

**Amherst Housing Authority
Housing Choice Voucher Program
Background, Funding and
Challenges
CY 2013 & 2014**

General Background Info

- AHA has an approved allocation of 413 vouchers or 4,956 unit months (413 x 12)
- Voucher holders can use their vouchers anywhere in the country
- At the initial occupancy, a program participant cannot pay more than 40% of their income towards rent.

General Background #2

- After the initial occupancy the landlord may ask for a rent increase and the increase will be compared to the rents charged for comparable units in the same market area to determine if the rent is reasonable.
- If the rent is greater than the Payment Standard and the program participant does not want to move, the tenant would be responsible for the difference, which may increase the percentage of income that the program participant is paying towards their rent.

General Background #3

- HUD announced in 2013 that with the sequestration, HA's would not be funded based on previous funding needs. Many HA's will face shortfalls and may not be able to lease all of their allocated vouchers
- HA's are given an Administrative Fee to cover operational costs based on the unit months leased

General Background #4

- HA's are provided a budget and funds in which to pay Housing Assistance Payments (HAP's)
- HA's are to lease as many vouchers (but not exceed the total unit months) as they can within the budget they are given
- There are 677 people/families on the AHA wait list; dating back to a 6/9/2008 date of application (updated every 2 years)

2013 Operations

- AHA does not receive sufficient funds to pay all HAP costs
- AHA has phone meetings with HUD to develop strategies around funding and shortfall needs
- HUD and AHA agree to not terminate any vouchers from current voucher holders
- AHA to use \$132,565 of Restricted HAP reserves to pay some of the shortfall

2013 Operations #2

- HA's with shortfall not allowed to re-issue vouchers as program participants leave program
- HUD calculates and awards AHA \$100,278 in funds towards the shortfall- may or may not be sufficient.

HUD funding 2013 & 2014 #1

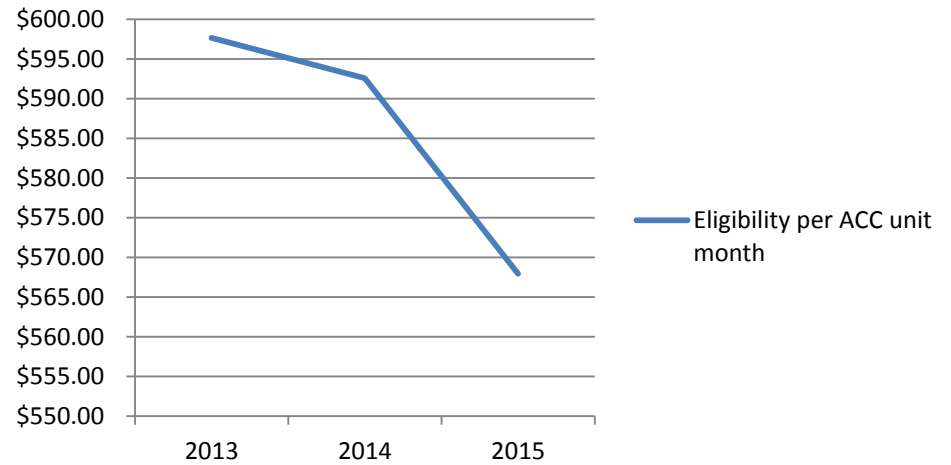
ACC and Funding Information				Funding Pro-Ration Levels: Yr 2 and 3		Leasing and Spending Outcomes: Current and Following Year Projections			
	Current Year	Year 2	Year 3	YR 2 & 3 Re-Benchmarking Pro-ration	95.0%	2013		2014	
Calendar Year	2013	2014	2015	Admin Fee Proration	69.0%	UML % of ACC (UMA)	98.7%	93.6%	
Beginning ACC # Vouchers	413	413	413			HAP Exp as % All Funds	99.9%	100.8%	
Initial BA Funding	\$2,861,709	\$2,936,764	\$2,814,763	Optional HAP Reserve OFFSET YR2 and 3 variable	0.0%	HAP Exp as % of Eligibility only	104.4%	100.9%	
OFFSET of HAP Reserve	\$0	\$0	\$0						
Set Aside Funding	\$100,278			Prorated Funding Eligibility Level (including any Offset)		Projected 12/31 Total HAP Reserves	\$3,221	-\$22,923	
New ACC Units Funding	\$0	\$0	\$0	\$2,961,987		HAP Reserves as % of ABA	0.1%	-0.8%	
Total ABA Funding Provided	\$2,961,987	\$2,936,764	\$2,814,763	Average Monthly Funding Eligibility	\$246,832	Potential Terminations	0	3	

