

HCV HAP Proration Help! What Can I Do?

Presented By:

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Items to be Discussed

- ▶ 2017 HCV HAP Funding Status
- ▶ 2018 HCV HAP Funding Outlook
- ▶ Knowing Where You Stand
- ▶ Ideas to Increase HAP Funding
- ▶ Ideas to Control HAP Expenses, While Still Maximizing HCV Utilization



HAP Funding Situation

- ▶ 2017 HAP Funding
 - Basis for Funding
 - Current Proration: 97%

- ▶ 2018 HAP Funding Outlook
 - House Version 97%
 - Senate Version 99.5%

Knowing Where You Stand

- ▶ The first step in contending with HCV HAP proration, is to know where you stand as far as your HAP costs versus HAP funding levels and HAP Reserves.
- ▶ HUD provides a tool to enable you to assess and project leasing levels in comparison to funding, so that you can:
 - #1 and most important, maximize leasing to help as many families as possible (that is why we're here of course), and
 - #2 if you are headed for a shortfall, anticipate that and take action before it happens!

Knowing Where You Stand (cont'd)

- ▶ We strongly recommend that each PHA attending this session prepare the two year forecasting tool, especially given the funding considerations this year.
- ▶ The two year forecasting tool may be found here: https://portal.hud.gov/hudportal/documents/huddoc?id=tyt_pst_overview.pdf.
- ▶ We also strongly recommend keeping a close eye on Washington and the budget happenings as we move toward 2018, so that you may plan accordingly and update the two year tool as more info is available.

