

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), Rental Assistance Demonstration-Component 1 (RAD1), and the Mainstream 5-Year programs.

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. In FY 2022, all RAD-PBV units will be managed by third-party companies, therefore; operating budgets for these units will not be included in Fund 81300, RAD-PBV. Payments made from the HCV program for unit subsidy or PBV rental assistance will also shift to third-party management companies and will not be reflected in the revenue budget for Fund 81300, RAD-PBV.

In FY 2021, 29 Mainstream Vouchers and funding were awarded as authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

The FY 2022 funding level of \$76,990,792 consists of housing assistance payments of \$69,872,226 and administrative expenses of \$7,118,566. The FY 2022 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, VASH and Mainstream 5-Year Vouchers.

The FY 2022 revenue projection of \$77,144,133, an increase of \$5,186,786 over the FY 2021 Adopted Budget Plan, is primarily the result of a \$6.7 million increase in the Annual Contributions from HUD, partially offset by a decrease of \$1.4 million in Portability leasing. The FY 2022 request is based on the projected Calendar Year 2020 Housing Assistance Payment Subsidy Eligibility with a 2.845 percent inflation factor and applying a national proration factor of 99.4 percent for 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 2020 Administrative Fee rates by the national proration factor of 81 percent.

Budget and Staff Resources

Category	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised
FUNDING				
Expenditures:				
Personnel Services	\$4,588,262	\$4,673,752	\$5,318,102	\$5,315,827
Operating Expenses	64,682,014	66,833,866	71,471,348	71,674,965
Total Expenditures	\$69,270,276	\$71,507,618	\$76,789,450	\$76,990,792
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Grant	53 / 53	53 / 53	53 / 53	53 / 53

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FY 2022 Funding Adjustments

The following funding adjustments from the FY 2021 Adopted Budget Plan are necessary to support the FY 2022 program:

Housing Assistance Program **\$4,852,243**

A net increase in the Housing Assistance Program of \$4,852,243 comprises \$6,193,740 in Housing Assistance Payments based on 100 percent utilization of available funding, partially offset by a decrease of \$1,341,497 in the Portability Program to increase program utilization in both the Moving to Work and Housing Choice Voucher Programs.

Other Operating Adjustments **\$611,849**

A net increase of \$611,849 comprises \$622,993 in Personnel Services, partially offset by a decrease of \$11,144 in Operating Expenses to support program operations.

Other Post-Employment Benefits **\$19,082**

An increase of \$19,082 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 2022 Advertised Budget Plan.

Changes to FY 2021 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, and all other approved changes through December 31, 2020:

Carryover Adjustments **\$5,281,832**

As part of the FY 2020 Carryover Review, the Board of Supervisors approved funding of \$5,281,832 due to increases of \$4,539,528 based on full utilization of Moving to Work (MTW) funding made available at the U.S. Department of Housing and Urban Development (HUD)'s increased proration factor of 99.4 percent, \$1,422,286 associated with the addition of 41 Five-Year Mainstream Project-Based Vouchers, \$361,176 to support 25 Veteran Administrative Supportive Housing (VASH) Project-Based Vouchers, \$254,337 made available from the Coronavirus Aid, Relief, and Economic Security Act (CARES), and ongoing administrative expenses including \$235,930 in encumbered carryover and \$390,013 to support program operations. These increases are partially offset by a decrease of \$1,921,438 in the Portability Program to increase program utilization in both the Moving to Work and Housing Choice Voucher Programs.

Position Detail

The FY 2022 Advertised 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		

*As a result of HCD shifting its property management functions to third-party management in FY 2022, the organizational structure of the agency will be modified, and additional position adjustments will be required.

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FUND STATEMENT

Category	FY 2020 Actual	FY 2021 Adopted Budget Plan	FY 2021 Revised Budget Plan	FY 2022 Advertised Budget Plan
Beginning Balance	\$9,136,096	\$10,594,469	\$5,091,968	\$6,243,731
Revenue:				
Annual Contributions ¹	\$60,711,653	\$66,588,343	\$73,264,097	\$73,241,028
Investment Income ¹	16,290	9,508	9,508	16,783
Portability Program	3,377,654	5,270,351	3,234,751	3,842,482
CARES Act	1,076,686	0	1,343,712	0
Miscellaneous Revenue	43,865	89,145	89,145	43,840
Total Revenue	\$65,226,148	\$71,957,347	\$77,941,213	\$77,144,133
Total Available	\$74,362,244	\$82,551,816	\$83,033,181	\$83,387,864
Expenditures:				
Housing Assistance Payments ¹	\$63,737,132	\$65,019,983	\$69,421,535	\$69,872,226
Ongoing Administrative Expenses	4,710,458	6,487,635	5,769,866	7,118,566
CARES Act	822,686	0	1,598,049	0
Total Expenditures	\$69,270,276	\$71,507,618	\$76,789,450	\$76,990,792
Total Disbursements	\$69,270,276	\$71,507,618	\$76,789,450	\$76,990,792
Ending Balance²	\$5,091,968	\$11,044,198	\$6,243,731	\$6,397,072
HCV Program Reserve ³	\$5,091,968	\$11,044,198	\$6,243,731	\$6,397,072
Unreserved Ending Balance	\$0	\$0	\$0	\$0

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments have been reflected as an increase of \$919,892.00 to FY 2020 revenues and an increase of \$265,406.95 to FY 2020 expenditures to record an adjustment related to the annual U.S. Department of Housing and Urban Development (HUD) contribution and interest income, and to reclassify operating expense accruals for accounting purposes. These audit adjustments were included in the FY 2020 Comprehensive Annual Financial Report (CAFR). Details of the audit adjustments were included in the FY 2021 Mid-Year 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.