

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000



March 14, 2008

OFFICE OF PUBLIC AND INDIAN HOUSING

Dear Executive Director:

Subject: Housing Choice Voucher Program
Calendar Year 2008 Renewal Funding Allocation

The purpose of this letter is to advise public housing agencies (PHA) of the calendar year (CY) 2008 Housing Assistance Payments (HAP) renewal funding allocations for the Housing Choice Voucher Program (HCVP). The funding allocations identified herein are based on the requirements of the Consolidated Appropriations Act, 2008, Public Law 110-161, hereinafter referred to as the 2008 Act.

The 2008 Act requires the Department to establish a new baseline for HAP funding eligibility, based on Voucher Management System (VMS) data for federal fiscal year (FFY) 2007, October 1, 2006 through September 30, 2007. This process is commonly referred to as re-benchmarking. PHAs were provided the opportunity to review and/or provide the following data for the funding calculations: VMS data for FFY 2007, new increments awarded to the PHA that affect the funding calculations, units transferred from the PHA during FFY 2007, and vouchers withheld from leasing in order to be available to support a project-based commitment. The Department reviewed all documents that were submitted by the specified deadlines. The results of these reviews have been incorporated into the funding calculations provided herein. There will be no further appeals to or adjustments of these data items.

Several enclosures are included with this letter. Enclosure A sets forth the funding calculations for your PHA; the calculations are fully explained in the Notes provided for this enclosure, and you are encouraged to review them thoroughly. Pursuant to the 2008 Act, PHAs were subject to an offset against their renewal funding, to the extent that the PHA's Unusable Net Restricted Assets (NRA) exceeded 7 percent of the PHA's CY 2007 renewal funding. The calculation of the unusable NRA is set forth on the Enclosure B. The amount by which the 2008 funding is offset, based on the unusable NRA, is reflected on the funding calculation enclosure.

Renewal funds have been provided for PHAs who have absorbed participants returning from the Disaster Voucher Program (DVP) on or before January 1, 2008, whose HAP costs are not fully reflected in the FFY 2007 VMS data. The additional funding eligibility amount is identified in the funding calculations; the list of participants will be

provided separately. In the case of PHAs who have absorbed DVP participants previously assisted in the HCVP at the Housing Authority of New Orleans, funds are also provided herein, and the requested and approved voucher transfers will be identified separately. The Department recognizes that there are still DVP participants who have been absorbed into HCV programs and not yet reported, or who have not yet been absorbed; these participants are not therefore accounted for in these calculations. To meet the anticipated needs of PHAs the Department has withheld one-half of one percent of the appropriation at this time. Any portion not required will be re-allocated to all PHAs at the earliest possible date.

PHAs have received HAP disbursements for the months of January through March, 2008, based on December 2007 funding levels. If an HA has been under-disbursed to date, based on the final funding amount indicated on the enclosure to this letter, the shortfall will be made up in the April 1 payment. If an HA has been over-disbursed to date, the excess will be collected across the balance of the CY.

PHAs are reminded that no HAP funds provided under the 2008 Act may be used to support a greater number of unit months than are provided for in the PHA's annual contributions contract. PHAs are also reminded that 2008 HAP funds may only be used for CY 2008 HAP expenditures and HAP costs of future years. The funds may not be used to support prior year deficits, nor may they be used for administrative expenses or for any other purpose.

It is each PHA's responsibility to retain the appropriate records to support VMS submission for the collected periods, as they are subject to on-site review by HUD. VMS data, as well as requested adjustments to that date, are subject to review by our Quality Assurance Division (QAD), and subsequent recalculation of CY 2008 funding will occur if a QAD review demonstrates that costs were incorrectly reported, resulting in excess funding.

Calculations are not provided herein for CY 2008 administrative fees. Pursuant to the 2008 Act, the calculation of administrative fees has been significantly changed. For CYs 2004 through 2007, each PHA was paid a flat fee amount for the year, subject to change only to reflect transfers or new unit awards. For CY 2008, fees will be paid solely on the basis of leasing as of the first of each month. Fee rates will be posted on the Department's web site to enable PHAs to estimate eligibility. The total fee eligibility for all PHAs will be calculated quarterly, based on VMS reporting, and one-quarter of the appropriation will be pro-rated accordingly. Fee advances to date have been based on December 2007 disbursements. PHAs should not assume that level of funding will be earned and paid for 2008. Advances will be reconciled to actual earnings for each quarter.

If you have questions concerning your 2008 HAP renewal funding, please contact your financial analyst at the Financial Management Center.

Sincerely,

A handwritten signature in black ink, appearing to be 'M. Fontánez', written over a vertical line that extends from the signature down to the typed name below.

Miguel A. Fontánez
Director
Financial Management Division
Housing Voucher Programs