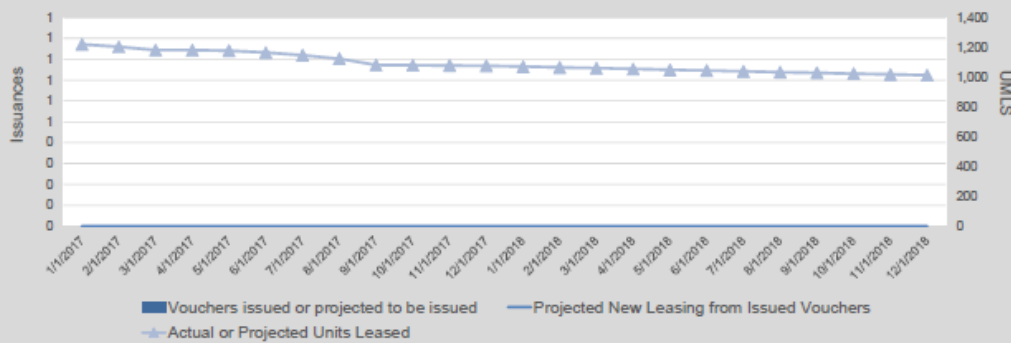
HCV Leasing and Spending Projection

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
	PHA Name			PHA Number			**This PHA has PBV activity. Please see the comments section.**			Save	Access Additional Tools	Disclaimer	Print			
	ACC/Funding Information				Funding Proration/Offset Levels			Program Projection Variables				Leasing and Spending Outcomes: Current and Following Year Projections				
	ACC	Current Year (2017)	Year 2 (2018)	Year 3 (2019)	HAP			Success Rate	75%	Annual Turnover Rate	6.0%	2017		2018		
	Beginning ACC Vouchers	1,386	1,386	1,386	Year 2 (2018) Rebenchmark	100.0%	PIC EOP % as of July 31 2017 (71 EOPs)				7	UML % of ACC (UMA)	82.5%	75.1%		
	Funding Components	Current Year (2017)	Year 2 (2018)	Year 3 (2019)	Year 3 (2019) Rebenchmark	100.0%	Time from Issuance to HAP Effective Date (Current: 2.28 months)				HAP Exp as % of All Funds	98.2%	90.1%			
	Initial BA Funding (net offset)	\$7,749,462	\$7,873,742	\$7,222,875	Year 2 (2018) Offset	0.0%	% leased in 30 days	18%	HAP Exp as % of Eligibility only	101.6%	91.7%	End of Year Results				
	Offset of HAP Reserves	\$0	\$0	\$0	Year 3 (2019) Offset	0.0%	% leased in 30 to 60 days	40%	Projected 12/31 Total HAP Reserves				\$146,313	\$797,180		
	Set Aside Funding	\$0			Administrative Fees			% leased in 60 to 90 days	38%	HAP Reserves as % of ABA (Start: 3.5%)				1.0%	10.1%	
	New ACC Units Funding	\$0	\$0	\$0	Year 1 (2017)	75.7%	% leased in 90 to 120 days	4%	Potential Terminations				0	0		
	Total ABA Funding Provided	\$7,749,462	\$7,873,742	\$7,222,875	Year 2 (2018)	75.7%	% leased in 120 to 150 days	0%	End of Year 3 Results (2019)				\$1,178,786	16.3%	Projected Total HAP Reserves ----- Reserves % BA	
	PHA Income	\$228	\$0		HUD-Held Reconciliation Cash Sufficiency Check			12/31/2016 Reconciliation								
	Total Cash-Supported Prior Year-End Reserves	\$270,365	\$146,313	\$797,180	HUD-established CYE HHR (Recon Line 19)	\$259,652	HUD-established CYE HHR (Recon Line 19)									
	Total Funding				HUD-estimated Net Excess Cash (Recon Line 19)	\$10,713	\$382,035	PHA-Held Cash 12/31/2016 (VMS)								
	Total Funding Available	\$8,020,055	\$8,020,055	\$8,020,055	HUD-Reconciled	\$270,365	\$641,687	HUD-Reconciled (Cash Capped)								
					Lower of H17/I17 (May Override)	\$270,365	Lower of H17/I17 (May Override)									
					HUD-Reconciled Excess Cash v PHA RNP (12/31/2016)											
					HUD v. PHA difference: \$1.00 or 0% of Eligibility	\$10,712	<--VMS EOY RNP ----- EOY Excess Cash -->	\$10,713								
								Administrative Fees Analysis								
								See Detail								
								<= 7,200 UMLs (No Proration)	> 7,200 UMLs (No Proration)	Admin Fees Earned (PY: \$789,596)	\$762,179	\$696,548				
								\$76.35	\$71.26	Expense	\$747,696	\$684,000				
												Expense %				
												96.1%				
												98.2%				
												<small>Based on the most recent, official (end of fiscal year) UNP compared to its Earnings/UML & Size peer group of \$57.51 (a difference of -20.1%) and its state peer group (of all PHAs in the state) of \$50.04 (a difference of -4%).</small>				