HUD Funding 2013 & 2014 #2

Beginning Year PHA-held NRA	\$132,565		
Beginning Year HUD-held Reserve	\$0		
Beginning Combined CY HAP Reserve	\$132,565	\$3,221	\$0
Total Funding Available	\$3,094,552	\$2,939,985	\$2,814,763
Eligibility per ACC unit month	\$597.66	\$592.57	\$567.95

FFY 2013 2014 2015

Eligibility per ACC unit month



Current Average \$638.97

HUD funding 2013 #3

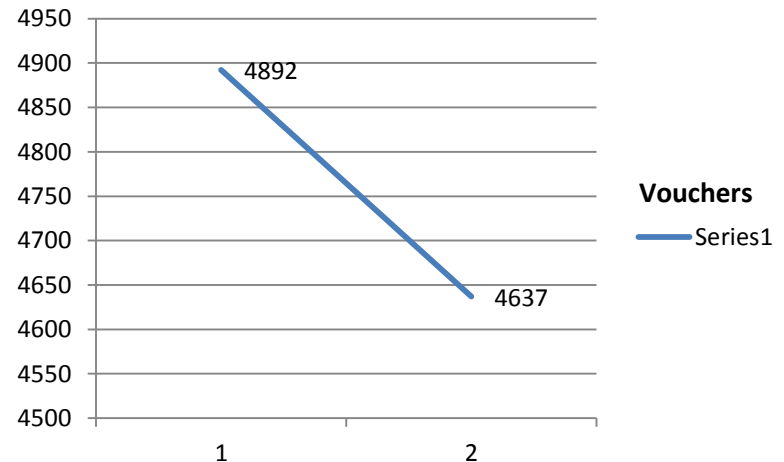
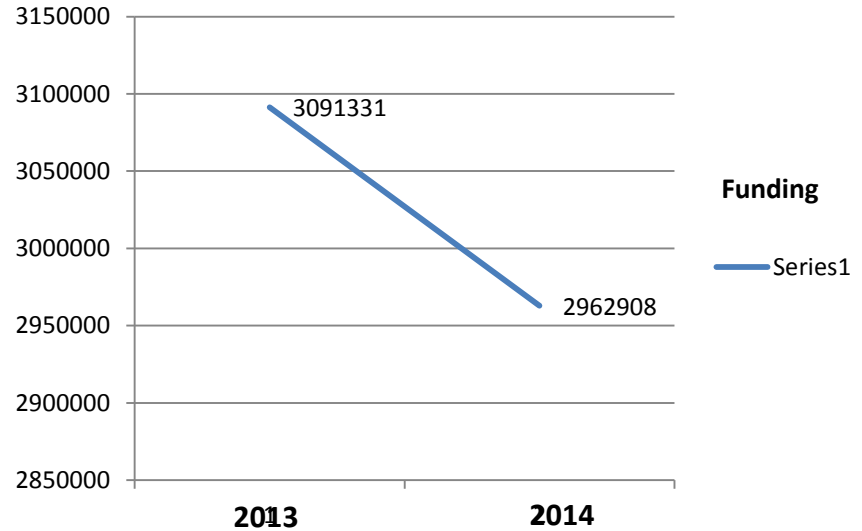
2013	ACC Units (UMAs) (see new ACC tab)	ACTUAL Leased Units	Actual HAP	Leased units: Actual and Projected	HAP Expense: Actual and Projected	PUC Actual or Projected
January	413	429	\$267,581	429	\$267,581	\$624
February	413	429	\$266,475	429	\$266,475	\$621
March	413	424	\$263,221	424	\$263,221	\$621
April	413	423	\$262,419	423	\$262,419	\$620
May	413	415	\$265,047	415	\$265,047	\$639
June	413	404	\$255,482	404	\$255,482	\$632
July	413	397	\$251,836	397	\$251,836	\$634
August	413	396	\$253,032	396	\$253,032	\$639
September	413	0	\$0	395	\$252,442	\$639
October	413	0	\$0	394	\$251,853	\$639
November	413	0	\$0	393	\$251,265	\$639
December	413	0	\$0	392	\$250,679	\$639
Total	4,956	3,317	\$2,085,093	4,892	\$3,091,331	

