

Department of Housing and Community Development

LOB #325:

TENANT SUBSIDIES AND RESIDENT SERVICES

Purpose

Given the Board of Supervisors' Affordable Housing Goal:

“Opportunities should be available to all who live or work in Fairfax County to purchase or rent safe, decent, affordable housing within their means.”

HCD and the FCRHA operate rental subsidy programs to assist low- and moderate-income families and individuals in renting quality affordable rental housing and facilitating services and compliance to ensure participants attain success in all of the FCRHA's programs.

Description

FCHRA/HCD serves individuals and families with low- and moderate-incomes, including those with physical disabilities and mental health issues, through a mix of federally and locally supported tenant subsidy programs (see table).

Tenant Subsidy & Resident Services Programs

Program	Description	FY 2016 Funding
Housing Choice Voucher	<p>Federal funding is provided to families with low incomes seeking housing in the private rental market with participating landlords. HUD provides funds to pay a portion of the family's rent. In most cases, this subsidy is the difference between 35 percent of the eligible family's income and a market-rate rent that has been deemed reasonable by HCD staff. The approved rent amount must also be within the allowable range of a HUD-approved Fair Market Rent for a housing unit.</p> <p>The rent subsidy payments are made through a Housing Assistance Payments Contract with the owner of the housing. Housing Authorities administer the contract for these subsidy funds on behalf of HUD. In Fairfax County, the FCRHA is responsible for making the monthly subsidy payments, verifying that those benefiting from the subsidy are eligible and monitoring compliance with federal regulations. This is done by means of an Annual Contribution Contract between the FCRHA and HUD.</p> <p>The FCRHA/HCD maintains a waiting list of those seeking a voucher; verifies applicant income eligibility; inspects the unit selected to ensure compliance with Housing Quality Standards; and computes the portion of the rent the family must pay, as well as the maximum subsidy. The FCRHA then contracts with the landlord to pay the subsidy, recertifies eligibility annually, and maintains required financial records and reports. The landlord is responsible for enforcing, renewing, or terminating the family's lease in accordance with the terms of the lease.</p> <p>In FY 2015, 9,327 individuals were housed. They had an average income equal to 20 percent of AMI. A total of 38 percent of the households served in the HCV program included at least one person with a disability.</p>	\$57.8m

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Program	Description	FY 2016 Funding
SNAP/Shelter Plus Grant	Funding provided by HUD supports rental assistance for permanent housing for homeless persons with serious mental illness. Required in-kind support services match is provided by an existing program of Pathway Homes and the Fairfax-Falls Church Community Services Board. In FY 2015, 114 homeless persons with serious mental illness were housed in 97 permanent housing units.	\$1.6m
Consolidated Community Funding Pool (CCFP) - Targeted Public Services	Funding provides grants to organizations through the biennial CCFP process addressing community priority areas.	\$0.8m
Tenant Based Rental Assistance (TBRA)	TBRA utilizes federal HOME-funded vouchers to serve homeless populations and persons with special needs. In FY 2015, 49 families were housed consisting of 129 people; 41 had incomes ranging from 0-30% AMI and 8 had incomes ranging from 30% to 60% AMI.	\$0.7m
Bridging Affordability	<p>The Bridging Affordability Program provides local rental subsidies to individuals and families experiencing homelessness and households currently on Fairfax County's affordable housing waiting lists, including persons with special needs and those with disabilities. Consistent with the Board's direction in the Housing Blueprint, the Bridging Affordability Program is administered by HCD with specific grants made to one or more of the County's non-profit partners. HCD provides program direction, monitors compliance, inspects units and administers the contracts with the non-profit partners.</p> <p>Through March 2015, 426 households were served, 140 of which have progressed to permanent housing. These individuals had an average income of \$21,220 or 22 percent of AMI.</p> <p>*Additional funding not allocated in FY 2016 due to adequacy of available balances.</p>	\$0*
Partnerships for Resident Opportunities, Growth, Resources and Economic Self-Sufficiency (PROGRESS) Center	<p>The PROGRESS Center provides a second chance to residents facing eviction. Staff connects clients with agencies and non-profits throughout the County's robust human service system to resolve issues and help progression towards greater self-sufficiency.</p> <p>*FY 2016 Adopted Budget Plan reflects no budget as a budget is loaded once a final award amount is determined.</p>	\$0*
Subtotal		\$60.9 m

Benefits

This LOB provides rental subsidies to low-income households to help them afford a home in Fairfax County, and facilitates the supportive services necessary to help people successfully participate in housing programs and move toward self-sufficiency.

