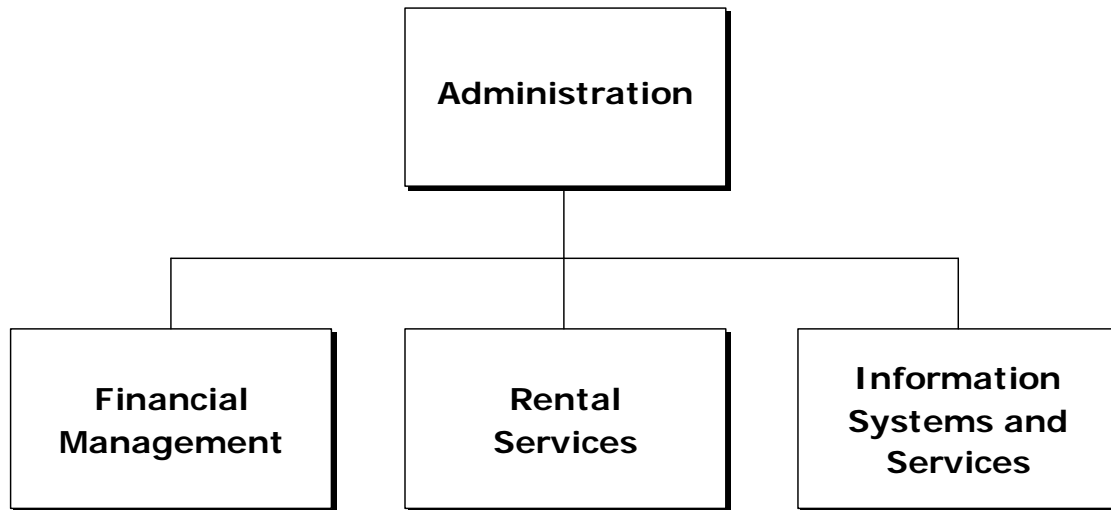


Fund 81510

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 place. As of FY 2017, the Fairfax County Redevelopment and Housing Authority (FCRHA) has 4,173 authorized vouchers. In FY 2014, the FCRHA was designated as a Moving to Work (MTW) agency. This designation includes the majority of the HCV program and the agency's federal Public Housing program (Fund 81520, Public Housing Under Management). Under the MTW designation, funds between the HCV and Public Housing programs are fungible. However, there are benchmarks within each program that must be met for program compliance and performance evaluation. Therefore, a decision to use the fungible nature of this program would only be considered once each program has met its annual benchmarks. HCV programs excluded from the MTW program are post-2008 Family Unification Program (FUP), Non-Elderly Disabled (NEDS), and Veterans Affairs Supportive Housing (VASH).

The 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 to 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 will link 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, become a better parent, learn English, and perhaps even purchase a home.

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The FCRHA will continue to receive HCV annual funding from the United States Department of Housing and Urban Development (HUD). For the 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 a HUD-approved Fair Market Rent (FMR) for a housing unit, although FMRs are different for the HCV program and the project-based components of the program. The rent subsidy payments are made pursuant to a Housing Assistance Payments (HAP) Contract with the owner of the housing. Housing authorities administer the contract for these subsidy funds on behalf of HUD, which involves making the monthly subsidy payments, verifying that those benefiting from the subsidy are eligible and monitoring compliance with federal regulations. This is done pursuant to an Annual Contribution Contract between the FCRHA and HUD. In some cases, the subsidies are associated with a particular housing development known as project-based rental assistance (PBRA). In other cases, they are transferable with the tenant known as tenant-based rental assistance (TBRA). Private developers, local housing authorities and state housing finance agencies all participate in different aspects of the HCV program.

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. 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, the agency converted 299 Public Housing units to HCV PBRA based units under the Rental Assistance Demonstration (RAD) program. Under PBRA 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. An additional 766 units will convert under the RAD program to HCV PBRA late FY 2017 or early FY 2018. The FY 2018 operating budget for the 299 converted units is included in Fund 81300, FCRP-RAD. Payments made from the HCV program for unit subsidy or PBRA is reflected in the revenue budget for Fund 81300, FCRP-RAD Operating Budget. The Housing Choice Voucher Program FY 2018 budget includes \$1,001,136 to support HAP subsidy for the 299 Public Housing units that converted to PBRA under the RAD program in FY 2017.

