

BOARD COMMISSIONER TRAINING

HCV Overview and the Administrative Plan



2021

Developed in 2021 using HUD's Lead the Way training, adapted by Econometrica, as well as other sources.

ECONOMETRICA, INC.

Learning Objectives

- After completing this module, you should be able to:
- Understand basic elements of and operations of the Housing Choice Voucher (HCV) program.
- Identify how the HCV program is funded.
- Discuss the project-based voucher (PBV) program and how it differs from the HCV program.
- Learn about some key aspects of HCV program management.
- Understand the basic content of the HCV Administrative Plan and the elements that the Board can change.
- Discuss how the U.S. Department of Housing and urban Development (HUD) evaluates the HCV (Section 8) program for your public housing authority (PHA).



Today's Agenda



- Housing Choice Voucher (HCV) (Section 8) Program Overview
- HCV Program Management
- HCV Administrative Plan
- Section 8 Management Assessment Program (SEMAP)

Types of Public Housing

Housing Choice Vouchers – “Section 8”

Low-Rent Housing – “Public Housing”



HCV Program Overview



Statutes and Regulations

- U.S. Housing Act of 1937:
 - Established permanent public housing funded by the federal government.
 - Allows creation of municipal housing organizations/corporations (PHAs).
 - Goal is to provide decent and affordable housing for all citizens.
 - Created the Public and Indian Housing Program.
 - Now provides affordable housing to more than 2.9 million families.



Annual Contributions Contract (ACC)

- Mechanism for receiving HUD funding.
- The ACC provides the terms and conditions between the PHA and HUD.
- HUD and the PHA's authorized official enter a Consolidated ACC.



HCV/Section 8 Program Basics

- **Purpose:** To assist very low-income families to afford decent, safe, and sanitary housing in the private market.
- **Eligibility:** Determined by total annual gross income, adjusted for family size. Most families may not exceed 50 percent of area median income (AMI), with 75 percent or more of the families at or below 30 percent of median income.
- **Housing:** Privately owned and meets HUD housing quality standards (HQS).



HCV/Section 8 Program Basics (cont.)

- **Rent/Housing Subsidy:** PHA sends a housing assistance payment (HAP) directly to the landlord on behalf of the family. The family then pays the difference between the actual rent and the amount subsidized by the program.
- **Voucher Utilization:** The number of vouchers leased versus the amount of HAP expended. The PHA should spend 95 percent or more of its available HAP or lease 95 percent of its available vouchers as allocated in the ACC.
- **HAP Subsidy:** PHA calculates the maximum amount of housing assistance allowable, based on Fair Market Rent (FMR) and the PHA-determined payment standard.





