

**Public Housing Agency Appeals  
FFY 2004 Annual Adjustment Factor (AAF)/ Inflation Factor  
Guidance for Submission of Appeals**

**Background**

Voucher renewal funding from FFY 2004 appropriated funds is based on a per-unit cost as reported by each PHA in August 2003 that is adjusted by applying the full FFY 2004 Annual Adjustment Factor (AAF) to the base August 2003 per unit cost. The FFY 2004 Appropriations Act directs HUD to adjust the August 1, 2003 voucher costs by “applying an inflation factor based on local or regional factors.” In PIH Notice 2004-7, HUD notified PHAs that they could present an appeal to HUD by July 15, 2004 that clearly and objectively demonstrates the need for an increased inflation factor. This bulletin is intended to provide further guidance on submitting such appeals.

Appeals must be received by July 15, 2004, 5:00 pm EST. Appeals are to be sent to the following address:

US Department of Housing and Urban Development  
Voucher Financial Management Division  
Room 4232  
451 Seventh Street SW  
Washington, DC 20410

Attn: Deborah Hernandez

**Grounds for Appeals**

Examples upon which PHAs may submit appeals to adjust the inflation factor based on needs due to the impact of one or more of the following situations beyond the control of the PHA since the base period as reported in August 2003 include:

- Rent increases for unassisted, modest dwelling units across the PHA’s jurisdiction have exceeded the AAF
- Significant increases have occurred in utility rates for the jurisdiction
- Local government rent requirements or rent stabilization laws have caused rent increases for the PHA that have exceeded the AAF
- Significant increases have occurred in property tax rates for the jurisdiction

- Significant increases have occurred in property insurance rates for the jurisdiction
- PHA costs for portable vouchers billed by other PHAs have exceeded the costs projected by the AAF

The appeal, based on any of the above or other relevant factors, must demonstrate that one or more of these situations has occurred or impacted the PHA since the reporting period, and it has rendered inflation in the jurisdiction in excess of HUD's annual adjustment factor.

### **Appeal Contents**

The PHA should provide the following information and documentation in its appeal:

PHA name, HUD number, and contact person's name, phone and e-mail address;

PHA administrative fee reserve balance and program reserve balance as of the first day of the month the appeal is submitted;

Itemization of steps the PHA has taken to reduce HAP costs since August 2003;

A brief statement that identifies the additional costs, above the currently funded per unit cost, that the PHA is incurring each month due to the factor(s) upon which the PHA is basing its appeal;

A description of each factor that has resulted in the appeal and documentation to prove both that the situation exists and that it is necessary to adjust the annual adjustment factor to adequately reflect inflation in the PHA jurisdiction:

For example, if a PHA is claiming higher costs due to increased utility rates, the PHA must provide the prior, dated rate schedule(s) and the current, dated rate schedule(s); the PHA's prior and current utility allowance schedules; and a data analysis that shows the actual impact of the increased rates on the PHA's average HAP cost.

For example, if a PHA is claiming higher costs due to families that have ported to higher cost markets, the PHA must provide the register of such portable contracts since August 1, 2003, and a calculation of the impact of

these increased costs on the PHA's average HAP cost since August 1, 2003.

### **HUD Review**

HUD will review each appeal received by July 15, 2004 and will respond to each appeal in writing no later than August 31, 2004.

HUD will review the data submitted and validate as necessary. HUD will not conduct additional research to support a PHA's appeal. PHAs must provide all data needed to support their case for an adjustment to their AAF as part of their appeal.

In its review, HUD will not consider any costs incurred by the PHA to support over-leasing.

HUD may provide additional sums warranted for approvable appeals based on funds available. HUD will not fund a greater increase than requested in an appeal, but may fund a lesser amount.

Any funding changes resulting from this process will apply only to the Housing Choice Voucher Program.