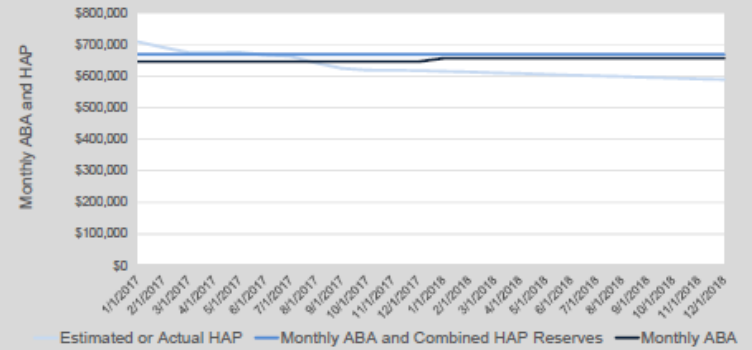
HCV Leasing and Spending Projection

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
21	2017	UMAs	Actual UMLs	Actual HAP	Vouchers Issued/Projected To Be Issued	Other Planned Additions/Reductions	New Leasing from Issued Vouchers	Estimated Attrition	UMLs: Actual/Projected	HAP: Actual/Projected	PUC: Actual/Projected	Manual PUC Override	Cumulative % Annual Leased	Cumulative % Eligibility Expended	Monthly UML %	Monthly ABA Expended %
22	Jan-17	1,386	1,220	\$708,358					1,220	\$708,358	\$581		88.0%	109.7%	88.0%	109.7%
23	Feb-17	1,386	1,204	\$690,638					1,204	\$660,638	\$574		87.4%	108.3%	86.9%	106.9%
24	Mar-17	1,386	1,182	\$674,682					1,182	\$674,682	\$571		86.7%	107.0%	85.3%	104.5%
25	Apr-17	1,386	1,181	\$674,511					1,181	\$674,511	\$571		86.3%	106.4%	85.2%	104.4%
26	May-17	1,386	1,178	\$675,137					1,178	\$675,137	\$573		86.1%	106.0%	85.0%	104.5%
27	Jun-17	1,386	1,164	\$667,148					1,164	\$667,148	\$573		85.7%	105.6%	84.0%	103.3%
28	Jul-17	1,386	1,147	\$662,576					1,147	\$662,576	\$578		85.3%	105.1%	82.8%	102.6%
29	Aug-17	1,386	1,123	\$641,427					1,123	\$641,427	\$571		84.8%	104.4%	81.0%	99.3%
30	Sep-17	1,386	1,082	\$624,349					1,082	\$624,349	\$577		84.0%	103.6%	78.1%	96.7%
31	Oct-17	1,386	0	\$0	4	0	-5.4	1,081	\$619,043	\$573	\$573		83.4%	102.8%	78.0%	95.9%
32	Nov-17	1,386	0	\$0	3	0	-5.4	1,078	\$618,307	\$573	\$573		82.9%	102.1%	77.8%	95.7%
33	Dec-17	1,386	0	\$0	3	0	-5.4	1,078	\$617,565	\$574	\$574		82.5%	101.8%	77.8%	95.8%
34	Total	16,632	10,481	\$6,018,826	0	14	0	-69.2	13,716	\$7,873,742	\$574		82.5%	101.6%		
35	2018															
36	Jan-18	1,386					0	-5.4	1,070	\$615,114	\$575	\$575	77.2%	93.7%	77.2%	93.7%
37	Feb-18	1,386					0	-5.3	1,065	\$612,683	\$575	\$575	77.0%	93.6%	76.8%	93.4%
38	Mar-18	1,386					0	-5.3	1,060	\$610,261	\$576	\$576	76.8%	93.4%	76.5%	93.0%
39	Apr-18	1,386					0	-5.3	1,055	\$607,847	\$576	\$576	76.7%	93.2%	76.1%	92.6%
40	May-18	1,386					0	-5.3	1,049	\$605,442	\$577	\$577	76.5%	93.0%	75.7%	92.3%
41	Jun-18	1,386					0	-5.2	1,044	\$603,047	\$578	\$578	76.3%	92.8%	75.3%	91.9%
42	Jul-18	1,386					0	-5.2	1,039	\$600,660	\$578	\$578	76.1%	92.6%	74.9%	91.5%
43	Aug-18	1,386					0	-5.2	1,034	\$598,282	\$579	\$579	75.9%	92.5%	74.6%	91.2%
44	Sep-18	1,386					0	-5.2	1,028	\$595,912	\$579	\$579	75.7%	92.3%	74.2%	90.8%
45	Oct-18	1,386					0	-5.1	1,023	\$593,552	\$580	\$580	75.5%	92.1%	73.8%	90.5%
46	Nov-18	1,386					0	-5.1	1,018	\$591,210	\$581	\$581	75.3%	91.9%	73.5%	90.1%
47	Dec-18	1,386					0	-5.1	1,013	\$588,867	\$581	\$581	75.1%	91.7%	73.1%	89.7%
48	Total	16,632	0	\$0	0	0	0	-62.7	12,499	\$7,222,875	\$578		75.1%	91.7%		

Issuing/New Leasing/UML Trend



Spending v. Funding



Comments

FINANCIAL - Beginning Year: Cash & Investments (VMS) of \$382,035 compares to RNP (VMS) of \$10,712. Current: VMS Cash & Investments of \$491,805 compares to VMS NRP plus UNP of \$464,840. Project-Based Vouchers (PBVs): The Spring 2016 VMS release included new fields related to PBVs. We derive the total number of PBVs from what the PHA reports in PBV Leased and PBV Not Leased. Currently, the PHA reports 34 leased PBVs, for a leased PBV rate of 96%. Additional leasing should focus on the 4 unleased PBVs, for which the PHA is making vacancy payments on. Finally, the PHA reports 0 PBVs under AHAP. NOTE: All dashes, i.e. -, indicate the PHA DID NOT report information in this VMS field.

RAD PRV Check

Tracking HUD–Held Reserve (HHR) and PHA–Held Reserve (Restricted Net Position “RNP”)

- ▶ It is critical for you to know where you PHA stands with regard to HAP reserves.
- ▶ HAP reserves come in two flavors: HUD Held Reserves (also known as Program Reserves) and PHA Held Reserves (also known as Restricted Net Position).
- ▶ Although HUD reports these amounts to the PHA, real–time information is better and of course it is always good to double check this information to ensure it is correct.

