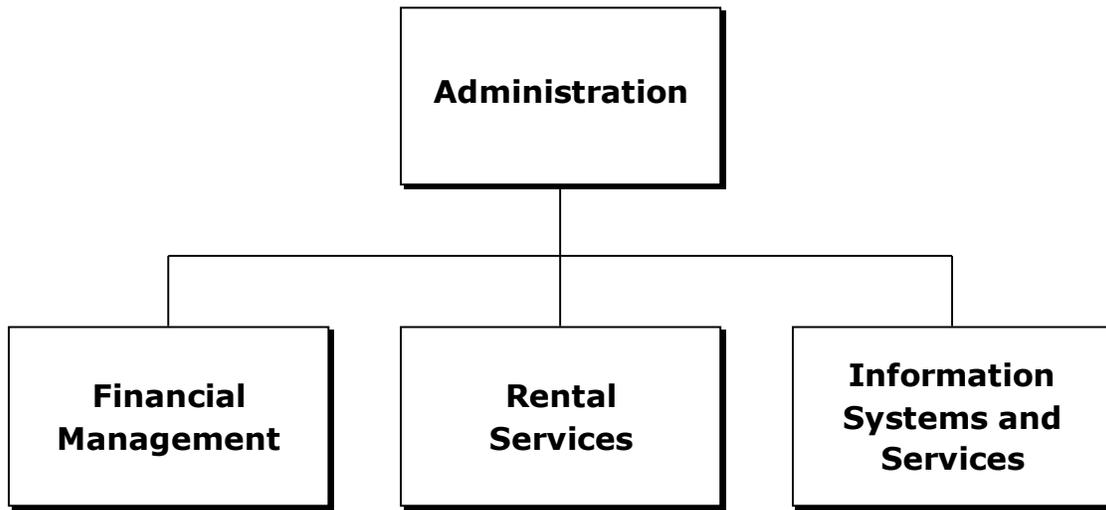


Fund 81510

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 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 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, become a better parent, learn English, and perhaps even 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 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. 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

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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 is 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.

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, 298 Public Housing units converted to HCV PBV based 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. An additional 762 units have converted under the RAD program to HCV PBV in FY 2018, for a total of 1,060 RAD PBV units. 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. The FY 2019 operating budget for the 1,065 converted units is included in Fund 81300, RAD-Fairfax County Rental Program (FCRP). Payments made from the HCV program for unit subsidy or PBV rental assistance is reflected in the revenue budget for Fund 81300, RAD-FCRP. The Housing Choice Voucher Program FY 2019 budget includes \$4,588,872 to support HAP subsidy for the 1,060 RAD PBV units.

The FY 2019 funding level of \$67,020,166 consists of housing assistance payments of \$60,823,563 and administrative expenses of \$6,196,603. The FY 2019 request for this program is based on 95 percent utilization of the MTW baseline number of vouchers, and 100 percent utilization of Special Purpose Vouchers such as RAD, Family Unification Program (FUP) and Veterans Affairs Supportive Housing (VASH) vouchers.

The FY 2019 revenue projection of \$67,539,290, an increase of \$3,791,357 over the FY 2018 Adopted Budget Plan, is primarily the result of a \$3.98 million increase in the Annual Contributions from HUD, partially offset by a \$0.2 million decrease in Portability leasing. The increase in the Annual Contributions from HUD is reflective of the additional 1,060 Project-Based Vouchers associated with the conversion of the 1,065 public housing units to RAD units. The FY 2019 request is based on the projected Calendar Year 2017 Housing Assistance Payment Subsidy Eligibility with a 1.0 percent inflation factor and applying a national proration factor of 95 percent for Calendar Year 2018. The Administrative Fees earned are based on the MTW agreement and the baseline for MTW, actual Special Purpose voucher leasing and the HUD published Calendar Year 2017 Administrative Fee rates by the national proration factor of 77 percent.

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The current income limits for most components of the HCV Program as established by HUD, effective March 8, 2017 and currently in effect, are shown below:

Household Size	Very Low Income	Low Income
1	\$38,650	\$52,550
2	\$44,150	\$60,050
3	\$49,650	\$67,550
4	\$55,150	\$75,050
5	\$59,600	\$81,100
6	\$64,000	\$87,100
7	\$68,400	\$93,100
8+	\$72,800	\$99,100

Fund 81510, Housing Choice Voucher Program, covers the following components in FY 2019:

◆ **Housing Choice Vouchers**

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. The HUD-approved count is 4,934 vouchers to be issued through the FCRHA. The actual number of vouchers issued may be lower than the HUD-approved count, however, due to local market conditions and funding limitations.

- ◆ 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.

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Budget and Staff Resources

Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised	FY 2019 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$3,996,408	\$3,576,498	\$4,045,838	\$4,357,931	\$4,357,931
Operating Expenses	56,998,945	59,907,004	57,869,852	62,662,235	62,662,235
Total Expenditures	\$60,995,353	\$63,483,502	\$61,915,690	\$67,020,166	\$67,020,166
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Grant	42 / 42	42 / 42	41 / 41	41 / 41	41 / 41
3 Housing Services Specialists V		1 Accountant 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	
23 Housing Services Specialists II					
TOTAL POSITIONS					
41 Grant Positions / 41.0 Grant FTE					

FY 2019 Funding Adjustments

The following funding adjustments from the *FY 2018 Adopted Budget Plan* are necessary to support the FY 2019 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 1, 2018.

