Notice)
    - Signed Set-Aside Attachment B for CY 2016
    - Signed Set-Aside Attachment C and D for each project requested
- 

# Voucher Set-Aside Funding

## ▶ HUD-VASH – Eligibility:

- Per Unit Cost Increase: Program-wide funded CY 2016 HAP PUC is less than current VASH HAP PUC
  - HUD will calculate eligibility; no documentation required
- Leasing Increase: Total VASH leasing for CY 2016 will exceed the level included in renewal funding plus leasing that will be supported by RNP and reserves
  - HUD will calculate eligibility; no documentation required
- Submit signed CY 2016 Set-Aside Attachment B

# Voucher Set-Aside Funding

- ▶ Maintain Leasing set-aside funding is NOT authorized for CY 2016
  - ▶ All applications other than shortfall must be received at HUD HQ by April 15, 2016
  - ▶ PHAs will not be contacted to provide missing documents or supporting information – incomplete applications will be denied
- 

# Voucher Set-Aside Funding

- ▶ Mailing Address for Set-Aside Requests:  
U.S. Dept. of Housing & Urban Development  
Office of Housing Voucher Programs  
Financial Management Division  
Attn: Miguel Fontanez, Director  
451 Seventh Street, SW., Room 4222  
Washington, DC 20410
- ▶ Electronic Address for Set-Aside Requests:  
[2016Set-AsideApplications@hud.gov](mailto:2016Set-AsideApplications@hud.gov)  
Subject Line: PHA Number, 2016 Set-Aside  
Application

# Administrative Fees

- ▶ FY 2016 Admin Fee Funding: \$1,650,000,000
- ▶ FY 2015 funding was \$1,530,000,000
  - Appropriations increase, but it is expected that there will be higher leasing to support as well
- ▶ HUD MAY use up to \$10,000,000 of FY 2016 Admin Fee funding as a set-aside for housing conversion special fees, fees for portability and homeownership, etc.

# Administrative Fees

- ▶ Admin fee funds are advanced monthly, based on latest reconciled eligibility
- ▶ Admin fees are reconciled quarterly; for CY 2016 earnings are anticipated to equal approximately 80 percent of eligibility
- ▶ PHAs must take actions to reduce costs if fees and UNP (formerly know as UNA) are insufficient
  - Notice PIH 2012–15 discusses streamlining administrative practices to reduce costs
  - HAP funds may not be used for admin costs

# Administrative Fees

- ▶ CY 2016 AF schedules will be posted on the HCV website
- ▶ [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/hcv](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv)
- ▶ If calculated fee rates for an area have decreased, HUD has held the rates to CY 2015 level
  - Rates are effective 1/1/2016
- ▶ PHA requests for higher admin fees or blended fee rates must be received by HUD by April 15, 2016
- ▶ Higher fee requests are submitted to Financial Management Center, supported by data stipulated in the Notice
- ▶ Blended fee requests are submitted to Financial Management Division; no supporting data needed
- ▶ Approvals are for CY 2016 only

# Administrative Fees

- ▶ Portability Fees: based the lesser of 80% of the Initial PHA's Column B rate or 100% of the Receiving PHA's Column B rate. Both, prorated
  - Due to varying pro-rations across the CY, PHAs may use 80% to prorate portability fees all year:  
Initial PHA Col B rate x 80% x 80% (Proration) OR  
Receiving PHA Col B rate x 100% x 80% (Proration)
- ▶ Special Fees/Set-Aside:
  - Homeownership (HO):
    - \$200 for every HO closing for families in Voucher HO, Section 8 Family Self-Sufficiency or Section 8 MTW HO programs
    - HUD will calculate and disburse, based on PIC reporting – no PHA application required



# Administrative Fees

- ▶ Special Fees/Set-Aside:
  - MF Housing Conversions:
    - \$200 for each unit occupied on the date of the eligibility event
    - HUD will calculate – no separate PHA application required for fees
  - Special Portability Fees:
    - PHAs administering port-in vouchers which equal 20% or more of the PHA's total leased vouchers as of December 31, 2015
    - Funding: 5% of PHA's Column A fee rate for each eligible port-in voucher for 12 months
    - HUD will calculate and disburse, based on portability data in PIC and leased data from VMS; no PHA application required

# Administrative Fees

- ▶ Special Fees/Set-Aside:

- VASH Extraordinary Admin Fees:

PHAs may apply for HUD-VASH Extraordinary Administrative Fees (EAF) to support necessary additional or extraordinary related administrative expenses incurred to increase lease-up success rates, or decrease the time it takes for a Veteran to locate and move-in to a unit. In order to apply for these funds, applicants must justify or document actions specifically for administering the HUD-VASH program.

