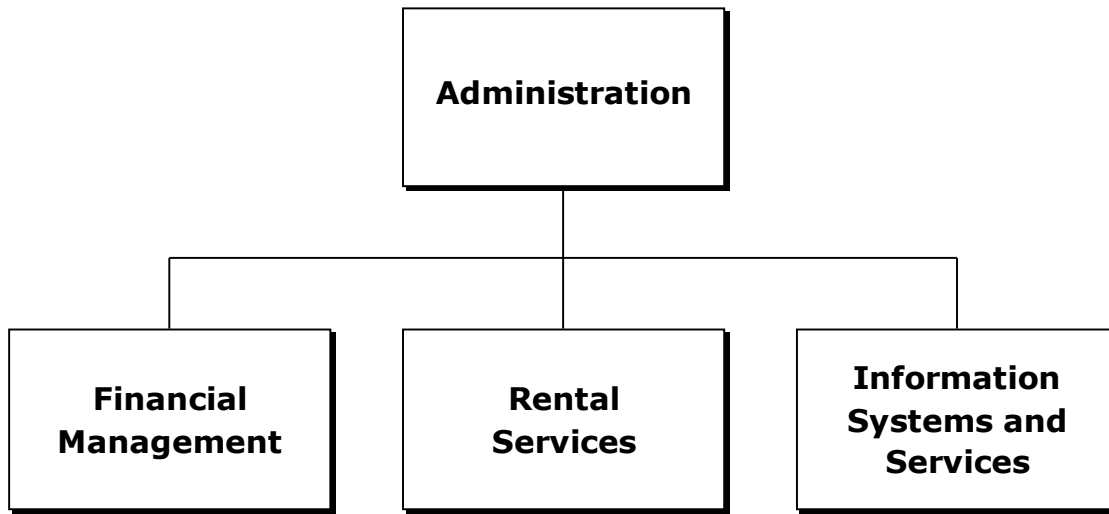


Fund 81510

Housing Choice Voucher Program



Mission

To ensure that participants in the Federal Housing Choice Voucher program are provided with decent, safe, and affordable private market housing.

Focus

The Housing Choice Voucher (HCV) program is a Federal Housing Assistance Program for lower income families seeking housing in the private market. In FY 2014, the FCRHA was designated as a Moving to Work (MTW) agency. This designation includes the majority of the HCV program funding. HCV programs excluded from the MTW program are the post-2008 Family Unification Program (FUP), Non-Elderly Disabled (NEDS), Veterans Affairs Supportive Housing (VASH) and the Rental Assistance Demonstration-Component 1 (RAD1).

The goal of the MTW program is to provide participants with the necessary tools through supportive services that will help them move along the housing continuum to self-sufficiency. The FCRHA implements the MTW program through the THRIVE initiative (Total Housing Reinvention for Individual Success, Vital Services, and Economic Empowerment), allowing families to not only find an affordable and safe place to call home, but also be connected to services and supports that will help families succeed and become self-sufficient. In addition to providing housing options made available by the FCRHA, the THRIVE initiative links families to services and programs offered by other County agencies or nonprofit organizations. These programs are designed to help families better manage their money, train for a new job, pursue college or other training, become a better parent, learn English, and perhaps even purchase a home.

The FCRHA will continue to receive HCV annual funding from the United States Department of Housing and Urban Development (HUD). For the tenant-based HCV portion of the program, HUD provides housing assistance subsidies to pay a portion of the family's rent to a private sector landlord. In most cases, the housing assistance subsidy provided for each tenant is the difference between 35 percent of the eligible family's income and the gross rent (contract rent plus any tenant-paid utilities) charged by an owner for a housing unit. The FCRHA establishes payment standards for each bedroom size, defined as the maximum monthly assistance payment for a family assisted in the voucher program. The rent subsidy payments are made pursuant to a Housing Assistance Payments (HAP) Contract executed between the owner and the

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FCRHA. Housing authorities administer the contract for these subsidy funds on behalf of HUD, which involves disbursing the monthly subsidy payments, verifying that those benefiting from the subsidy are program eligible and monitoring compliance with federal regulations. This is done pursuant to an Annual Contribution Contract between the FCRHA and HUD. The assistance payments received by HCV participants is primarily tenant-based assistance. The law and HUD regulations allow tenants to take advantage of the portability feature of their voucher and use it to receive assistance in any jurisdiction in the United States where there is a Housing Authority that administers the HCV program. The Project-Based Voucher (PBV) program is a component of the HCV program where the assistance is attached to specific units rather than being tenant-based. After residing in a PBV unit for at least one year, the tenant is given priority to receive a tenant-based voucher upon request, as long as funding is available. Private developers, local housing authorities, and state housing finance agencies all participate in different aspects of the HCV program.

