

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).

A key 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 toward greater 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, improve parenting skills, learn English, and 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. For elderly and disabled families that do not include family members who can work, the family's portion is reduced to 32 percent. 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 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 are 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.

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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 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 2021 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 2021 funding level of \$71,507,618 consists of housing assistance payments of \$65,019,983 and administrative expenses of \$6,487,635. The FY 2021 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 2021 revenue projection of \$71,957,347, an increase of \$373,171 over the FY 2020 Adopted Budget Plan, is primarily the result of a \$3.6 million increase in the Annual Contributions from HUD, partially offset by a decrease of \$3.3 million in Portability leasing. The FY 2021 request is based on the projected Calendar Year 2019 Housing Assistance Payment Subsidy Eligibility with a 2.2 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, 100 percent of Special Purpose voucher leasing and the HUD published Calendar Year 2019 Administrative Fee rates by the national proration factor of 79 percent.

Budget and Staff Resources

Category	FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$4,221,482	\$4,610,181	\$5,508,991	\$4,815,287	\$4,673,752
Operating Expenses	61,063,863	66,702,768	64,754,035	66,833,866	66,833,866
Total Expenditures	\$65,285,345	\$71,312,949	\$70,263,026	\$71,649,153	\$71,507,618
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Grant	44 / 44	44 / 44	53 / 53	50 / 50	53 / 53

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FY 2021 Funding Adjustments

The following funding adjustments from the FY 2020 Adopted Budget Plan are necessary to support the FY 2021 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 12, 2020.

Other Post-Employment Benefits **(\$22,547)**

A decrease of \$22,547 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 2021 Adopted Budget Plan.

Housing Assistance Program **\$126,923**

A net increase in the Housing Assistance Program of \$126,923 comprises \$3,299,028 in Housing Assistance Payments as a result of a 2.2 percent inflation factor, partially offset by a decrease of \$3,172,105 in the Portability Program to increase program utilization in both the Moving to Work and Housing Choice Voucher Programs.

Other Operating Adjustments **\$90,293**

An increase of \$90,293 comprises \$86,118 in Personnel Services and \$4,175 in Operating Expenses to support program operations.

Changes to FY 2020 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2020 Revised Budget Plan since passage of the FY 2020 Adopted Budget Plan. Included are all adjustments made as part of the FY 2019 Carryover Review, FY 2020 Third Quarter Review, and all other approved changes through April 30, 2020.

Carryover Adjustments **\$1,338,684**

As part of the *FY 2019 Carryover Review*, the Board of Supervisors approved funding of \$1,338,684 due to increases of \$1,478,202 associated with the addition of 113 Project-Based Vouchers for Lake Anne; \$1,703,316 based on full utilization of funding made available at HUD's increased proration factor of 99.5 percent (up from 95.0 percent); \$792,414 associated with funding for the 1,060 Public Housing units that converted to RAD; \$757,386 to support 55 Five-Year Mainstream Project-Based Vouchers; partially offset by a decrease of \$3,392,634 in the Portability Program to increase program utilization in both the Moving to Work and Housing Choice Voucher Programs.

Third Quarter Adjustments **(\$2,388,607)**

As part of the *FY 2020 Third Quarter Review*, the Board of Supervisors approved a net decrease in funding of \$2,388,607 due to decreases of \$1,771,382 in Housing Assistance Payments (HAP) as a result of lower than anticipated leasing and \$1,516,035 in Portability HAP associated with the intentional absorption of Portability Vouchers to increase program utilization, partially offset by an increase of \$898,810 in salary and fringe benefit expenses related to program needs.

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 Housing Services Specialist III and 1/1.0 FTE Housing Services Specialist I were transferred from Fund 81100, Fairfax County Rental Program to Fund 81510, Housing Choice Voucher, and 2/2.0 FTE Housing Services Specialists III, 3/3.0 FTE Housing Services Specialists II, 1/1.0 FTE Housing Services Specialist I and 1/1.0 FTE Administrative Assistant III were transferred from Fund 81300, RAD – PBV to Fund 81510, Housing Choice Voucher.

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Position Detail

The FY 2021 Adopted Budget Plan includes the following positions:

HOUSING CHOICE VOUCHER - 53 Positions			
Affordable Housing Rental Subsidies			
1	Housing Community Developer V	2	Financial Specialists III
1	Housing Community Developer IV	1	Accountant I
4	Housing Services Specialists V	1	Fraud Investigator
1	Housing Services Specialist IV	3	Administrative Assistants IV
6	Housing Services Specialists III	3	Administrative Assistants III
27	Housing Services Specialists II	1	Administrative Assistant II
2	Housing Services Specialists I		

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FUND STATEMENT

Category	FY 2019 Actual	FY 2020 Adopted Budget Plan	FY 2020 Revised Budget Plan	FY 2021 Advertised Budget Plan	FY 2021 Adopted Budget Plan
Beginning Balance	\$4,953,368	\$7,965,108	\$9,136,096	\$8,453,751	\$10,594,469
Revenue:					
Annual Contributions	\$62,825,093	\$62,930,520	\$68,189,818	\$66,588,343	\$66,588,343
Investment Income	11,633	9,171	9,171	9,508	9,508
Portability Program	6,569,179	8,555,003	3,432,928	5,270,351	5,270,351
Miscellaneous Revenue	62,168	89,482	89,482	89,145	89,145
Total Revenue	\$69,468,073	\$71,584,176	\$71,721,399	\$71,957,347	\$71,957,347
Total Available	\$74,421,441	\$79,549,284	\$80,857,495	\$80,411,098	\$82,551,816
Expenditures:					
Housing Assistance Payments	\$60,215,191	\$64,893,060	\$62,944,327	\$65,019,983	\$65,019,983
Ongoing Administrative Expenses	5,070,154	6,419,889	7,318,699	6,629,170	6,487,635
Total Expenditures	\$65,285,345	\$71,312,949	\$70,263,026	\$71,649,153	\$71,507,618
Total Disbursements	\$65,285,345	\$71,312,949	\$70,263,026	\$71,649,153	\$71,507,618
Ending Balance¹	\$9,136,096	\$8,236,335	\$10,594,469	\$8,761,945	\$11,044,198
HCV Program Reserve ²	\$9,136,096	\$8,236,335	\$10,594,469	\$8,761,945	\$11,044,198
Unreserved Ending Balance	\$0	\$0	\$0	\$0	\$0

¹ The fluctuations in the Ending Balance are primarily a result of projected adjustments in leasing trends and corresponding administrative expenses.

² The Housing Choice Voucher (HCV) Program Reserve is restricted for sole use by the HCV Program.