- ◆ **Employee Compensation** **\$148,358**
 An increase of \$148,358 in Personnel Services includes \$77,964 for a 2.25 percent market rate adjustment (MRA) for all employees and \$70,394 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2018.
- ◆ **Housing Assistance Program** **\$4,629,705**
 An increase in the Housing Assistance Program of \$4,629,705 is primarily due to an increase associated with the conversion of Public Housing units to RAD.
- ◆ **Fringe Benefit Support** **\$68,927**
 An increase of \$68,927 in Personnel Services is required to support increased fringe benefit costs in FY 2019 based on projected health insurance premiums and employer contributions to the retirement system.
- ◆ **Other Post-Employment Benefits** **\$18,867**
 An increase of \$18,867 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 2019 Adopted Budget Plan*.

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- ◆ **Other Operating Adjustments** **(\$1,329,193)**
A net decrease of \$1,329,193 comprises \$1,874,474 in Operating Expenses, partially offset by an increase of \$545,281 in Personnel Services, and is based on an alignment with recent spending experience.

Changes to FY 2018 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2018 Revised Budget Plan since passage of the FY 2018 Adopted Budget Plan. Included are all adjustments made as part of the FY 2017 Carryover Review, FY 2018 Third Quarter Review, and all other approved changes through April 30, 2018.

- ◆ **Carryover Adjustments** **(\$930,378)**
As part of the *FY 2017 Carryover Review*, the Board of Supervisors approved a net decrease of \$930,378 due to a reduction of \$1,546,634 based on full utilization of funding made available at a national proration factor of 96.8 percent, partially offset by an increase of \$616,256 in ongoing administrative expenses associated with encumbered carryover of \$8,256, \$108,000 to support contractual services and \$500,000 to support Moving to Work objectives.
- ◆ **Position Realignment** **\$0**
As part of the conversion to RAD, 1/1.0 FTE Housing Services Specialist II was transferred from Fund 81510, Housing Choice Voucher Program, to Fund 81300, RAD-FCRP.
- ◆ **Third Quarter Adjustments** **(\$637,434)**
As part of the *FY 2018 Third Quarter Review*, the Board of Supervisors approved a net decrease of \$637,434 due to reductions of \$886,105 as a result of a lower proration rate of 95 percent and \$584,534 in Portability Housing Assistance Payments based on lower than anticipated leasing activity, partially offset by increases of \$666,328 associated with the management of vouchers for Culpepper Gardens and \$166,877 in salary and operating expenses related to program needs.

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FUND STATEMENT

Fund 81510, Housing Choice Voucher Program

	FY 2017 Actual	FY 2018 Adopted Budget Plan	FY 2018 Revised Budget Plan	FY 2019 Advertised Budget Plan	FY 2019 Adopted Budget Plan
Beginning Balance	\$5,478,787	\$4,263,144	\$4,057,613	\$3,345,859	\$2,632,563
Revenue:					
Annual Contributions ¹	\$52,799,692	\$55,333,854	\$52,679,949	\$59,315,994	\$59,315,994
Investment Income ¹	4,258	7,583	7,583	6,467	6,467
Portability Program	6,655,172	8,311,302	7,707,914	8,122,102	8,122,102
Miscellaneous Revenue ¹	115,057	95,194	95,194	94,727	94,727
Total Revenue	\$59,574,179	\$63,747,933	\$60,490,640	\$67,539,290	\$67,539,290
Total Available	\$65,052,966	\$68,011,077	\$64,548,253	\$70,885,149	\$70,171,853
Expenditures:					
Housing Assistance Payments ¹	\$56,259,529	\$59,189,052	\$56,838,107	\$60,823,563	\$60,823,563
Ongoing Administrative Expenses ¹	4,735,824	4,294,450	5,077,583	6,196,603	6,196,603
Total Expenditures	\$60,995,353	\$63,483,502	\$61,915,690	\$67,020,166	\$67,020,166
Total Disbursements	\$60,995,353	\$63,483,502	\$61,915,690	\$67,020,166	\$67,020,166
Ending Balance²	\$4,057,613	\$4,527,575	\$2,632,563	\$3,864,983	\$3,151,687
HCV Program Reserve ³	\$4,057,613	\$4,527,575	\$2,632,563	\$3,864,983	\$3,151,687
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 an increase of \$14,628 in FY 2017 revenues and an increase of \$54,587.60 in FY 2017 expenditures to reclassify and properly record revenues, to record accrued leave, adjustments to payroll accruals, to reclassify expenditures for reporting purposes and adjust operating expenses accruals to report expenditures in the proper fiscal period. These audit adjustments were included in the FY 2017 Comprehensive Annual Financial Report (CAFR). Details of the audit adjustments were included in the FY 2018 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 The Housing Choice Voucher (HCV) Program Reserve is restricted for sole use by the HCV Program.