



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

OFFICE OF PUBLIC AND INDIAN HOUSING

Dear Executive Director:

This letter provides information on how the recommended fee formula proposed in the *Housing Choice Voucher Program Administrative Fee Study* would potentially impact your agency.

Principal Deputy Assistant Secretary Castro-Ramírez's April 9, 2015 letter to you acknowledged that one of the most immediate concerns from a PHA's perspective is to understand how the study's recommended fee formula would impact your individual agency. To help answer that question, the attachment to this letter contains a summary of the study's analysis comparing the actual fees received by your PHA from July 2013 through June 2014 (the study period) and for Calendar Year (CY) 2014 to the fees your PHA would have received under the new formula for those same periods.

When reviewing the attachment, it is important to note the proration percentages that in part determined the actual fee funding received by the PHA during the study period and CY 2014 are significantly different. The proration that applied to the study period is 75 percent while the proration that applied to CY 2014 is almost 80 percent. This is why, for example, the actual fees received by some PHAs during CY 2014 may have increased when compared to the study period even though the number of leased units decreased. The change in the proration and the impact on the actual fees received is the main reason why the percentage change between the funding that would have been received under the proposed formula and the actual fees received will differ between the two comparison periods.

In addition, please keep in mind that the amounts provided for the study's proposed formula and the resulting percentage change in the funding is based on a straight forward application of the formula and does not assume any phase-in or transition adjustments. The study recommends that in implementing a new fee formula HUD should consider a transition or phase-in plan to all PHAs time to adjust to the new fees. The study further noted that a transition or phase-in is particularly important for PHAs facing a decrease in funding under the new formula. The purpose of the data provided in the attachment is to help facilitate further analysis, discussion, and comment regarding the proposed formula in the study and how HUD may need to modify or refine the proposed formula when developing a new fee formula. The attachment should not in any way be considered advance notice of the actual fee the PHA would receive upon the implementation of a new administrative fee formula.

As noted in my letter to you of April 30, 2015, HUD is in the process developing a tool that will be posted along with the administrative fee comparative data for all PHAs for the study period and CY 2014. This tool will allow the user to generate additional comparisons based on other funding scenarios that may be of interest to them. For example, the user will be able to change the proration percentage from the actual proration that was in effect at the time period in question to any proration percentage to compare the amount of funding the PHA would have

received under the current formula (based on the assumptions entered by the user) and the recommended fee formula.

The Tool will also provide information on the individual variables used to calculate the PHA's full fee amount under the recommended formula. The new Admin Fee Tool to test the different pro-ration models and the comparative data for all PHAs will be posted in the near future at the HCV Admin Fee Study website: <http://www.huduser.org/portal/hcvfeestudy.html>.

Should you have any questions regarding the comparative data in the attachment or about the forthcoming Admin Fee Tool, please submit your questions by email to: HCVAdminFeeStudy@hud.gov.

I hope this information is helpful to you.

Sincerely,



Milan Ozdinec
Deputy Assistant Secretary
Office of Public Housing and Voucher Programs