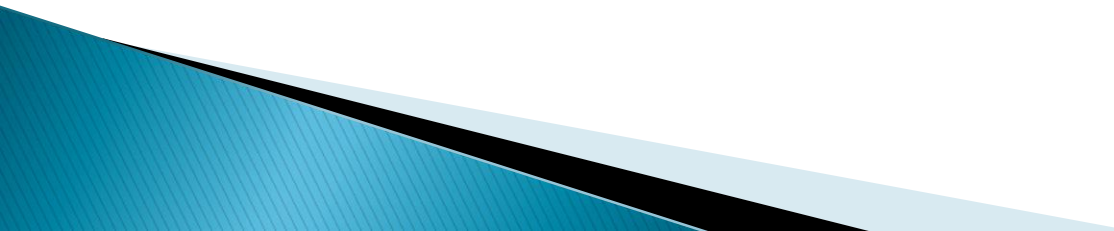
Full eligibility details and application requirements are set forth in the 2016 Implementation Notice forthcoming  
All special fees subject to availability of funds

# Tenant Protection Vouchers

- ▶ \$130,000,000 appropriated
- ▶ Replacement vouchers are provided when an eligibility event permanently reduces the number of HUD-assisted housing units
- ▶ Relocation vouchers are provided when HUD-assisted units are not permanently reduced
- ▶ Any TP voucher not defined by HUD as a “replacement voucher” may not be reissued after the initial family is no longer receiving assistance
  - This provision applies only to TP vouchers funded from FY 2015 and FY 2016 Appropriations
  - PHAs are informed in their award letter if vouchers are relocation vouchers only; these are not renewed once the eligible participant leaves the program

# Tenant Protection Vouchers

## ▶ Multifamily Housing:


- Vouchers are available to assist participants affected by Mod Rehab and SRO replacements and MF conversions such as terminations, opt-outs, prepayments property disposition relocations and certain RAD conversions
  - Initial term typically 12 months
  - If funded term is less than 12 months, increments will be renewed at expiration
  - These are typically replacement vouchers
- 

# Tenant Protection Vouchers

## ▶ Public Housing:

- Vouchers may be available to PHAs based on certain actions that temporarily or permanently remove units from the PH inventory, including demolitions and dispositions
- HUD will determine a PHA's eligibility for TP vouchers as part of its approval of the removal actions and PHA may then apply for the vouchers
- The type of TP voucher awarded (replacement or relocation) will be identified in the funding allocation letter
- Initial term typically will be 12 months
- If funded term is less than 12 months, increments will be renewed at expiration

# Tenant Protection Vouchers

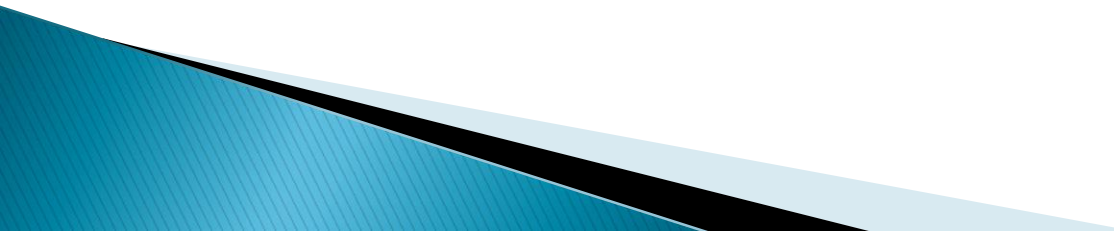
- ▶ Replacement Vouchers for Vacant Units:
    - 2016 Act provides that HUD may only provide replacement vouchers for units that were occupied within the previous 24 months that cease to be available as assisted housing, and only to the extent that funding is available
    - Due to anticipated demand, tenant protection vouchers are only initially being provided for occupied units.
    - Subject to the availability of funding, HUD may later be able to provide vouchers for vacant units in the impacted properties
- 

# VASH Funding

- ▶ Veterans' Affairs Supportive Housing
  - \$60,000,000
  - Vouchers assigned at VAMC level and PHAs in that area are invited to partner and apply for the vouchers
  - Since program inception, more than 75,000 VASH vouchers have been awarded to PHAs