The Annual Contribution Contract between the FCRHA and HUD provides HUD-established administrative fees for managing the program. The administrative fee earned is used to cover expenses associated with administering the HCV program and any HUD-approved MTW activity as identified in the agency's annual MTW Plan. Within the Portability Program, one aspect of the HCV program, a tenant from another locality finds housing in Fairfax County and the FCRHA pays the subsidy portion of the rent on behalf of the originating housing authority. A subsequent reimbursement from the originating housing authority is received by the FCRHA as Portability Program revenue to cover the subsidy payment as well as the lesser of 80 percent of the originating Housing Authority's administrative fee or 100 percent of the receiving Housing Authority's administrative fee to cover administrative costs.

During FY 2017 and FY 2018, 1,060 Public Housing units converted to HCV PBV based units under the Rental Assistance Demonstration (RAD) program. Under PBV guidelines, the subsidy from the HCV program is associated with the units leased to clients and stays at the property level when units are vacated. One unit as part of Phase I and four units as part of Phase II are not considered rentable units, and while counted in the total converted number of 1,065, there is no voucher attached to these five units. The FY 2020 operating budget for the 1,065 converted units is included in Fund 81300, RAD-PBV. Payments made from the HCV program for unit subsidy or PBV rental assistance is reflected in the revenue budget for Fund 81300, RAD-PBV.

The FY 2020 funding level of \$71,312,949 consists of housing assistance payments of \$64,893,060 and administrative expenses of \$6,419,889. The FY 2020 request for this program is based on 100 percent utilization of the MTW baseline number of vouchers, and 100 percent utilization of Special Purpose Vouchers such as RAD, FUP and VASH vouchers.

The FY 2020 revenue projection of \$71,584,176, an increase of \$4,044,886 over the FY 2019 Adopted Budget Plan, is primarily the result of a \$3.6 million increase in the Annual Contributions from HUD, and an increase of \$0.4 million in Portability leasing. The increase in the Annual Contributions from HUD is reflective of the additional 1,060 Project-Based Vouchers associated with the conversion of the 1,065 public housing units to RAD units for the full fiscal year and the additional award of 141 Project-Based Vouchers for Culpepper Gardens. The FY 2020 request is based on the projected Calendar Year 2017 Housing Assistance Payment Subsidy Eligibility with a 0.0 percent inflation factor and applying a national proration factor of 95 percent for Calendar Year 2019 and Calendar Year 2020. The Administrative Fees earned are based on the MTW agreement and the baseline for MTW, actual Special Purpose voucher leasing and the HUD published Calendar Year 2018 Administrative Fee rates by the national proration factor of 80 percent.

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Budget and Staff Resources

Category	FY 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$4,241,699	\$4,357,931	\$4,732,531	\$4,570,431	\$4,610,181
Operating Expenses	58,489,183	62,662,235	63,388,104	66,702,768	66,702,768
Total Expenditures	\$62,730,882	\$67,020,166	\$68,120,635	\$71,273,199	\$71,312,949
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Grant	41 / 41	41 / 41	44 / 44	44 / 44	44 / 44
1 Housing Community Developer V		1 Management Analyst III		2 Administrative Assistants III	
4 Housing Services Specialists V		2 Financial Specialists III		1 Administrative Assistant II	
1 Housing Services Specialist IV		1 Accountant I			
4 Housing Services Specialists III		1 Fraud Investigator			
23 Housing Services Specialists II		3 Administrative Assistants IV			
TOTAL POSITIONS					
44 Grant Positions / 44.0 Grant FTE					

FY 2020 Funding Adjustments

The following funding adjustments from the FY 2019 Adopted Budget Plan are necessary to support the FY 2020 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 7, 2019.

- ◆ **Employee Compensation** **\$136,124**
 An increase of \$136,124 in Personnel Services includes \$75,882 for a 2.10 percent market rate adjustment (MRA) for all employees and \$60,242 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2019.
- ◆ **Other Post-Employment Benefits** **\$9,789**
 An increase of \$9,789 in Personnel Services reflects required adjustments associated with providing Other Post-Employment Benefits (OPEBs) to retirees, including the Retiree Health Benefits Subsidy. For more information on Other Post-Employment Benefits, please refer to Fund 73030, OPEB Trust, in Volume 2 of the FY 2020 Adopted Budget Plan.
- ◆ **Housing Assistance Program** **\$4,069,497**
 An increase in the Housing Assistance Program of \$4,069,497 is primarily due to an increase associated with full year funding for the 1,060 Public Housing units that converted to RAD and the 141 Project-Based Vouchers for Culpepper Gardens.
- ◆ **Other Operating Adjustments** **\$77,373**
 A net increase of \$77,373 comprises \$106,337 in Personnel Services, partially offset by a decrease of \$28,964 in Operating Expenses, and is based on an alignment with recent spending experience.

