



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

OFFICE OF PUBLIC AND INDIAN HOUSING

August 30, 2017

Dear Executive Director:

Subject: Housing Choice Voucher Program
January through June 2017 On-Going Administrative Fees

The purpose of this letter is to advise each public housing agency (PHA) participating in the Housing Choice Voucher Program (HCVP) of the calculation of earned administrative fees for the months of **January through June 2017**.

Consolidated Appropriations Act, 2017, (P.L. 115-31) enacted on May 5, 2017, requires that administrative fees be calculated based on PHA leasing in the HCVP. Administrative fees will be paid for each voucher under lease on the first day of the month. The fee rates applicable to each PHA have been previously posted on the HUD website, and all HAs have had the opportunity to request a blended rate and/or a higher rate if they qualify. Any additional eligibility resulting from an approved higher fee rate or a blended fee rate will be applicable to the entire calendar year (CY), regardless of when the rate is approved.

The appropriation available for fees is a fixed amount again in 2017, thereby requiring pro-ration if total eligibility of all PHAs exceeds the funds available. For the months of **January through June 2017**, the Department has again calculated each PHA's eligibility and has established an estimated pro-ration factor. PHAs are eligible for fee calculations based on their Column A rates for the first 600 units leased each month; if an HA leases at least 7200 unit months for CY 2017, the PHA will receive fees based on the Column A rate for 7200 unit months, even if the leasing in some months is less than 600 units.

Enclosed with this letter is the calculation of fee eligibility and pro-rated earnings for your PHA for the months of **January through June 2017**. Unit Months Leased (UML) data was taken from the validated VMS database as of August 10, 2017, for the months of **January through June 2017**.

This communication also provides an update on the estimated administrative fee proration for CY 2017. Through the use of recaptured and carryover funds that were reprogrammed to the administrative fee account, the estimated national administrative fee proration is expected to be around 76%-77% percent. This is an increase from March 2017 when HUD fee proration dropped to 74% due to steady leasing trends and higher administrative fees for this calendar year. As part of the January through June 2017 administrative fee reconciliation, the Department is providing fees at a 77% proration for that time period. For the remainder of the calendar year, PIH will advance fees at 76% proration; however, the final

administrative fee reconciliation, which will account for the total number of units leased for CY 2017 will determine the final administrative fee proration.

Total fees earned (after pro-ration) is compared to total fees obligated for January through June 2017, including renewal fees and tenant protection on-going fees. At the end of the enclosure, the final amount of pro-rated fees earned is compared to the fees obligated for your PHA, resulting in an excess or shortage in the amount provided to the PHA. If the PHA has a shortfall, meaning fees obligated for the period were less than fees earned, an additional fee disbursement in the amount of the shortfall will be made. If the PHA received excess fees for the period, the excess amount will be offset from a future disbursement after the end of CY 2017 when the final fee reconciliation is completed.

After the final VMS data for the year is validated, the Department will update all leasing data for the 12 months; based on the validated data each PHA has entered into VMS, and will make any fee eligibility adjustments for leasing changes that were recorded after the original calculations for each month were completed and other eligibility adjustments as needed. Additionally, any excess fees received by PHAs for CY 2017 will be generally offset from future disbursements at the time of the CY 2017 final fee reconciliation. **Please be aware that the pro-ration factor is an estimated pro-ration factor; the final CY 2017 admin fee reconciliation will reflect a weighted pro-ration factor for the entire CY.**

You are reminded that your PHA is eligible for administrative fees for all vouchers under lease as of the first day of each month, up to the PHA's baseline unit months for the CY. If a PHA is over-leased for the CY, the fee earnings for the final period(s) will be reduced such that fees are paid only for unit months up to the PHA's baseline. PHAs that are significantly over-leased may experience a significant reduction, and agencies need to anticipate and prepare for this.

If you have any questions about the fee calculations or the data used for your PHA, please contact your assigned representative from the Financial Management Center.

Thank you for your continued participation in the HCVP.

Sincerely,

Miguel A. Fontáñez



Digital signed by Miguel A. Fontáñez
DN: CN = Miguel A. Fontáñez, C = US,
O = Housing Voucher Financial Management
Division, OU = Director
Reason: I am approving this document

Miguel A. Fontáñez
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