

Board Knowledge for HCV Oversight

Program Funding

- **Congressional Budget Process:** Funding for the HCV program comes through the federal budget. When Congress does not pass a budget on time, funding continues under a “Continuing Resolution” (CR), meaning the housing authority operates at the prior year’s funding levels until a new budget is approved.
- **Impact of Delayed or Changed Budgets:**
 - If Congress later approves a budget with **less funding** than the prior year, the PHA may face difficulties continuing to serve the same number of families unless the program can be reduced gradually through attrition.
 - If **more funding** becomes available, increasing leasing is not immediate. It typically takes four to six months to issue vouchers and lease new families, creating a lag in using the new funds.
- **Two Buckets of Funding:**
 - **Housing Assistance Payments (HAP):** These funds are strictly for rental subsidies paid to landlords on behalf of voucher families. They cannot be used for administrative costs or other HUD programs such as Public Housing.
 - **Administrative Fees:** These cover the operating costs of running the HCV program—staffing, inspections, compliance, technology, and reporting.

Funding and Leasing Oversight

- **Family-Based vs. Unit-Based Funding:** Unlike project-based programs where funding is tied to specific units, voucher funding is tied to families. This creates challenges: if local rents exceed HUD's funded per-unit cost, the PHA cannot lease all of its authorized units (ACC units). In this case, the ACC units act as a "cap" on the total number of unit months that can be leased.
- **Unit Months as a Measure:** HCV leasing is tracked in **unit months** (one family in a unit for one month). For example, if a PHA has 10 ACC units, the annual cap is $10 \times 12 = 120$ **unit months**. This number cannot be exceeded within the year.
- **Monitoring Per-Unit Costs (PUC):**
Per-Unit Cost is the average monthly subsidy the PHA pays per family. Monitoring PUC is essential because rising rents or changes in family income can increase this cost, reducing the number of families the housing authority can serve within its fixed budget. If PUC grows faster than expected, the PHA must adjust leasing plans or payment standards to stay within funding limits. Regular tracking of PUC ensures financial stability while helping the Board understand how market conditions directly affect program capacity.
- **Dollar Cap and Reserves:** Each year, HUD also sets a dollar limit for HCV funding. This includes Program Reserves, which are held by HUD. PHAs can request release of reserves to serve more families, but each year's funding calculation resets, meaning reserves don't provide permanent increases.
- **HUD's Two-Year Tool:** To help PHAs manage these complexities, HUD provides the **Two-Year Tool**. This system allows housing authorities to:
 - Monitor leasing levels (both unit months and dollars).
 - Project voucher issuance and leasing activity.
 - Assess whether current and future leasing is sustainable given available funding.

Key Takeaway for the Board

HCV funding is both **time-sensitive and limited**. Because the budget process, rental markets, and family turnover create uncertainty, PHAs must carefully balance leasing levels with available funds to avoid overspending or underutilization.

Shortfall

A **shortfall** occurs when a PHA does not have enough funding to cover Housing Assistance Payments (HAP) for the families already leased. This usually results from inaccurate or delayed financial projections.

PHAs may request additional funding from HUD through the **Set-Aside** pool, if Congress has appropriated funds for that year. However, because these funds are limited and not guaranteed, PHAs cannot depend on Set-Aside money to resolve shortfalls.

Key Metrics for Oversight

Metric	What It Means	Why It Matters
Utilization Rate	% of vouchers in use vs. authorized	Low = under-serving families; High without funding = risk of deficit or shortfall
Per-Unit Cost (PUC)	Avg. subsidy per family	Rising rents push costs higher, reducing # families served
HAP Reserves	Carryover funds for subsidies	Provides cushion during funding shortfalls
Admin Fee Reserves	Operating savings	Protects staff & operations when admin fees are tight
Payment Timeliness	On-time landlord payments	Ensures landlord participation and credibility

External Pressures

- **Rental Market Trends:** When local rents rise, the housing authority must pay higher subsidies, which can reduce the total number of families served.
- **HUD Policy Changes (e.g., HOTMA):** Federal rule changes can alter how income is calculated or how funds are distributed, directly affecting program costs.
- **Congressional Appropriations:** Annual funding levels are set by Congress and can increase or decrease from year to year, creating uncertainty for long-term planning.

HUD Monitoring Tools for Commissioners

- **HUD Data Dashboard for HCV:**
 - <https://www.hud.gov/helping-americans/public-indian-housing-hcv-dashboard>
 - Look up your agency to view unit, dollar, and PUC data
 - **HUD Guide to Using Dashboard:**
<https://www.hud.gov/sites/dfiles/PIH/documents/Dashboard-Data-Dictionary-FINAL.pdf>
- **HCV Utilization Tools:**
 - Provides an overview and links to resources for the PHA
 - <https://www.hud.gov/helping-americans/public-indian-housing-hcv-tools>
- **Tool of Tools – HCV Analysis Tool**
 - Ask your Executive Director to run reports on demographics for your program

Create a Snapshot Report (see next page)

Agency:							Year:						
Enter Data into Green fields Yellow fields autocalculate but may be overridden. Overriding removes formulas.	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
HAP													
HAP Budget Authority													
Actual HAP (inc port outs & FSS)													
Variance													
Percent Variance													
YTD Variance													
PUC													
HUD-Funded PUC													
Actual HAP PUC													
Variance													
Percent													
UNITS													
HUD Baseline Units													
Actual Leased (inc port outs)													
Variance to baseline													
YTD Variance to baseline													
ADMINISTRATIVE FEES													
HUD Funded Admin Fees													
Earned Fees													
Billed Port-in Earned Fees													
Total Admin Fees Paid													
Actual Admin Costs (month)													
Variance to Paid fees													
Percent													
Cumulative Variance													
PORTABILITY OUT													
Units													
HAP													
Actual PUC port outs													
PORTABILITY IN													
Units													
HAP													
Actual PUC port ins													
Column A Admin Fees \$	74.99	Earned Fees = Number of units under lease as of the first of the month times the HUD published Admin Fee amounts											
Column B Admin Fees \$	69.99	HUD Funded Fees = Earned Fees times the Proration Fee Factor											
Fee Factor	75%												