

Highlights of **GAO-05-30**, a report to congressional committees

MULTIFAMILY HOUSING

Implementation of Fiscal Year 2003 Requirements Concerning Housing Choice Voucher Administrative Fees

Why GAO Did This Study

The Department of Housing and Urban Development (HUD) received \$12.9 billion in fiscal year 2003 for the Housing Choice Voucher Program, which helps about 2 million low-income families pay rent for privately owned housing. This amount included \$1.1 billion in administrative fee payments to the public housing agencies that administer the program for HUD. In the Consolidated Appropriations Resolution of 2003, Congress included provisions to address a concern that housing agencies may have received more in fees than they needed to run the program. Housing agencies were directed to report to HUD their available reserves as of January 31, 2003. HUD was directed to reduce the fees agencies would receive if these levels were too high and recapture some excess fees.

The conference report accompanying the Consolidated Appropriations Act of 2004 directed GAO to review compliance with these provisions. This report discusses (1) the extent to which housing agencies complied with the requirement to report to HUD their available administrative fee reserves as of January 31, 2003; (2) how these reported reserves compared with reserves reported in earlier fiscal years and possible reasons for any declines; (3) the extent to which HUD made required reductions to fiscal year 2003 fees; and (4) the extent to which HUD has recaptured excess fiscal year 2003 administrative fees.

www.gao.gov/cgi-bin/getrpt?GAO-05-30.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David G. Wood at (202) 512-8678 or woodd@gao.gov.

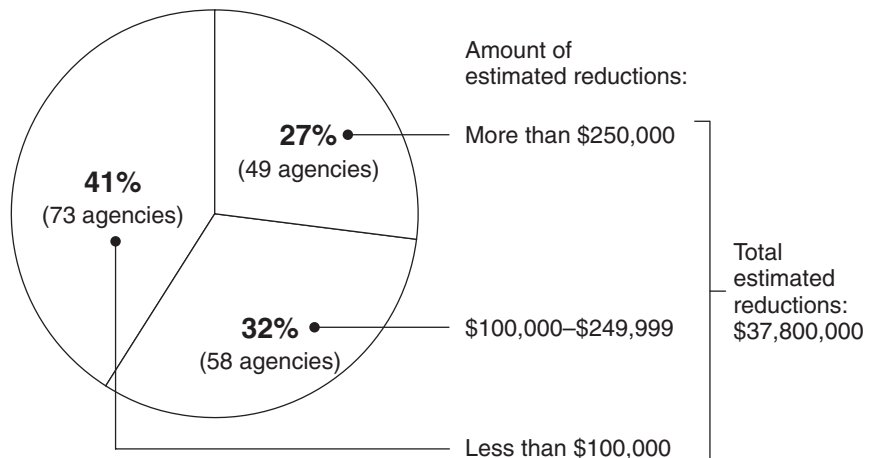
What GAO Found

By the end of calendar year 2004, HUD expects to have finished implementing most of the provisions in the Consolidated Appropriations Resolution of 2003 that address the administrative fees housing agencies receive under the Housing Choice Voucher Program. As of September 2004, all but 5 of the 2,477 housing agencies had reported their available administrative fee reserves as of January 31, 2003. The reported amounts totaled \$587 million, or about \$211 million (26 percent) less than the average \$798 million that housing agencies had reported in fiscal years 1999 to 2002.

GAO found several reasons for this decline. For example, the 2003 resolution allowed housing agencies to deduct from their January 2003 reported amounts funds that were not “available.” Some housing agencies deducted obligated or committed funds they considered unavailable, although they normally include these funds in the reserve amounts they report at their fiscal year ends. Further, between the end of their fiscal year 2002 and the January reporting date, some housing agencies obligated some of their reserves for expenses not related to the Housing Choice Voucher Program, as was permitted by HUD regulations.

By December 2004, HUD plans to have completed most of the required reductions to the estimated fiscal year 2003 administrative fees of 180 housing agencies, a total of about \$37.8 million (see figure). As required by the 2003 resolution, HUD identified housing agencies whose fees would be reduced based on the difference between their available January 2003 reserve balances and 105 percent of the fees they earned in federal fiscal year 2002. HUD has not recaptured any excess 2003 administrative fees but expects to have made some of the required recaptures by December 2004.

Estimated Reductions to 180 Housing Agencies' Fiscal Year 2003 Fees



Source: HUD.