Housing Authority											
HHR and RNP											
Calendar Year 2017											
Illustrates Accumulation of Program Reserve											
	Annual Budget Authority: HAP Renewal Funding Obligations per Annual Renewal Funding Calc	Plus: Set Aside Funds Provided, if any	Plus: Other HAP Annual Budget Authority Obligations (nonrenewal)	Minus: Renewal Funding Disbursed to PHA by HUD Under Cash Management Procedures	Minus: NonRenewal Funding Disbursed to PHA by HUD Under Cash Management Procedures	Remainder = HUD-Held HAP/Program Reserve	HAP Funding Disbursed to PHA by HUD Under Cash Management Procedures	HAP Expenses	Other HAP Related Revenue (HAP share of fraud, fss, interest)	RNP Funds On-Hand (Held by PHA)	Total HAP Reserves
	a	b	c	d	e	f=a+b+c-d-e	g=d+e	h	i	j=g-h+i	
Beg Balance 1/1/2017						258,806				11,559	270,365
January 2017	646,751		8,415	(698,341)	(8,415)	207,216	706,756	(708,358)	1,855	11,812	219,028
February 2017	646,751		8,415	(698,341)	(8,415)	155,626	706,756	(690,638)	22	27,952	183,578
March 2017	646,751		8,415	(692,632)	(8,415)	109,745	701,047	(674,682)	131	54,448	164,193
April 2017	646,751		8,415	(692,632)	(8,415)	63,864	701,047	(674,511)	0	80,984	144,848
May 2017	646,751		8,415	(592,632)	(8,415)	117,983	601,047	(675,137)	43	6,937	124,920
June 2017	646,751		8,415	(692,632)	(8,415)	72,102	701,047	(667,148)	12	40,848	112,950
July 2017	646,751		8,415	(677,463)	(8,415)	41,390	685,878	(662,576)	145	64,295	105,685
August 2017	646,751		8,415	(588,176)	(8,415)	99,965	596,591	(641,427)	7	19,466	119,431

Ideas to Increase HAP Funding

- ▶ PHA's may request a frontload of future funding obligations if their current HAP costs exceed the amount provided by the disbursement formula.
- ▶ In addition, over the past few years, Congressional Appropriations have provided set-aside funding – with a priority on “Shortfall Funds”. The 2017 PIH Notice for HCV funding provided details on Shortfall Funding for this year.
- ▶ At this point we don't know what the set aside categories will be for 2018, but in recent years it has included set aside funds for shortfalls. This will likely be a category for 2018 as well. Other categories may exist.

Ideas to Reduce HAP Expenses

- ▶ HUD PIH Notice 2011-28 provides suggestions to reduce HAP costs. This can be helpful for PHAs that are at or near a shortfall situation. I recommend that any PHAs that are anticipating a shortfall this year or next read this notice thoroughly. It may be found here: https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/publications/notices/2011
- ▶ Among the suggestions in the notice are the following (details are provided in the notice):
 - Family Income Matching/Verification and Other Anti-Fraud Efforts
 - Ensuring Reasonable Rents

Ideas to Reduce HAP Exps (Cont'd)

- ▶ Suggestions from PIH2011–28 (continued)
 - Ensuring Accurate Utility Allowances
 - Portability Absorption (stop absorbing, and inquire with receiving PHAs whether they can absorb your port outs)
 - Denying Portability and Moves Within Jurisdiction to Higher Cost Areas (be careful with this one, serious restrictions apply!)
 - Interim Reexaminations
 - Increase Minimum Rent

Ideas to Reduce HAP Exps (Cont'd)

- ▶ Suggestions from PIH2011–28 (continued)
 - Revise Subsidy Standards
 - Lower Your Payment Standards
 - Stop Issuing Vouchers (obviously)
 - Pull Back Vouchers “on the street”

Win-Win-Win

- ▶ In life we often talk about trying to find “Win/Win” situations. Following the suggestions in this presentation create a “Win/Win/Win”:
 - The Community and the Voucher Holders:
 - More Families Assisted
 - The HCV Program
 - More HAP Funding Next Year (the more we spend this year the more funding we get next year)
 - The PHA
 - More Administrative Fee – the more Vouchers leased the more Admin Fee we are eligible for! Considering Admin Proration we need all we can get!

Questions?

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