

WAHA Winter Training January 24 - 25, 2012

HUD – Milwaukee Field Office Staff



Updates / Changes...

- Ongoing strategic goals with emphasis on:
 - Financial Stability
 - Occupancy
 - Governance – more holistic approach
- Additional oversight of PHAs
- Reduction in funding / Changes in funding process
- New Initiatives
- More expected of HUD staff



High Priority Goals

“Big 4 + 1”

1. Maximize HCV utilization and PH occupancy
 2. PHA Recover and Sustainability Initiative (PHARS)
 3. Close-out ARRA grants
 4. Improve PHA Financial Viability
- + 1
1. Business of Government
 - Audits, Monitoring, Op-Sub, etc...

HCV Utilization and Program Updates

Caleb Kopczyk
Jean Baughman

CY 2012 – An Interesting Year

- Big Changes to HCV Program
 - Calendar Year (CY) Rebenchmarking
 - Change from Federal Fiscal Year (FFY) Rebenchmarking
 - NRA Offset Provision
 - Cash Management

CY 2012 Rebenchmarking – Non-Overleased

- Sum January through December VMS-Reported HAP Expenses
- Multiply by AAF
- Multiply by Proration

Line	
Jan. – Dec. HAP:	\$100,000
AAF:	1.0125
Inflated Eligibility:	\$101,250
Proration:	99.13%
Prorated Inflated Eligibility:	\$100,369

CY 2012 Rebenchmarking - Overleased

- Determine Capping Percentage
- Multiply January through December 2011 VMS-Reported HAP Expenses by Capping Percentage
- Multiply Capped VMS-Reported HAP Expenses by AAF
- Multiply Capped, Inflated Eligibility by Proration

Line	
UMA (ACC Units):	500
UML (Leased):	525
Capping Percentage:	95.24%
Jan. – Dec. HAP:	\$100,000
Capped Eligibility:	\$95,240
AAF:	1.0125
Inflated Eligibility:	\$96,431
Proration:	99.13%
Prorated Inflated Eligibility:	\$95,592

NRA Offset

- Consolidated and Further Continuing Appropriations Act, 2012 (P. L. 112-55)
 - \$650 million to be offset
 - Not finalized
 - Anticipated that offset will be of NRA over 8.5% of Annual Budget Authority (about 1 month)
 - For very small PHAs (less than 50 units), anticipated that offset will be of NRA over 50% of Annual Budget Authority
 - Offset will take place between January and September

NRA Offset

- HUD in process of verifying NRA Balances
 - FMC
 - Field Office
 - VMS Letter
 - FASPHA Letter

NRA Offset

- Calculating NRA
 - Add all Budget Authority provided by HUD, VMS-Reported Interest Income from Investment of Net Restricted Assets, VMS-reported Fraud Recovery (HAP portion), VMS-reported FSS Escrow Account Forfeitures;
 - Subtract HAP Expenses
 - HAP Expenses only include HAP payments to landlords on behalf of a program participant assisted under a valid HAP Contract, Utility Reimbursements to program participants or utility providers, and FSS Escrow Deposits

Calculating NRA Offset

- For most PHAs:
 - Multiply Eligibility by 8.5% to determine non-offset amount;
 - If NRA is greater than non-offset amount, subtract non-offset amount from total NRA
- For PHAs with less than 50 units:
 - Multiply Eligibility by 50% to determine non-offset amount;
 - If NRA is greater than non-offset amount, subtract non-offset amount from total NRA

Cash Management

Back to the Future...Kind of...

Cash Management

- Notice PIH 2011-67 (HA)
- HUD required to limit amounts advanced to grantees; must hold reserves per U.S. Department of Treasury regulations
- Essentially—PHAs will no longer hold or maintain NRA and monthly disbursements will be based on VMS-reported spending from previous quarters

Cash Management

- Calculation of Monthly Disbursements
 - Average of actual costs incurred for prior quarter
 - January – March 2012 disbursements based on July – September 2011
 - April – June 2012 disbursements based on October – December 2011
 - Small margin (3%) added to disbursements
 - PHAs with monthly costs exceeding disbursements (including margin) may request front-loading

Cash Management

- Quarterly Reconciliations
 - Comparison of disbursements and interest income earned each month to actual HAP expenses (as reported in VMS);
 - HUD will adjust subsequent disbursements to recoup NRA
- Year-End Reconciliation
 - HUD will not provide funding in excess of eligibility;
 - Comparison of disbursements to actual HAP expenses
 - HUD will adjust the program reserve based on the reconciliation

Cash Management

- Current PHA-held NRA will be transitioned back to HUD through offsetting funding;
- PHAs will have access to NRA by contacting FMC Financial Analyst

Other HCV Program Updates

Other PIH Notices

- Notice PIH 2012-01 (HA): Exclusion of Kinship, Kin-GAP, and Other Guardianship Care Payments
- Notice PIH 2011-68 (HA): Extension of Notice PIH 2010-49: Protecting Tenants at Foreclosure Act
- Notice PIH 2011-65 (HA): Timely Reporting Requirements of the Family Report into the Public and Indian Housing Information Center

Other PIH Notices

- Notice PIH 2011-59 (HA): Reporting of Administrative Fee Reserves
 - Administrative Fee Reserves (UNA) may only be used to cover costs incurred in the administration of the HCV program in the current fiscal year;
 - Any amount remaining after the PHA's FYE becomes part of the UNA;
 - Administrative Fees may only be used for eligible expenses

Other PIH Notices

- Notice PIH 2011-59 (HA): Reporting of Administrative Fee Reserves
 - Pre-2004 Administrative Fee Reserve
 - May be used for other housing purposes permitted by state and local law (24 CFR § 982.155(b)(1))
 - Post-2003 Administrative Fee Reserve
 - Administrative Fee Reserve may only be used for HCV-related expenses

Other PIH Notices

- Notice PIH 2011-54 (HA): Guidance on Project-Based Voucher Program

VMS Reporting

Yes, It's Important!

VMS Reporting

- Given NRA Offset Provision, Cash Management, Quarterly and Annual Reconciliations, Continual Monitoring by HUD, Etc....
- **Accurate VMS Reporting is IMPORTANT!**

VMS Reporting

- Given NRA Offset Provision, Cash Management, Quarterly and Annual Reconciliations, Continual Monitoring by HUD, Etc....
- **Accurate and Timely VMS Reporting is IMPORTANT!**

VMS Reporting

- VMS is an accrual system
 - No lumping of UMLs or HAP Expenses!
- Accurate reporting on correct Line Items
 - HUD continually monitoring VMS submissions to ensure PHAs housing families
 - Failure to utilize program funding for intended purpose may constitute a breach of the ACC
 - Inaccurate reporting will lead to HUD asking more questions
- **Remember: HUD will not go to your Fee Accountant to ask question, HUD will go to you.**
 - **Your agency, not your Fee Accountant, is responsible for monitoring HAP funds.**

VMS Line Items to Watch

- Net Restricted Assets
- Cash/Investments
- Interest Income
- Fraud Recovery
- FUP
 - “Old FUP”
 - 2008-2009 FUP
- HAP Expense Line Items

VMS Corrections

- Now submitted through PMC
- Changes must be submitted timely (no more waiting until end of year)

Questions???

