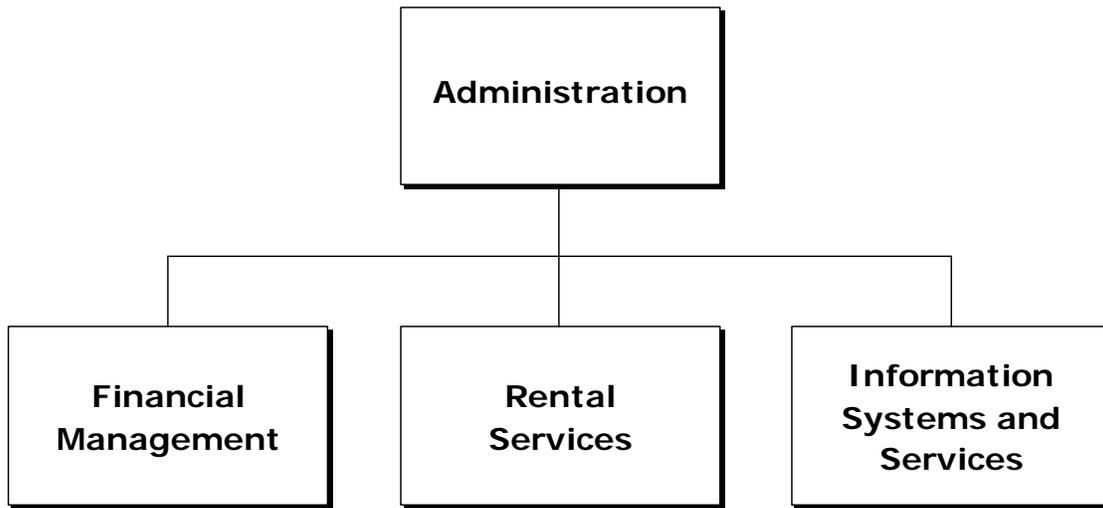


Fund 81510 Housing Choice Voucher Program



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 place. As of FY 2017, the Fairfax County Redevelopment and Housing Authority (FCRHA) has 3,868 authorized vouchers. In FY 2014, the FCRHA was designated as a Moving to Work (MTW) agency. This designation includes the majority of the HCV program and the agency's federal Public Housing program, Fund 81520. Under the MTW designation, funds between the HCV and Public Housing programs are fungible. However, there are benchmarks within each program that must be met for program compliance and performance evaluation. Therefore, a decision to use the fungible nature of this program would only be considered once each program has met its annual benchmarks. HCV programs excluded from the MTW program are post-2008 Family Unification Program (FUP), Non-Elderly Disabled (NEDS), and Veterans Affairs Supportive Housing (VASH).

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 will implement 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 will link 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.

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The FCRHA will continue to receive HCV annual funding from the United States Department of Housing and Urban Development (HUD). For the 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 a HUD-approved Fair Market Rent (FMR) for a housing unit, although FMRs are different for the HCV program and the project-based components of the program. The rent subsidy payments are made pursuant to a Housing Assistance Payments (HAP) Contract with the owner of the housing. Housing authorities administer the contract for these subsidy funds on behalf of HUD, which involves making the monthly subsidy payments, verifying that those benefiting from the subsidy are eligible and monitoring compliance with federal regulations. This is done pursuant to an Annual Contribution Contract between the FCRHA and HUD. In some cases, the subsidies are associated with a particular housing development known as project-based rental assistance (PBRA). In other cases, they are transferable with the tenant known as tenant-based rental assistance (TBRA). 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. 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 80 percent of the originating Housing Authority's administrative fee to cover administrative costs.

Rental Assistance Demonstration (RAD) provides a new subsidy platform, similar to project-based Housing Choice Vouchers, which can leverage private financing for planned capital improvements. In the FY 2015 federal budget, the U.S. Congress appropriated the expansion of the RAD program to include Fairfax County. In 2016, the FCRHA explored ways to reposition the public housing assets which would entail rehabilitation and potential redevelopment of the properties. The FCRHA selected 336 units for "phase one" of the conversion, which is anticipated to convert the units' funding sources from public housing programs to project-based vouchers in FY 2017, and an additional 729 units for "phase two", which is anticipated for late FY 2017 or early FY 2018.

The FY 2017 funding level of \$59,164,967 consists of housing assistance payments of \$54,987,844 and administrative expenses of \$4,177,123. The FY 2017 request for this program is based on projected leasing and U.S. House of Representatives and Senate funding factors projected for Federal Fiscal Year 2016 for a MTW agency.

