

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 Fairfax County Redevelopment and Housing Authority (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).

Utilizing federal flexibilities provided through its MTW authority, the FCRHA seeks to advance the principles of MTW by assisting households in increasing their self-sufficiency levels, providing increased housing choices and options for households, and enhancing the use of federal funds. To meet these goals, the FCRHA provides not only affordable homes, but also connects households to services and resources, offered by other County agencies or nonprofit organizations, that help families succeed and become more self-sufficient.

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 fees earned are 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, if a tenant from another locality finds housing in Fairfax County then 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, FCRHA Asset Management.

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). In FY 2023, 30 Mainstream 5-Year Vouchers and 41 regular MTW vouchers were awarded effective October 2022.

The FY 2024 funding level of \$84,056,182 consists of housing assistance payments of \$76,102,109 and administrative expenses of \$7,954,073. The FY 2024 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 2024 revenue projection of \$84,555,304, an increase of \$2,411,326 over the FY 2023 Adopted Budget Plan, is primarily the result of increases of \$3.9 million in Annual Contributions from HUD, partially offset by a decrease of \$1.5 million in the Portability Program. The FY 2024 request is based on the projected Calendar Year 2022 Housing Assistance Payment Subsidy Eligibility with a 2.736 percent inflation factor and applying a national proration factor of 100.0 percent for calendar year 2022. 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 2022 Administrative Fee rates by the national proration factor of 88 percent.

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Budget and Staff Resources

Category	FY 2022 Actual	FY 2023 Adopted	FY 2023 Revised	FY 2024 Advertised	FY 2024 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$4,677,792	\$5,671,489	\$5,671,489	\$6,141,585	\$6,309,906
Operating Expenses	68,380,010	76,250,926	77,093,028	77,746,276	77,746,276
Total Expenditures	\$73,057,802	\$81,922,415	\$82,764,517	\$83,887,861	\$84,056,182
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Grant	53 / 53	53 / 53	54 / 54	53 / 53	54 / 54

FY 2024 Funding Adjustments

The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 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 9, 2023.

Employee Compensation \$375,236
 An increase of \$375,236 in Personnel Services includes \$266,182 for a 5.44 percent market rate adjustment (MRA) for all employees and \$100,355 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2023. The remaining increase of \$8,699 is included to support employee retention and recruitment efforts that will reduce pay compression and align the County's pay structures with the market based on benchmark data.

Housing Assistance Program \$1,479,260
 A net increase in the Housing Assistance Program of \$1,479,260 comprises an increase of \$2,886,411 in Housing Assistance Payments based on 100 percent utilization of available funding, partially offset by a decrease of \$1,407,151 in the Portability Program.

Other Operating Adjustments \$295,801
 An increase of \$295,801 comprises \$279,711 in Personnel Services and \$16,090 in Operating Expenses based on anticipated program expenses in FY 2024.

Other Post-Employment Benefits (\$16,530)
 A decrease of \$16,530 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 2024 Adopted Budget Plan.

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Changes to FY 2023 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review, FY 2023 Third Quarter Review, and all other approved changes through April 30, 2023.

Carryover Adjustments **\$1,094,612**

As part of the FY 2022 Carryover Review, the Board of Supervisors approved funding of \$1,094,612 due to increases of \$1,611,302 based on full utilization of Moving to Work (MTW) funding made available at the HUD's increased proration factor of 100.0 percent, \$132,940 for HCV HAP funding, \$47,463 in Veteran's Administrative Supportive Housing (VASH) HAP funding, \$179,843 in Five-Year Mainstream (MS5) HAP funding, and \$386,853 in ongoing administrative expenses due to encumbered carryover. These increases are partially offset by decreases of \$900,915 in the Portability Program and \$362,874 in Emergency Housing Voucher (EHV) HAP funding due to anticipated decreases in leasing.

Out-Of-Cycle Adjustment **\$2,300,000**

Funding of \$2,300,000 was included in FY 2023 revenues and expenditures to support a new award from HUD for Emergency Housing Vouchers.

Third Quarter Adjustments **(\$2,552,510)**

As part of the FY 2023 Third Quarter Review, the Board of Supervisors approved a decrease of \$2,552,510 due to the intentional absorption of Portability Vouchers to increase program utilization.

Position Adjustment **\$0**

Subsequent to the FY 2023 Third Quarter Review, 1/1.0 FTE was added to the Housing Choice Voucher Program in response to increased workloads. This position will be absorbed within current appropriations.

Position Detail

The FY 2024 Adopted Budget Plan includes the following positions:

HOUSING CHOICE VOUCHER - 54 Positions			
Affordable Housing Rental Subsidies			
2	Housing Community Developers V	1	Financial Specialist II
1	Management Analyst IV	1	Management Analyst I
4	Housing Services Specialists V	1	Human Services Coordinator II
1	Housing Services Specialist IV	3	Administrative Assistants IV
6	Housing Services Specialists III	3	Administrative Assistants III
30	Housing Services Specialists II	1	Human Services Assistant

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FUND STATEMENT

Category	FY 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Beginning Balance	\$8,445,540	\$15,249,794	\$9,742,364	\$10,415,358	\$11,130,357
Revenue:					
Annual Contributions	\$70,853,797	\$77,506,003	\$83,152,869	\$81,379,832	\$81,379,832
Investment Income	14,058	7,978	7,978	8,104	8,104
Portability Program	3,413,568	4,563,488	925,154	3,094,165	3,094,165
Miscellaneous Revenue	73,203	66,509	66,509	73,203	73,203
Total Revenue	\$74,354,626	\$82,143,978	\$84,152,510	\$84,555,304	\$84,555,304
Total Available	\$82,800,166	\$97,393,772	\$93,894,874	\$94,970,662	\$95,685,661
Expenditures:					
Housing Assistance Payments	\$66,887,303	\$74,622,849	\$75,078,098	\$76,102,109	\$76,102,109
Ongoing Administrative Expenses	6,170,499	7,299,566	7,686,419	7,785,752	7,954,073
Total Expenditures	\$73,057,802	\$81,922,415	\$82,764,517	\$83,887,861	\$84,056,182
Total Disbursements	\$73,057,802	\$81,922,415	\$82,764,517	\$83,887,861	\$84,056,182
Ending Balance¹	\$9,742,364	\$15,471,357	\$11,130,357	\$11,082,801	\$11,629,479
HCV Program Reserve ²	\$9,742,364	\$15,471,357	\$11,130,357	\$11,082,801	\$11,629,479
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 HCV Program Reserve is restricted for sole use by the HCV Program.