

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), the Mainstream 5-Year programs, and the Emergency Housing Vouchers Program (EHV).

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. Beginning in FY 2022, all RAD-PBV are now managed by third-party companies; therefore, operating budgets for these units are not included in Fund 81400, FCRHA Asset Management. 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 81400.

In FY 2021, 29 Mainstream Vouchers and funding were awarded as authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Additionally, 169 Emergency Housing Vouchers and funding were awarded as authorized by the American Rescue Plan Act (ARPA).

The FY 2023 funding level of \$81,922,415 consists of housing assistance payments of \$74,622,849 and administrative expenses of \$7,299,566. The FY 2023 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, Mainstream 5-Year Vouchers and EHV.

The FY 2023 revenue projection of \$82,143,978, an increase of \$4,999,845 over the FY 2022 Adopted Budget Plan, is primarily the result of increases of \$4.3 million in Annual Contributions from HUD and \$0.7 million in the Portability Program. The FY 2023 request is based on the projected Calendar Year 2021 Housing Assistance Payment Subsidy Eligibility with a 4.289 percent inflation factor and applying a national proration factor of 100.0 percent for Calendar Year 2021. 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 2021 Administrative Fee rates by the national proration factor of 82 percent.

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Budget and Staff Resources

Category	FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	FY 2023 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$4,884,983	\$5,361,711	\$4,871,661	\$5,671,489	\$5,671,489
Operating Expenses	67,940,231	71,674,965	71,718,470	76,250,926	76,250,926
Total Expenditures	\$72,825,214	\$77,036,676	\$76,590,131	\$81,922,415	\$81,922,415
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Grant	53 / 53	61 / 61	53 / 53	52 / 52	53 / 53

FY 2023 Funding Adjustments

The following funding adjustments from the FY 2022 Adopted Budget Plan are necessary to support the FY 2023 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 10, 2022.

Employee Compensation \$430,378

An increase of \$430,378 in Personnel Services includes \$184,279 for a 4.01 percent market rate adjustment (MRA) for all employees and \$86,879 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2022. The remaining increase of \$159,220 is included for employee pay increases for specific job classes identified in the County's benchmark class survey of comparator jurisdictions.

Housing Assistance Program \$4,750,623

An increase in the Housing Assistance Program of \$4,750,623 comprises \$4,067,430 in Housing Assistance Payments based on 100 percent utilization of available funding and \$683,193 in the Portability Program to increase program utilization in both the Moving to Work and Housing Choice Voucher Programs.

Other Operating Adjustments (\$274,412)

A decrease of \$274,412 comprises \$99,750 in Personnel Services and \$174,662 in Operating Expenses as a result of lower than anticipated program expenses.

Other Post-Employment Benefits (\$20,850)

A decrease of \$20,850 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 2023 Adopted Budget Plan.

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Changes to FY 2022 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2022 Revised Budget Plan since passage of the FY 2022 Adopted Budget Plan. Included are all adjustments made as part of the FY 2021 Carryover Review, FY 2022 Mid-Year Review, FY 2022 Third Quarter Review, and all other approved changes through April 30, 2022.

Carryover Adjustments **\$4,805,474**

As part of the FY 2021 Carryover Review, the Board of Supervisors approved funding of \$4,805,474, including \$57,557 in Personnel Services for a one-time compensation adjustment of \$1,000 for merit employees and \$500 for non-merit employees paid in November 2021. The remaining amount of \$4,747,917 is due to increases of \$3,364,441 based on full utilization of Moving to Work (MTW) funding made available at the Department of Housing and Urban Development (HUD)'s increased proration factor of 100.0 percent, \$705,409 in the Portability Program to support anticipated increases in leasing, \$553,542 in encumbered carryover, and \$552,567 to support program operations. These increases are partially offset by decreases of \$205,346 and \$222,696 in the Veteran Administrative Supportive Housing (VASH) and Five-Year Mainstream programs.

Out-Of-Cycle Adjustments **\$2,272,740**

Prior to the FY 2021 Carryover Review, an appropriation of \$2,272,740 was included in FY 2022 revenues and expenditures to support a new award from HUD for Emergency Housing Vouchers (EHV).

Position Adjustments **\$0**

As part of an internal review of positions in the Department of Housing and Community Development, 9/9.0 FTE positions were abolished based on anticipated program needs in FY 2022. In addition, 1/1.0 FTE position was transferred from Fund 81000, FCRHA General Operating to Fund 81510, Housing Choice Voucher Program to support program operations.

Third Quarter Adjustments **(\$7,524,759)**

As part of the FY 2022 Third Quarter Review, the Board of Supervisors approved decreases of \$5,356,964 in Housing Assistance Payments (HAP) as a result of lower than anticipated leasing, \$1,472,010 in Portability HAP associated with the intentional absorption of Portability Vouchers to increase program utilization, and \$695,785 in Ongoing Administrative Expenses due to vacant positions in FY 2022.

Position Detail

The FY 2023 Adopted Budget Plan includes the following positions:

HOUSING CHOICE VOUCHER - 53 Positions			
Affordable Housing Rental Subsidies			
2	Housing Community Developers V	1	Financial Specialist II
1	Management Analyst IV	1	Management Analyst I
1	Housing Community Developer IV	1	Human Services Coordinator II
3	Housing Services Specialists V	2	Administrative Assistants IV
1	Housing Services Specialist IV	4	Administrative Assistants III
6	Housing Services Specialists III	1	Human Services Assistant
29	Housing Services Specialists II		

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FUND STATEMENT

Category	FY 2021 Actual	FY 2022 Adopted Budget Plan	FY 2022 Revised Budget Plan	FY 2023 Advertised Budget Plan	FY 2023 Adopted Budget Plan
Beginning Balance	\$5,091,968	\$9,633,762	\$8,445,540	\$7,651,515	\$15,249,794
Revenue:					
Annual Contributions	\$71,265,334	\$73,241,028	\$80,287,558	\$77,506,003	\$77,506,003
Investment Income	7,639	16,783	16,783	7,978	7,978
Portability Program ¹	3,496,374	3,842,482	3,046,204	4,563,488	4,563,488
CARES Act	1,343,712	0	0	0	0
Miscellaneous Revenue ¹	65,727	43,840	43,840	66,509	66,509
Total Revenue	\$76,178,786	\$77,144,133	\$83,394,385	\$82,143,978	\$82,143,978
Total Available	\$81,270,754	\$86,777,895	\$91,839,925	\$89,795,493	\$97,393,772
Expenditures:					
Housing Assistance Payments	\$66,887,045	\$69,872,226	\$68,136,556	\$74,622,849	\$74,622,849
Ongoing Administrative Expenses	4,340,120	7,164,450	8,453,575	7,299,566	7,299,566
CARES Act	1,598,049	0	0	0	0
Total Expenditures	\$72,825,214	\$77,036,676	\$76,590,131	\$81,922,415	\$81,922,415
Total Disbursements	\$72,825,214	\$77,036,676	\$76,590,131	\$81,922,415	\$81,922,415
Ending Balance²	\$8,445,540	\$9,741,219	\$15,249,794	\$7,873,078	\$15,471,357
HCV Program Reserve ³	\$8,445,540	\$9,741,219	\$15,249,794	\$7,873,078	\$15,471,357
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 net-zero reallocation in FY 2021 revenues in order to properly classify recorded revenues. The Annual Comprehensive Financial Report (ACFR) reflects all audit adjustments in FY 2021. Details of the audit adjustments were found in Attachment VI of the *FY 2022 Mid-Year Review*.

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.