The FY 2018 funding level of \$63,483,502 consists of housing assistance payments of \$59,189,052 and administrative expenses of \$4,294,450. The FY 2018 request for this program is based on 100% Utilization of the projected Calendar Year 2017 funding levels for a MTW agency.

The FY 2018 revenue projection of \$63,747,933, an increase of \$4,734,129 over the FY 2017 Adopted Budget Plan, is primarily the result of a \$2.78 million increase in the Annual Contributions from HUD, partially offset by a \$1.95 million increase in Portability leasing. The FY 2018 request is based on the projected Calendar Year 2017 funding level for Appropriations for Housing Assistance Payments and the current Calendar Year 2016 proration factors and anticipated leasing for Administration Fees earned.

Subsequent to final federal approval of Fairfax County's actual award that will include phase one and potentially phase two of the RAD conversion of Public Housing units to PBRA vouchers, the appropriate revisions to the FY 2018 budget will be made as part of the *FY 2017 Carryover Review* or a future quarterly review.

Fund 81510 Housing Choice Voucher Program

The current income limits for most components of the HCV Program as established by HUD, effective March 28, 2016 and currently in effect, are shown below:

Household Size	Very Low Income	Low Income
1	\$38,050	\$49,150
2	\$43,450	\$56,150
3	\$48,900	\$63,150
4	\$54,300	\$70,150
5	\$58,650	\$75,800
6	\$63,000	\$81,400
7	\$67,350	\$87,000
8+	\$71,700	\$92,600
FY 2018 SUMMARY OF PROJECTS		
PROJECTS		NUMBER OF UNITS
Consolidated Vouchers ¹		4,173
Total Contract P-2509		4,173

¹ Actual number of vouchers issued may be lower than HUD-approved count due to local market conditions and funding limitations.

Fund 81510, Housing Choice Voucher Program, covers the following components in FY 2018:

◆ **Housing Choice Vouchers – 4,173 issued through the FCRHA**

Under this component of the HCV housing program, local or state housing authorities contract with HUD for housing assistance payment subsidy funds and issue vouchers to eligible households who may lease any appropriately sized, standard quality rental unit from a participating landlord. The ability to fully lease authorized vouchers is contingent upon annual federal funding levels. In FY 2016, FCRHA initiated a competitive solicitation of Project-Based Rental Assistance in order to create efficiencies in the HCV program, as well as provide financial stability to participating landlords and tenants.

- ◆ The housing authority maintains a waiting list of those seeking a Housing Choice Voucher, verifies applicant income eligibility before issuing a voucher, inspects the unit the family selects to ensure compliance with HCV Housing Quality Standards, computes the portion of rent the family must pay or the maximum subsidy, contracts with the landlord to pay the subsidy, maintains required financial records and reports, and recertifies eligibility every three years for elderly and disabled clients and every two years for remaining clients. The owner of the housing (landlord), not the housing authority, selects the families to whom the landlord will rent, and renews or terminates the family's lease in accordance with the terms of the lease.

Fund 81510

Housing Choice Voucher Program

Budget and Staff Resources

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$3,406,056	\$3,585,154	\$3,812,387	\$3,576,498	\$3,576,498
Operating Expenses	55,119,842	55,579,813	57,633,713	59,907,004	59,907,004
Total Expenditures	\$58,525,898	\$59,164,967	\$61,446,100	\$63,483,502	\$63,483,502
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Grant	42 / 42	42 / 42	42 / 42	42 / 42	42 / 42
AFFORDABLE RENTAL HOUSING SUBSIDIES					
3 Housing Services Specialists V		1 Financial Specialist II		3 Administrative Assistants IV	
1 Housing Services Specialist IV		1 Accountant I		3 Administrative Assistants III	
4 Housing Services Specialists III		1 Fraud Investigator		1 Administrative Assistant II	
24 Housing Services Specialists II					
TOTAL POSITIONS					
42 Grant Positions / 42.0 Grant FTE					

FY 2018 Funding Adjustments

The following funding adjustments from the FY 2017 Adopted Budget Plan are necessary to support the FY 2018 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 2, 2017.