The FY 2017 revenue projection of \$59,013,804, an increase of \$925,188 over the FY 2016 Adopted Budget Plan, is primarily the result of a \$1.61 million increase in the Annual Contributions from HUD, partially offset by a decrease in Portability leasing. The FY 2017 request is based on the Federal FY 2016 House/Senate projected percentages for Appropriations for Housing Assistance Payments and Administration Fees earned.

Subsequent to final federal approval of Fairfax County's actual award that will include phase one of the RAD conversion of Public Housing units to Project Based vouchers, the appropriate revisions to the

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FY 2017 Fund 81510 budget will be made as part of the *FY 2016 Carryover Review* or a future quarterly review.

The current income limits for most components of the HCV Program as established by HUD, effective March 28, 2016 and currently in effect, are shown below:

Household Size	Very Low Income	Low Income
1	\$38,050	\$49,150
2	\$43,450	\$56,150
3	\$48,900	\$63,150
4	\$54,300	\$70,150
5	\$58,650	\$75,800
6	\$63,000	\$81,400
7	\$67,350	\$87,000
8+	\$71,700	\$92,600
FY 2017 SUMMARY OF PROJECTS		
PROJECTS		NUMBER OF UNITS
Consolidated Vouchers ¹		3,868
Total Contract P-2509 Fund 81510		3,868

¹ Actual number of vouchers issued may be lower than HUD-approved count due to local market conditions and funding limitations.

Fund 81510 covers the following components in FY 2017:

- ◆ **Housing Choice Vouchers – 3,868 issued through the FCRHA**
Under this component of the HCV housing program, local or state housing authorities contract with HUD for housing assistance payment subsidy funds and issue vouchers to eligible households who may lease any appropriately sized, standard quality rental unit from a participating landlord. The ability to fully lease authorized vouchers is contingent upon annual federal funding levels. In FY 2016, FCRHA initiated a competitive solicitation of Project-Based Rental Assistance in order to create efficiencies in the HCV program, as well as provide financial stability to participating landlords and tenants.
- ◆ The housing authority maintains a waiting list of those seeking a Housing Choice Voucher, verifies applicant income eligibility before issuing a voucher, inspects the unit the family selects to ensure compliance with HCV Housing Quality Standards, computes the portion of rent the family must pay or the maximum subsidy, contracts with the landlord to pay the subsidy, maintains required financial records and reports, and recertifies eligibility every three years for elderly and disabled clients and every two years for remaining clients. The owner of the housing (landlord), not the housing authority, selects the families to whom the landlord will rent, and renews or terminates the family's lease in accordance with the terms of the lease.

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Budget and Staff Resources

Category	FY 2015 Actual	FY 2016 Adopted	FY 2016 Revised	FY 2017 Advertised	FY 2017 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$2,942,485	\$3,524,049	\$3,719,506	\$3,585,154	\$3,585,154
Operating Expenses	52,708,853	54,282,758	55,882,984	55,579,813	55,579,813
Total Expenditures	\$55,651,338	\$57,806,807	\$59,602,490	\$59,164,967	\$59,164,967
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Grant	39 / 39	39 / 39	42 / 42	42 / 42	42 / 42
AFFORDABLE RENTAL HOUSING SUBSIDIES					
3 Housing Services Specialists V		1 Accountant II		3 Administrative Assistants IV	
1 Housing Services Specialist IV		1 Accountant I		3 Administrative Assistants III	
4 Housing Services Specialists III		1 Fraud Investigator		1 Administrative Assistant II	
24 Housing Services Specialists II					
TOTAL POSITIONS					
42 Grant Positions / 42.0 Grant FTE					

Note: As a result of a comprehensive review to properly align duties and responsibilities with the appropriate fund, a number of positions are being moved within the Fairfax County Department of Housing and Community Development (HCD). In the *FY 2016 Revised Budget Plan*, 1/1.0 FTE position was redirected to Agency 38, HCD, 2/2.0 FTE positions were redirected to Fund 81520, Public Housing Projects Under Management, 3/3.0 FTE positions were transferred from Agency 38, 1/1.0 FTE position was transferred from Fund 81000, FCRHA General Operating, and 2/2.0 FTE positions were transferred from Fund 81520. Funding adjustments, if necessary, will be included in a future quarterly review.

FY 2017 Funding Adjustments

The following funding adjustments from the *FY 2016 Adopted Budget Plan* are necessary to support the FY 2017 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 April 26, 2016.

- ◆ **Employee Compensation** **\$95,311**
 An increase of \$95,311 in Personnel Services includes \$42,050 for a 1.33 percent market rate adjustment (MRA) for all employees and \$53,261 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2016.
- ◆ **Housing Assistance Program** **\$1,393,933**
 An increase in the Housing Assistance Program of \$1,393,933 is associated with an increase in Housing Assistance Payments of \$2,066,935 due to an increase in the funding factors projected for Federal Fiscal Year 2016, partially offset by a decrease in Portability leasing payments of \$673,002.

