

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. The Fairfax County Redevelopment and Housing Authority (FCRHA) is 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 (EHV) program.

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, 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 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 based on the number of bedrooms in each housing unit, defined as the maximum monthly assistance payment for a family 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, 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. The FCRHA has been absorbing significant numbers of Port-In Vouchers since FY 2023 and plans to continue to do so to maximize utilization, and as a result, Portability Program revenues have decreased.

A total of 1,065 Public Housing units were 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 (not clients) and stays at the property level when units are vacated. It should be noted that five units are not considered rentable units and thus no voucher is attached to these units; however, they are included in the total number of units converted.

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, and an additional 30 Veterans Affairs Supportive Housing (VASH) vouchers were awarded effective February 2023.

The FY 2025 funding level of \$89,207,253 consists of housing assistance payments of \$78,666,066 and administrative expenses of \$10,541,187. The FY 2025 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 2025 revenue projection of \$88,963,402, an increase of \$4,408,098 over the FY 2024 Adopted Budget Plan, is primarily the result of increases of \$7.3 million in Annual Contributions from HUD, partially offset by a decrease of \$2.9 million in the Portability Program. FY 2025 funding is based on the projected Calendar Year 2023 Housing Assistance Payment Subsidy Eligibility with a 7.505 percent inflation factor and applying a national proration factor of 100 percent for calendar year 2023. 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 2023 Administrative Fee rates by the national proration factor of 89 percent.

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Budget and Staff Resources

Category	FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$5,035,271	\$6,309,906	\$6,309,906	\$6,887,777	\$6,887,777
Operating Expenses	78,963,659	77,746,276	83,562,388	82,319,476	82,319,476
Total Expenditures	\$83,998,930	\$84,056,182	\$89,872,294	\$89,207,253	\$89,207,253
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Grant	54 / 54	54 / 54	54 / 54	54 / 54	54 / 54

FY 2025 Funding Adjustments

The following funding adjustments from the FY 2024 Adopted Budget Plan are necessary to support the FY 2025 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 7, 2024.

Employee Compensation \$320,557

An increase of \$320,557 in Personnel Services includes \$112,076 for a 2.00 percent market rate adjustment (MRA) for all employees and \$102,304 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2024. The remaining increase of \$106,177 is included to support employee recruitment and retention efforts that will reduce pay compression and align the County's pay structures with the market based on benchmark data.

Housing Assistance Program \$2,563,957

A net increase in the Housing Assistance Program of \$2,563,957 comprises an increase of \$5,288,913 in Housing Assistance Payments based on 100 percent utilization of available funding, partially offset by a decrease of \$2,724,956 in the Portability Program.

Other Operating Adjustments \$2,284,347

An increase of \$2,284,347 comprises \$275,104 in Personnel Services and \$2,009,243 in Operating Expenses based on anticipated program expenses in FY 2025.

Other Post-Employment Benefits (\$17,790)

A decrease of \$17,790 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 2025 Adopted Budget Plan.

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Changes to FY 2024 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2024 Revised Budget Plan since passage of the FY 2024 Adopted Budget Plan. Included are all adjustments made as part of the FY 2023 Carryover Review, FY 2024 Third Quarter Review, and all other approved changes through April 30, 2024.

Carryover Adjustments \$5,816,112

As part of the FY 2023 Carryover Review, the Board of Supervisors approved funding of \$5,816,112 due to increases of \$4,023,578 based on full utilization of Moving to Work funding made available at HUD's increased proration factor of 100 percent, \$460,937 in HCV Housing Assistance Payments (HAP) funding, \$737,940 in Veterans Affairs Supportive Housing HAP funding, \$1,254,670 in Emergency Housing Voucher HAP funding, and \$2,026,628 in Ongoing Administrative Expenses due to encumbered carryover. These increases are partially offset by decreases of \$2,596,736 in the Portability Program and \$90,905 in 5-Year Mainstream HAP funding due to anticipated decreases in leasing.

Position Detail

The FY 2025 Adopted Budget Plan includes the following positions:

HOUSING CHOICE VOUCHER - 54 Positions			
Affordable Housing Rental Subsidies			
3	Housing Community Developers V	1	Management Analyst II
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
1	Financial Specialist II		

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FUND STATEMENT

Category	FY 2023 Actual	FY 2024 Adopted Budget Plan	FY 2024 Revised Budget Plan	FY 2025 Advertised Budget Plan	FY 2025 Adopted Budget Plan
Beginning Balance	\$9,742,364	\$11,130,357	\$11,092,631	\$11,006,519	\$11,006,519
Revenue:					
Annual Contributions	\$84,796,473	\$81,379,832	\$89,352,687	\$88,660,095	\$88,660,095
Investment Income	61,156	8,104	8,104	61,156	61,156
Portability Program	466,191	3,094,165	352,188	216,774	216,774
Miscellaneous Revenue	25,377	73,203	73,203	25,377	25,377
Total Revenue	\$85,349,197	\$84,555,304	\$89,786,182	\$88,963,402	\$88,963,402
Total Available	\$95,091,561	\$95,685,661	\$100,878,813	\$99,969,921	\$99,969,921
Expenditures:					
Housing Assistance Payments	\$68,592,911	\$76,102,109	\$79,813,883	\$78,666,066	\$78,666,066
Ongoing Administrative Expenses	15,406,019	7,954,073	10,058,411	10,541,187	10,541,187
Total Expenditures	\$83,998,930	\$84,056,182	\$89,872,294	\$89,207,253	\$89,207,253
Total Disbursements	\$83,998,930	\$84,056,182	\$89,872,294	\$89,207,253	\$89,207,253
Ending Balance¹	\$11,092,631	\$11,629,479	\$11,006,519	\$10,762,668	\$10,762,668
HCV Program Reserve ²	\$11,092,631	\$11,629,479	\$11,006,519	\$10,762,668	\$10,762,668
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.