- ◆ **Employee Compensation** **\$68,002**
 An increase of \$68,002 in Personnel Services is included for performance-based and longevity increases for non-uniformed merit employees effective July 2017.
- ◆ **Housing Assistance Program** **\$4,201,208**
 An increase in the Housing Assistance Program of \$4,201,208 is primarily due to an increase associated with the conversion of Public Housing units to RAD coupled with an increase in the Portability Program.
- ◆ **Other Post-Employment Benefits** **\$9,530**
 An increase of \$9,530 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 Fund, in Volume 2 of the FY 2018 Adopted Budget Plan.
- ◆ **Other Operating Adjustments** **\$39,795**
 A net increase of \$39,795 is comprised of an increase of \$125,983 in Operating Expenses primarily associated with changing project requirements, partially offset by a decrease of \$86,188 in Personnel Services due to actual spending experience.

Fund 81510

Housing Choice Voucher Program

Changes to FY 2017 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2017 Revised Budget Plan since passage of the FY 2017 Adopted Budget Plan. Included are all adjustments made as part of the FY 2016 Carryover Review, FY 2017 Third Quarter Review, and all other approved changes through April 30, 2017.

- ◆ **Carryover Adjustments** **\$4,079,593**
As part of the *FY 2016 Carryover Review*, funding of \$4,079,593 was approved, including an encumbered amount of \$43,173, and an increase of \$4,036,420 in Housing Assistance Payments (HAP) primarily associated with increased leasing activity due to additional vouchers, additional funding for the conversion of Public Housing units to the RAD program, as well as an increase in Ongoing Administrative Expenses due to Moving to Work initiatives and ongoing contractual obligations.

- ◆ **Third Quarter Adjustments** **(\$1,798,460)**
As part of the *FY 2017 Third Quarter Review*, expenditures are required to decrease \$1,798,460 due to decreases in the Moving to Work, Housing Choice Voucher and Veterans Affairs Supportive Housing (VASH) programs, partially offset by an increase due to real-time entry of time and attendance.

Fund 81510

Housing Choice Voucher Program

FUND STATEMENT

Fund 81510, Housing Choice Voucher Program

	FY 2016 Actual	FY 2017 Adopted Budget Plan	FY 2017 Revised Budget Plan	FY 2018 Advertised Budget Plan	FY 2018 Adopted Budget Plan
Beginning Balance	\$5,404,077	\$5,141,746	\$5,478,787	\$5,500,725	\$4,263,144
Revenue:					
Annual Contributions	\$53,394,296	\$52,555,381	\$52,660,406	\$55,333,854	\$55,333,854
Investment Income ¹	5,069	7,276	7,276	7,583	7,583
Portability Program	5,115,064	6,355,646	6,814,906	8,311,302	8,311,302
Miscellaneous Revenue ¹	86,179	95,501	747,869	95,194	95,194
Total Revenue	\$58,600,608	\$59,013,804	\$60,230,457	\$63,747,933	\$63,747,933
Total Available	\$64,004,685	\$64,155,550	\$65,709,244	\$69,248,658	\$68,011,077
Expenditures:					
Housing Assistance Payments	\$54,804,174	\$54,987,844	\$56,773,749	\$59,189,052	\$59,189,052
Ongoing Admin. Expenses	3,721,724	4,177,123	4,672,351	4,294,450	4,294,450
Total Expenditures	\$58,525,898	\$59,164,967	\$61,446,100	\$63,483,502	\$63,483,502
Total Disbursements	\$58,525,898	\$59,164,967	\$61,446,100	\$63,483,502	\$63,483,502
Ending Balance²	\$5,478,787	\$4,990,583	\$4,263,144	\$5,765,156	\$4,527,575
HAP Reserve ³	\$3,013,630	\$824,275	\$0	\$0	\$0
Operating Reserve	2,465,157	4,166,308	4,263,144	5,765,156	4,527,575
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 decrease of \$645.00 in FY 2016 revenues to record annual HUD contributions. These audit adjustments were included in the FY 2016 Comprehensive Annual Financial Report (CAFR). Details of the audit adjustments were included in the FY 2017 Third Quarter Package.

² The fluctuations in the Ending Balance are primarily a result of projected adjustments in leasing trends and corresponding administrative expenses.

³ Based on the agency's Moving to Work status, there is no longer a requirement to separately track the Net Restricted Asset balance, also known as Housing Assistance Payment (HAP) Reserve. However, any unused funding for HAP for the non-Moving to Work vouchers such as Family Unification Program (FUP), Non-Elderly Disabled (NEDs), and Veterans Affairs Supportive Housing (VASH) continue to be restricted and will continue to be reported as HAP Reserve.