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- ◆ **Other Post-Employment Benefits** **(\$48,754)**
A decrease of \$48,754 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 Fund, in Volume 2 of the FY 2017 Adopted Budget Plan.

- ◆ **Ongoing Administrative Expenses** **(\$82,330)**
A decrease of \$82,330 in Ongoing Administrative Expenses is due to a decrease of \$96,878 in Operating Expenses primarily associated with project-based budgeting adjustments, partially offset by an increase of \$14,548 in Personnel Services primarily for projected increases in fringe benefits expenditures.

Changes to FY 2016 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2016 Revised Budget Plan since passage of the FY 2016 Adopted Budget Plan. Included are all adjustments made as part of the FY 2015 Carryover Review, FY 2016 Third Quarter Review, and all other approved changes through April 30, 2016.

- ◆ **Carryover Adjustments** **\$1,795,683**
As part of the *FY 2015 Carryover Review*, the Board of Supervisors approved funding of \$1,795,683, including an increase of \$1,524,769 in Housing Assistance Payment expenses to support leasing an additional 23 vouchers per month, partially offset by a decrease in Portability Program vouchers as a result of individuals moving between Fairfax County and other jurisdictions. In addition, an increase of \$270,914 in increased Ongoing Administrative Expenses is due to Moving to Work (MTW) initiatives related to staffing costs for one position at the Progress Center, Yardi software updates to accommodate MTW modifications, and ongoing contract expenditures.

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Housing Choice Voucher Program

FUND STATEMENT

Fund 81510, Housing Choice Voucher Program

	FY 2015 Actual	FY 2016 Adopted Budget Plan	FY 2016 Revised Budget Plan	FY 2017 Advertised Budget Plan	FY 2017 Adopted Budget Plan
Beginning Balance	\$4,248,221	\$4,895,721	\$5,404,077	\$5,141,746	\$5,141,746
Revenue:					
Annual Contributions	\$50,854,357	\$50,944,759	\$53,513,034	\$52,555,381	\$52,555,381
Investment Income	4,065	10,064	10,486	7,276	7,276
Portability Program	6,018,241	7,088,660	5,720,716	6,355,646	6,355,646
Miscellaneous Revenue	230,531	45,133	95,923	95,501	95,501
Total Revenue	\$57,107,194	\$58,088,616	\$59,340,159	\$59,013,804	\$59,013,804
Total Available	\$61,355,415	\$62,984,337	\$64,744,236	\$64,155,550	\$64,155,550
Expenditures:					
Housing Assistance Payments	\$52,087,470	\$53,593,911	\$55,118,680	\$54,987,844	\$54,987,844
Ongoing Admin. Expenses	3,563,868	4,212,896	4,483,810	4,177,123	4,177,123
Total Expenditures	\$55,651,338	\$57,806,807	\$59,602,490	\$59,164,967	\$59,164,967
Transfers Out:					
Public Housing Projects Under Management (81520) ¹	\$300,000	\$0	\$0	\$0	\$0
Total Transfers Out	\$300,000	\$0	\$0	\$0	\$0
Total Disbursements	\$55,951,338	\$57,806,807	\$59,602,490	\$59,164,967	\$59,164,967
Ending Balance²	\$5,404,077	\$5,177,530	\$5,141,746	\$4,990,583	\$4,990,583
HAP Reserve ³	\$778,746	\$354,872	\$824,275	\$824,275	\$824,275
Operating Reserve	4,625,331	4,822,658	4,317,471	4,166,308	4,166,308
Unreserved Ending Balance	\$0	\$0	\$0	\$0	\$0

¹ In order to account for revenues, expenditures, and transfers out in the proper fiscal year, audit adjustments totaling no net change have been reflected as a decrease of \$300,000.00 in FY 2015 expenditures and an increase of \$300,000.00 in FY 2015 transfers out to record annual HUD contribution, reclassify expenditures and accruals, record accrued leave and payroll adjustments, and record a transfer to Fund 81520. These audit adjustments were included in the FY 2015 Comprehensive Annual Financial Report (CAFR). Details of the audit adjustments were included in the FY 2016 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 Based on the agency's Moving to Work status, there is no longer a requirement to separately track the Net Restricted Asset balance, also known as Housing Assistance Payment (HAP) Reserve. However, any unused funding for HAP for the non-Moving to Work vouchers such as Family Unification Program (FUP), Non-Elderly Disabled (NEDs), and Veterans Affairs Supportive Housing (VASH) continue to be restricted and will continue to be reported as HAP Reserve.