

NEWS AND UPDATES FROM BDO PHA FINANCE

# FLASH ALERT



## HOUSING CHOICE VOUCHER PROGRAM: 2018 GET READY LETTER

HUD emailed their annual "Get Ready Letter" for 2018 Funding on December 27, 2017. The email details HAP funding options that Public Housing Authorities (PHAs) should be considering due to the proposed bills from the Senate and the House. The Senate's proposed bill is projecting HAP funding at 98.81% proration and Administrative Fee funding at 76.15% proration. The House bill is projecting HAP funding at 95.30% proration and Administrative Fee funding at 70.23% proration.

The HAP proration spread is only a 3.51% difference, but that can cause tremendous shortfall issues due to escalating HAP costs. For that matter, any proration will cause shortfall issues as many PHAs experienced in 2017. The Administrative Fee funding could be at an all-time low of 70.23% proration which will impact the ability of several PHAs to operate the Housing Choice Voucher (HCV) program. The additional RAD units converting to PBV could be a leading cause of why the proration amounts are at such historically low levels.

Regardless, each PHA should have a plan to estimate the amount of HAP funding available in 2018 and estimate the number of unit months the HCV program can support to determine Administrative Fee revenue. When estimating HAP funding, the PHA should add the Annual Budget Authority (ABA) they are expected to receive for 2018, Restricted Net Position (RNP), and HUD Held Reserve (HHR) as of December 31, 2017. Then, the PHA should divide the total product by the most recent HAP per unit cost to obtain potential unit months that can be leased for the year. The PHA will be able to multiply the unit's months by the "A" and "B" rates, then prorate it to help determine administrative funding.

### Formula to Calculate Unit Months Available To Lease

$$\frac{(ABA+RNP+HHR)}{\text{HAP per Unit Cost}}$$

It is likely that a final proration will not be available until later in the calendar year due to several factors, including an approved final Continuing Resolution or budget from Congress. PHAs should monitor HAP funding and leasing utilization monthly to ensure the PHA can operate an effective program and serve as many families as possible.

## CONTACT

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### ABOUT BDO PHA FINANCE

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