Because rental subsidies are portable, participants may use them anywhere in the County they can find a landlord willing to accept a subsidy for a unit with a reasonable rent. This has the benefit of helping to avoid concentrations of poverty and promote housing choice. A total of 38 percent of the households currently served in the HCV program – 1,526 families – include at least one person with a disability.

From an economic standpoint, the Housing Choice Voucher and Bridging Affordability programs provide subsidies which pay approximately \$50 million each year in rent to landlords across the County. These subsidies, in turn, provide homes for some 3,500 low- and moderate-income families and workers.

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Mandates

Given the prevalence of federal support, this LOB is considered to have “compliance” mandates. In other words, as a condition associated with the receipt of the federal funding, there are associated compliance requirements, including the FCRHA’s obligations under its Moving to Work Agreement with HUD. Compliance mandates include issues such as incomes served, housing quality, and other metrics.

Trends and Challenges

In addition to the trends and challenges outlined in the Agency Overview, this LOB is significantly impacted by changes in federal program, policy and funding, as well as, local rental market dynamics.

Federal Program, Policy and Funding

Federal funding plays a critical role in relieving the burden of high housing costs faced by some of Fairfax County’s families and individuals with low incomes. Given the dependence on federal funding, even small shifts in funding levels or priorities have significant impacts. During federal sequestration, for example, the issuance of new vouchers was halted, which meant that many families remained on the waiting list. While sequestration is no longer an immediate threat, the continued uncertainty regarding federal funding and continued layering of federal program requirements will continue to challenge the provision of these subsidies. For example, there is concern that while recent proposals to all but eliminate HOME funding were not approved, the future of this important funding source remains in doubt. This would greatly impact the TBRA program which provides housing subsidies to 50 families. To be prepared, the FCRHA has added TBRA clients under its Moving to Work authority as a priority population in the HCV program, so they could receive a voucher if HOME funding is indeed eliminated. The net effect, though, would still be a reduced number of families served between the two programs.

The Moving to Work designation from HUD has a significant positive impact in that funds between the HCV and Public Housing programs are fungible, provided certain targets are met for program compliance and performance evaluation. This feature provides the FCRHA with considerable flexibility to explore alternative approaches to service delivery that are consistent with THRIVE and hoped to be more effective at helping to move clients through the housing continuum onto greater economic self-sufficiency.

Rental Assistance Demonstration (RAD), another HUD program, provides a new subsidy platform, similar to project-based Housing Choice Vouchers, which can leverage private financing for planned capital improvements. In the federal FY 2015 budget, the U.S. Congress appropriated the expansion of the RAD program to include Fairfax County. In 2016, the FCRHA will explore ways to reposition the public housing assets which would entail rehabilitation and potential redevelopment of high priority assets. The FCRHA selected 336 properties for “phase one” of the conversion.

Local Rental Market Dynamics

Given the strength of the local rental market, clients often find it difficult to find private landlords willing to participate in the various subsidy programs. It is even more challenging to find affordable units that are convenient to public transportation and employment centers, due to the generally higher rents in such properties. There is little indication that this situation will be easing any time soon.

Another major challenge is that the target population of low- and extremely low-income families often face barriers such as poor credit and the lack of affordable child care that limits the opportunities for suitable and affordable housing. HCD staff works cooperatively with other County and non-profit service providers to help families overcome these barriers through service coordination and information sharing.

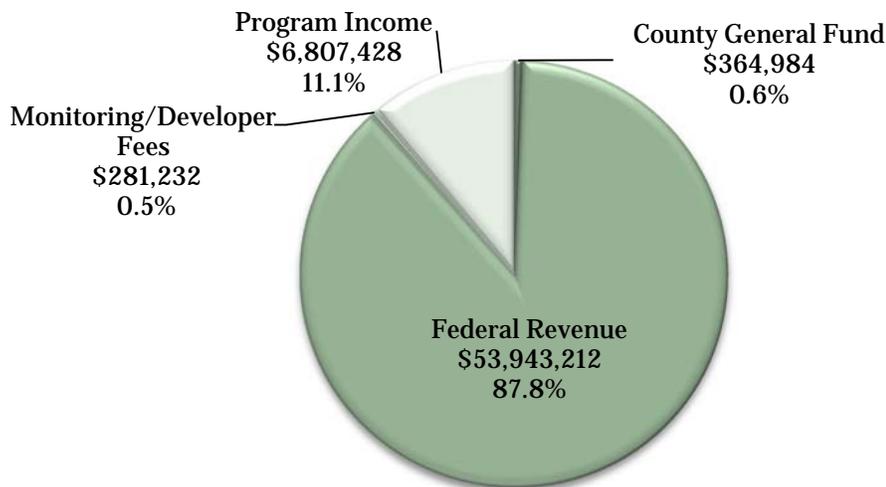
Depth of Subsidy Required

Because of the high cost of rental housing in Fairfax County and the extremely low-incomes served in the Housing Choice Voucher and Bridging Affordability programs, a significant subsidy is needed to fill the gap between the rent and what family can pay. The average monthly subsidy in these programs is approximately \$1,100 per month, per household – or \$13,200 per year.