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Changes to FY 2019 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2019 Revised Budget Plan since passage of the FY 2019 Adopted Budget Plan. Included are all adjustments made as part of the FY 2018 Carryover Review, FY 2019 Third Quarter Review, and all other approved changes through April 30, 2019.

- ◆ **Carryover Adjustments** **\$4,518,570**

As part of the *FY 2018 Carryover Review*, the Board of Supervisors approved funding of \$4,518,570 due to \$1,954,308 associated with the addition of 141 Project-Based Vouchers for Culpepper Gardens; \$1,920,498 based on full utilization of funding made available at the Department of Housing and Urban Development (HUD)'s increased proration factor of 99.75 percent (up from 97.00 percent); \$349,626 to support 10 new Veterans Affairs Supportive Housing (VASH) vouchers; and \$294,138 in ongoing administrative expenses due to encumbered carryover of \$143,465 and \$150,673 to support program operations.

- ◆ **Position Realignment** **\$0**

As part of an ongoing effort to realign positions within the Department of Housing and Community Development based on real-time tracking, posting of time and attendance and programmatic operations, 1/1.0 FTE Financial Specialist III was transferred from Fund 81000, FCRHA General Operating, to Fund 81510, Housing Choice Voucher, and 2/2.0 FTE positions including a Housing Community Developer V and Housing Services Specialist V, were transferred from Fund 81300, RAD – Project-Based Voucher to Fund 81510, Housing Choice Voucher.

- ◆ **Third Quarter Adjustments** **(\$3,418,101)**

As part of the *FY 2019 Third Quarter Review*, the Board of Supervisors approved a net decrease of \$3,418,101 due to reductions of \$3,128,415 in Housing Assistance Payments (HAP) and \$1,557,762 in Portability HAP from an intentional decrease in voucher utilization in anticipation of federal budget cuts that did not materialize, partially offset by increases of \$1,044,149 associated with the management of vouchers for Lake Anne Fellowship and \$223,927 in salary and fringe benefit expenses related to program needs.

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Housing Choice Voucher Program

FUND STATEMENT

Fund 81510, Housing Choice Voucher Program

	FY 2018 Actual	FY 2019 Adopted Budget Plan	FY 2019 Revised Budget Plan	FY 2020 Advertised Budget Plan	FY 2020 Adopted Budget Plan
Beginning Balance	\$4,057,613	\$2,632,563	\$4,953,368	\$5,304,071	\$7,965,108
Revenue:					
Annual Contributions ¹	\$55,890,940	\$59,315,994	\$64,537,309	\$62,930,520	\$62,930,520
Investment Income ¹	9,171	6,467	6,467	9,171	9,171
Portability Program	7,652,149	8,122,102	6,493,872	8,555,003	8,555,003
Miscellaneous Revenue	74,377	94,727	94,727	89,482	89,482
Total Revenue	\$63,626,637	\$67,539,290	\$71,132,375	\$71,584,176	\$71,584,176
Total Available	\$67,684,250	\$70,171,853	\$76,085,743	\$76,888,247	\$79,549,284
Expenditures:					
Housing Assistance Payments	\$57,745,274	\$60,823,563	\$61,405,967	\$64,893,060	\$64,893,060
Ongoing Administrative Expenses	4,985,608	6,196,603	6,714,668	6,380,139	6,419,889
Total Expenditures	\$62,730,882	\$67,020,166	\$68,120,635	\$71,273,199	\$71,312,949
Total Disbursements	\$62,730,882	\$67,020,166	\$68,120,635	\$71,273,199	\$71,312,949
Ending Balance²	\$4,953,368	\$3,151,687	\$7,965,108	\$5,615,048	\$8,236,335
HCV Program Reserve ³	\$4,953,368	\$3,151,687	\$7,965,108	\$5,615,048	\$8,236,335
Unreserved Ending Balance	\$0	\$0	\$0	\$0	\$0

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments have been reflected as a decrease of \$174,389 to FY 2018 Revenues to correctly record annual United States Department of Housing and Urban Development (HUD) contributions and interest income. The audit adjustments have been included in the FY 2018 Comprehensive Annual Financial Report (CAFR). Details of the FY 2018 audit adjustments were included in the FY 2019 Third Quarter Package.

² The fluctuations in the Ending Balance are primarily a result of projected adjustments in leasing trends and corresponding administrative expenses.

³ The Housing Choice Voucher (HCV) Program Reserve is restricted for sole use by the HCV Program.