HUD funding 2014 #4

Projected 2014 funding & vouchers

391	\$250,094	\$639
390	\$249,510	\$639
390	\$248,928	\$639
389	\$248,347	\$639
388	\$247,768	\$639
387	\$247,190	\$639
386	\$246,613	\$639
385	\$246,037	\$639
384	\$245,463	\$639
383	\$244,890	\$639
382	\$244,319	\$639
381	\$243,749	\$639
4,637	\$2,962,908	

Allocation of 413 vouchers
 2014 - 386 vouchers or less could be leased, depending on financial payment in behalf of participant



HUD Administrative Funding 2013 & 2014

Administration Fee Projections			
2013			
	UMLs	Per unit admin fee	Admin Fee Estimate
1st 7200 UMLs	4,892	\$101.17	\$494,901.54
over 7200 UMLs	0	\$94.44	\$0.00
UMA cap	4,956		
total UMLs	4,892		\$494,901.54
2013 Total			\$494,901.54
2014			
	UMLs	Per unit admin fee	Admin Fee Estimate
1st 7200 UMLs	4,637	\$101.17	\$469,126.16
over 7200 UMLs	0	\$94.44	\$0.00
UMA Cap	4,956		
Total UMLs	4,637		\$469,126.16
2014 Total			\$469,126.16

Administration Fee Reality			
2013			
	UMLs	Per unit admin fee	Admin Fee Estimate
1st 7200 UMLs	4,892	\$69.81	\$341,482.06
over 7200 UMLs	0	\$94.44	\$0.00
UMA cap	4,956		
total UMLs	4,892		\$341,482.06
2013 Total			\$341,482.06
2014			
	UMLs	Per unit admin fee	Admin Fee Estimate
1st 7200 UMLs	4,637	\$69.81	\$323,697.05
over 7200 UMLs	0	\$94.44	\$0.00
UMA Cap	4,956		
Total UMLs	4,637		\$323,697.05
2014 Total			\$323,697.05