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Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #325: Tenant Subsidies and Resident Services			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$2,864,536	\$2,570,912	\$2,837,077
Benefits	998,945	938,917	1,051,956
Operating Expenses	57,011,577	55,931,029	55,691,897
Grant Expenditures	1,763,512	1,574,679	1,589,314
Total Expenditures	\$62,638,570	\$61,015,537	\$61,170,244
General Fund Expenditures	\$458,783	\$339,549	\$364,984
Total Revenue	\$62,189,370	\$64,416,383	\$61,452,053
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	8 / 8	8 / 8	8 / 8
Grant	43 / 43	43 / 43	43 / 43
Total Positions	51 / 51	51 / 51	51 / 51



Based on the FY 2016 Adopted Budget Plan, Federal Revenue constitutes \$53.9 million, or 87.8 percent, of the revenue for this LOB. This reflects the relative size of the HCV Program and the dominance of the Federal Government in providing rental subsidies in Fairfax County. Federal Revenue also includes \$1.6 million for HUD's SNAP/Shelter Plus Grant (formerly known as the Pathways Grant), which supports permanent housing rental assistance for homeless persons with serious mental illness. Program Income of \$6.8 million is also generated by the HCV Program as payments are made to the FCRHA when a tenant from another locality finds housing in Fairfax County and "ports in". The FCRHA pays the subsidy portion of the rent on behalf of the originating housing authority to the landlord and a subsequent reimbursement from the originating housing authority is received by the FCRHA to cover the subsidy payment, as well as 80 percent of the originating Housing Authority's administrative fee to cover the FCRHA/HCD's

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administrative costs. General Fund support of this LOB is \$0.4 million, or less than 1 percent of the total revenues, and supports staff costs.

That nearly 95 percent of spending in this LOB is on Operating Expenses such as debt service and acquisition assistance reflects the scale of housing assistance payments to landlords in the HCV Program. Compensation appropriations of \$3.9 million, support 51 positions, 43 of which are fully supported with federal funding. Of the remaining eight positions, four are supported by the General Fund and four are supported by FCRHA funds.

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
HCV Clients Housed	9,636	9,530	9,327	9,500	9,500
Average Income of HCV Clients Housed as % of Area Median Income	19%	19%	18%	30%	30%
Cumulative Number of Families Housed in the Bridging Affordability Program	NA	280	355	438	494
Clients Served by the PROGRESS Center	NA	150	75	100	100

Housing Choice Voucher Program

A total of 3,868 vouchers were authorized by HUD and a total of 9,327 persons were housed in FY 2015. This is a decline from the 9,530 served in FY 2014 and reflects the residual impact of federal sequestration; once voucher issuance recommenced, it took time to qualify families for the program and for them to find housing. It is anticipated that the number of individuals served will begin returning to historical levels in FY 2016. A total of 1,526 families currently served in the HCD program – about 35 percent of all families in the program – include at least one person with a disability.

It should be noted that HCD also received an allotment of 17 additional Veterans Affairs Supported Housing (VASH) vouchers, bringing the total allotment of VASH vouchers to 80 during FY 2015. These specialized vouchers are an important tool in ending homelessness among veterans in Fairfax County.

Bridging Affordability Program (BA)

A total of 443 households have been served (e.g., were interviewed, found eligible, received a BA housing certificate, and received housing location or case management services) since leasing began in FY 2012; of that total, 355 households leased units through FY 2015.

HCD PROGRESS Center

The Partnership for Resident Opportunities, Growth, Resources and Economic Self-Sufficiency (PROGRESS) Center provided service coordination for 75 housing clients in FY 2015. Additionally, the PROGRESS Center also plays a significant role in promoting economic growth and self-sufficiency among FCRHA program participants. For example, a community-based pre-apprenticeship program that offers classes that teach basic skills in reading, writing and math to prepare participants for occupation in the trades was implemented in FY 2015 and FCRHA contractors hired 20 low- and moderate-income workers from Section 3 outreach.