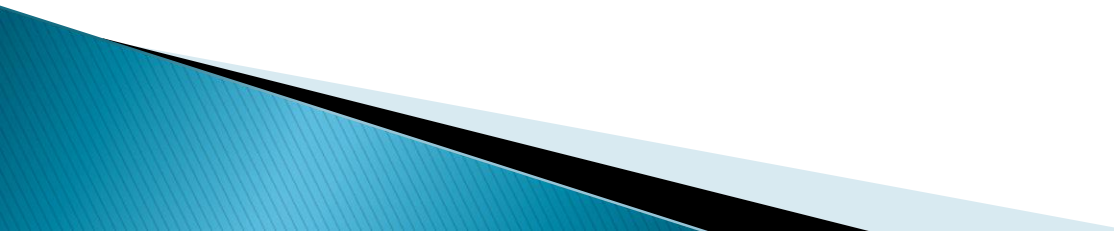
# 5 Year Mainstream

5 Year Mainstream voucher renewals will be based on actual HAP expenses as reported in VMS for CY 2015, in the same manner as other vouchers, but in a separate renewal action

- Administrative fees will be based on leasing as of the first of each month and will be prorated at the same level as fees for other vouchers
  - Additional information will be provided to agencies administering Mainstream vouchers
- 



# HCVP Financial Management

- ▶ PHAs must manage their programs in a responsible manner to enable them to serve families within their CY 2016 allocations, RNP and reserves, and within voucher baselines.
  - ▶ PIH Notice 2011-28 provides guidance on cost-savings measures PHAs may take to reduce financial shortfalls in the HCV program.
  - ▶ PIH Notice 2013-28 stipulates that PHAs may not use outside funding sources to maintain or increase leasing, but only to prevent terminations; prior HUD approval required to use outside funding and to report in VMS the expenses it supports
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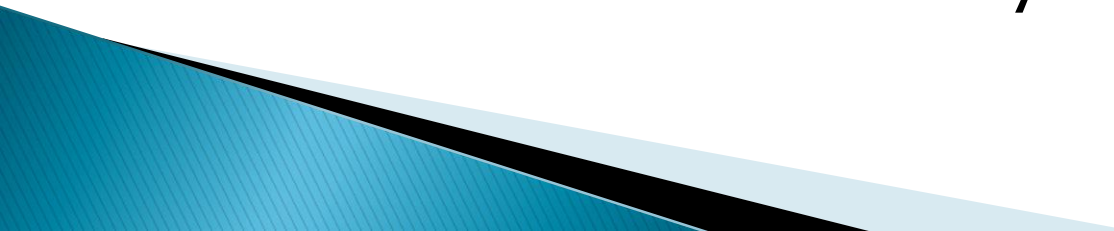
# HCVP Financial Management

- ▶ PHAs are encouraged to lease as close as possible to their capacity, without incurring a shortfall or exceeding the PHA's baseline
- ▶ PHAs should use the 2-year tool and update it regularly to see the vouchers that can be supported in the current year and the next year
  - Example: If a PHA did not lease a voucher in 2015, no expenses for that voucher are included in the 2016 renewal calculations; if that voucher is leased in July, 2016, next year's renewal funding will include 6 months of its expenses; PHA must be able to support the other 6 months from reserves or turnover.

# HCVP Financial Management

- ▶ In compliance with Treasury requirements, effective January 1, 2012, HUD implemented cash management procedures for the disbursement of HAP funds to PHAs under the HCV program.
  - Disbursing only the funds required for current HAP costs results in the re-establishment of HUD-held program reserves, whereby excess HAP funds will remain obligated but undisbursed at the HUD level rather than held by the PHAs.
  - Moves new budget authority into the program reserves if it is not needed for current costs, where it remains until needed for program expenses; not a recapture

# HCVP Financial Management

- Pre-existing RNP funds held by PHAs have largely been transitioned in to HUD-held program reserves and will be available for use also
  - Transition of RNP funds will continue via quarterly reconciliations and monthly disbursements
  - Transition of RNP funds to HUD-held funds does not constitute a recapture – the funds remain fully available to the PHA
- 

# HCVP Financial Management

## Point of Obligation Letters:

- Procedure initiated in CY 2015 to advise PHAs immediately when funds have been obligated for their programs and are available for disbursement
- Followed by the standard ACC letter, which provides the contract amendment

# Questions?

- ▶ Any questions may be submitted to  
PIH.Financial.Management.Division@hud.gov