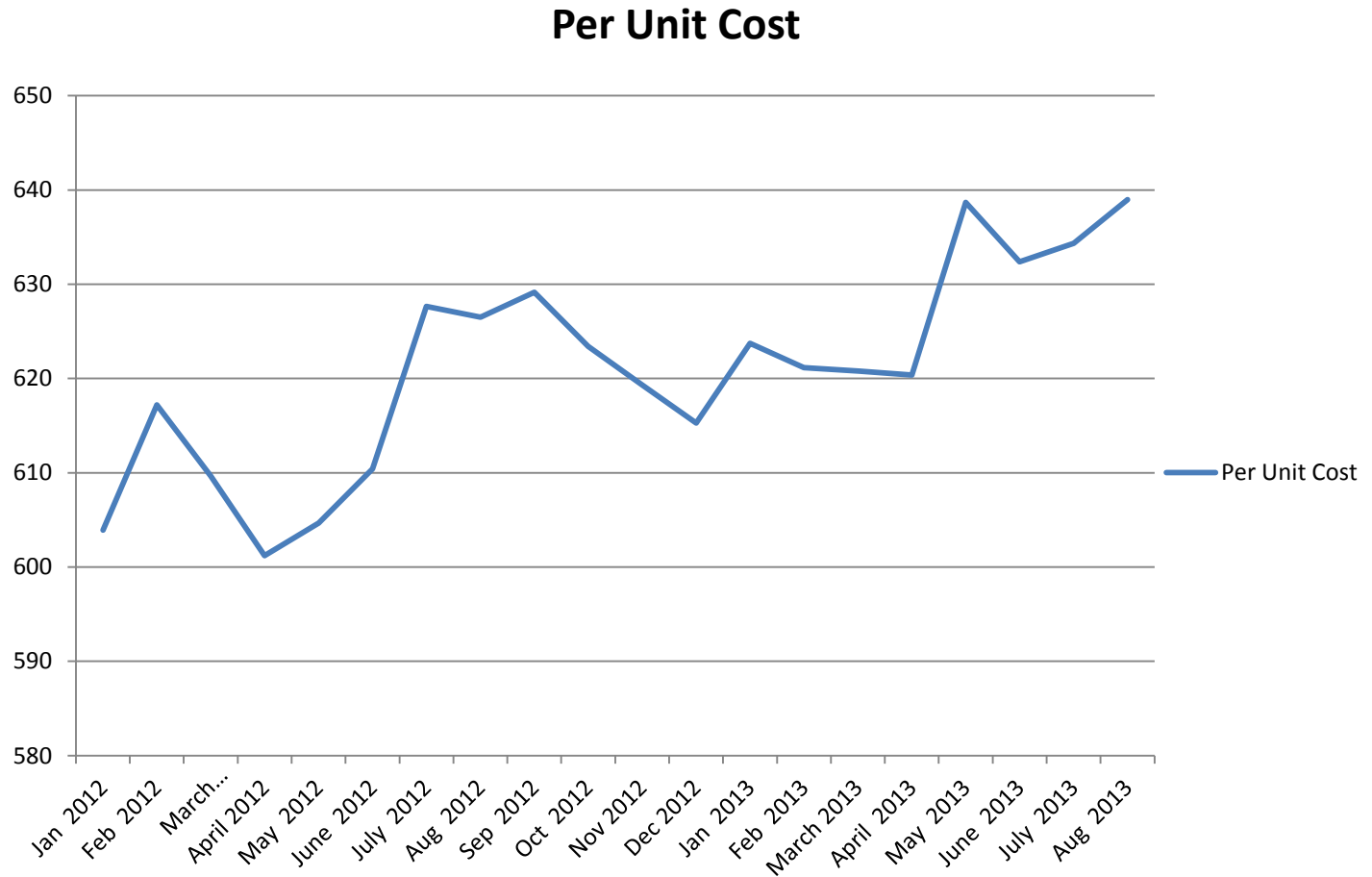
Rent and Income Stats

AVERAGES								
OVERALL	HAP	Rent	Income	Bedroom Voucher Size	Family in Household #	# Voucher Holders		
Amherst	681.88	1016.53	15866	1.95	2.21	232		
Extended	515.97	812.70	14837	1.78	1.83	60		
Outlying	579.60	906.61	16254	2.19	2.49	98		
Extended: Granby, Hadley, So. Hadley & Belchertown								
Outlying: Other local MA communities								
RENTAL AVERAGES								
AMHERST					INCOME			
Bedrooms	low	High	Average	# units	low	High	Average	
1	610	1035	810	68	1148	37457	11644	48 < avg
2	725	1305	1023	113	1860	37404	16190	57 < avg
3	897	1515	1279	45	0	43268	21364	25 < avg
4	825	1575	1256	6	6624	36865	18928	4 < avg
EXTENDED								
Bedrooms	low	High	Average	# units				
0	545	545	545	1				
1	550	785	688	26				
2	640	930	824	18				
3	700	1200	1031	15				
4								
OUTLYING								
Bedrooms	low	High	Average	# units				
1	550	882	723	21				
2	650	1220	894	40				
3	800	1350	1005	34				
4	1150	1350	1228	3				

Monthly HAP Spending Trend

5.7% Increase
1/12-8/13

Month	Per Unit Cost
Jan 2012	603.93
Feb 2012	617.19
March 2012	609.65
April 2012	601.21
May 2012	604.67
June 2012	610.42
July 2012	627.64
Aug 2012	626.50
Sep 2012	629.16
Oct 2012	623.41
Nov 2012	619.33
Dec 2012	615.26
Jan 2013	623.73
Feb 2013	621.15
March 2013	620.80
April 2013	620.38
May 2013	638.67
June 2013	632.38
July 2013	634.35
Aug 2013	638.97



Proposed FMR's for Springfield Metropolitan Statistical Area

	0 BR	1BR	2BR	3 BR	4BR
<u>PROPOSED</u> Springfield, MA HUD Metro FMR Area <u>For 2014</u>	\$634	\$761	\$951	\$1,187	\$1,353
<u>EXISTING</u> Springfield, MA HUD Metro FMR Area <u>For 2013</u>	\$624	\$748	\$935	\$1,167	\$1,330
<u>Amherst 2013 rates at 120%</u>	\$748	\$897	\$1,122	\$1,400	\$1,596

MSA Stats- #2

Leave at 2013 Payment Standard- per regs,
Change occurs at 2nd annual recertification

Proposed FY2014 Massachusetts FMR Metropolitan Area Summary						
Metropolitan Area Name	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	
Springfield, MA HUD Metro FMR Area	\$634	\$761	\$951	\$1,187	\$1,353	
<u>FY' 13 rates at 120%</u>	\$748	\$897	\$1,122	\$1,400	\$1,596	
<u>FY '14 rates at 120%</u>	\$761	\$913	\$1,141	\$1,424	\$1,624	
<u>Increase over FY' 13 @ 120% of FMR</u>	\$13	\$16	\$19	\$24	\$28	
2013 Shortfall funded by AHA reserves						\$132,565
Set aside shortfall money by HUD						\$100,278
Minimum additional money needed to cover shortfalls and continue with the 2013 -120% payment exception for Amherst Program Participants in FY'14 would be 118%				MINIMUM SHORTFALL		\$232,843

MSA Stats #3

Metropolitan Area Name	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom		
Springfield, MA HUD Metro FMR Area	\$634	\$761	\$951	\$1,187	\$1,353		
<u>FY' 13 rates at 120%</u>	\$748	\$897	\$1,122	\$1,400	\$1,596		
<u>FY '14 rates at 120%</u>	\$761	\$913	\$1,141	\$1,424	\$1,624		
<u>Increase over FY' 13 @ 120% of FMR</u>	\$13	\$16	\$19	\$24	\$28		
Annual Difference per participant	154	194	230	293	331	Totals	
Number of households in bedroom size		68	113	45	6		232
Total Additional Cost above shortfall of 2013		\$13,219	\$26,035	\$13,176	\$1,987		\$54,418
2013 Shortfall funded by AHA reserves							\$132,565
Set aside shortfall money by HUD							\$100,278
Additional shortfall money needed							
Minimum additional money needed to cover shortfalls and continue with 120% payment exception for Amherst Program Participants				MINIMUM SHORTFALL TO INCREASE TO 120% in FFY 2014			\$287,261

HAP Challenges/Funding

	Avg. HAP	UML's	Funding	
2013	639	4956	\$3,166,884	Needed
	639	4892	\$3,091,331	funding
		64	\$75,553	Less
		408	5 less than allocation	Annual # voucher holders
2014	670	4956	\$3,320,520	5% Increase
	639	4637	\$2,962,908	Funding
	670	369	\$2,962,908	Total Program Participants \$670 HAP Avg
Program Participants		39	Additional annual number of participants AHA will not be able to assist with housing vouchers	408 in 2013 to 369 in 2014
		468	Additional Voucher months not leased	
		\$32,671	Additional amount of Administrative Fees Not earned on the 468 units not able to lease up	

Income to Housing Costs

Amherst Program Participants

	% of adj. income spent on housing		# of participants		Avg % of income spent on housing					
	2013	Avg	2014 @105%		2014 @ 110%		2014 @ 115%			
20-30%	103	30%	16	29%	35	30%	61	30%		
31-40%	76	35%	88	37%	110	36%	120	34%		
41-50%	20	44%	76	45%	50	44%	27	45%		
51-60%	13	54%	21	55%	13	54%	6	57%		
over 60%	19		30		23		17			

Challenges Moving forward

When the Payment Standard Decreases

- If the PHA lowers its payment standards, the payment standard in effect on the effective date of the HAP contract will remain in effect until the family moves to another unit, has a change in its family size or composition, or until the second annual reexamination after the PHA decreases its payment standard.
- Decreases in the applicable payment standard due to changes in family size or composition are effective as of the next regular (annual) reexamination following the change.

Challenges/Shortfall

Leave at 2013 Payment Standard- per regs,
Change occurs at 2nd annual recertification

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Metropolitan Area Name	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
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2013 Shortfall funded by AHA reserves					\$132,565
Set aside shortfall money by HUD					\$100,278
Minimum additional money needed to cover shortfalls and continue with the 2013 -120% payment exception for Amherst Program Participants in FY'14 would be 118%				MINIMUM SHORTFALL	\$232,843
Reduce to 115% immediately			\$2,801 mo		\$33,612
Reduce to 110% immediately			\$11,444 mo		\$137,328
Reduce to 105% immediately			\$21,027 mo		\$252,324

Challenges/Shortfall #2

- Example:
- \$31 per month per voucher holder
- $\$31 \times 413 \text{ vouchers} \times 12 \text{ months} = \$153,636$

Challenges/Shortfall #3

- Current Amherst monthly HAP \$157,616 at 2013 PS – 120% of FMR
- Monthly cost to increase Amherst 2014 PS to 120% of FMR \$161,193

Challenges/Shortfall #4

- Request a waiver to change the Payment standard immediately
 - Ensures long-term viability of program for as many participants as possible
 - Ensures AHA has sufficient Administrative funding to meet obligations
 - Ride out the storm with hopes funding will be restored, and lobby legislators to help resolve funding issue with Amherst in Springfield MSA

Decision

- No good options
- No win-win for program participants or agency