HCV Program Management



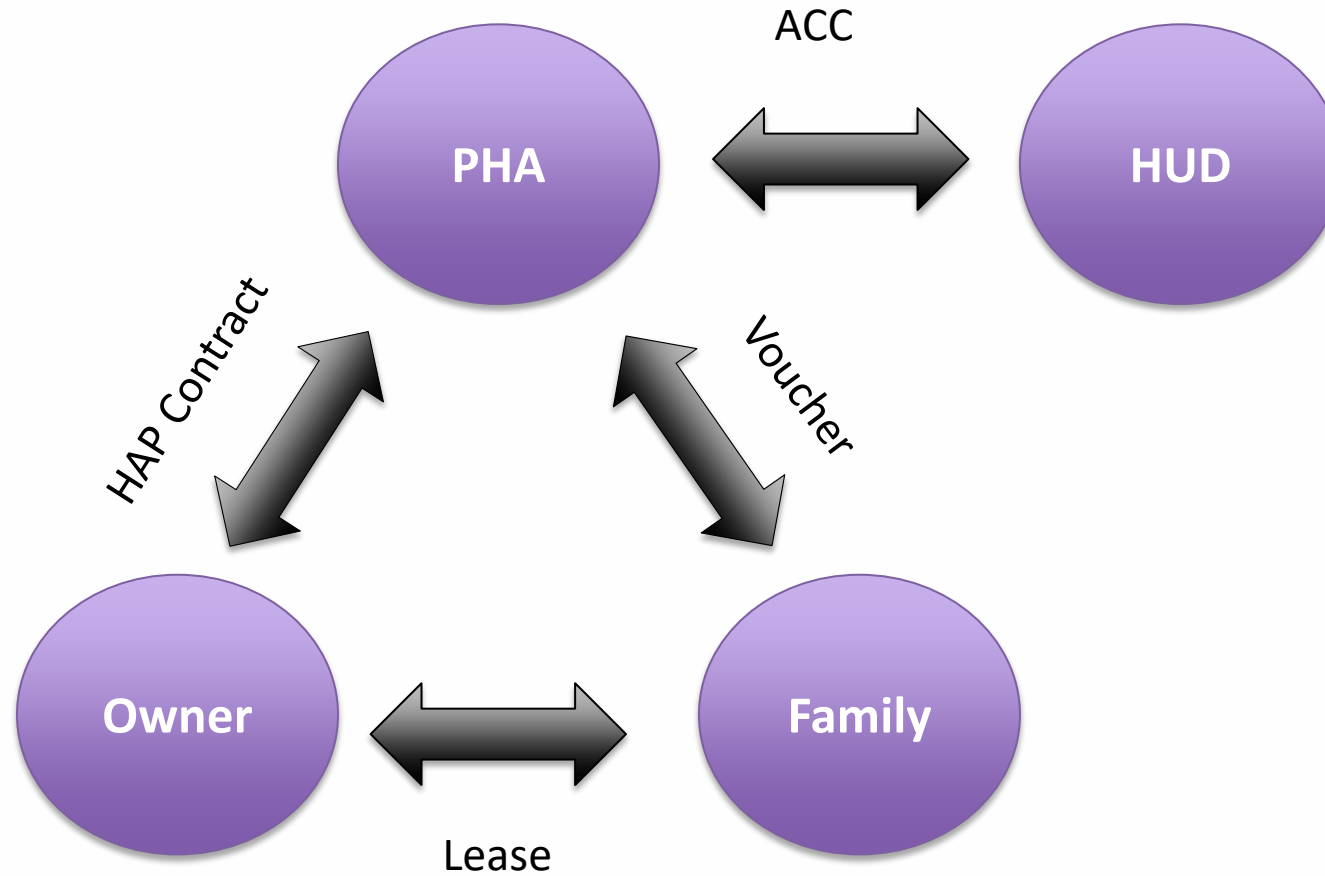
HCV Program Options

Tenant-Based Rental Assistance

Project-Based Rental Assistance

Homeownership

HCV Program Relationships



Primary Roles Within the Program

PHA	Owner
Determine eligibility of applicants for program and maintain wait list.	Screen families for tenancy (PHA provides some screening, but it is mostly performed by the owner).
Issue vouchers to eligible families when funding is available.	Comply with the HAP contract and other requirements of the program.
Provide families with information on how to lease a unit and on possible private-market properties that accept Section 8.	Maintain the property in accordance with HQS and fair housing laws.
Conduct outreach to landlords.	Collect rent due from the family.
Approve rent unit meets HQS and rent reasonableness.	Enforce the dwelling lease.
Make HAP payments to owner.	
Recertify families annually.	
Ensure owner and renter program compliance.	

Primary Roles Within the Program (cont.)

Family

Provide accurate family and income information to the PHA.

Locate suitable housing in a timely manner.

Attend all appointments with the PHA regarding the voucher.

Comply with the owner's lease, to include proper care of the unit.

Allow the PHA to inspect the unit at convenient and requested times.

Comply with the family obligations of the voucher, such as recertification inspection.

Notify the PHA and the owner before moving or terminating the lease.

Notify the PHA of any changes to income or family composition.

HCV Contracts

HAP Contract

- Contract between PHA and owner.
- PHA agrees to pay HAP to owner.
- Owner ensures that unit is safe, decent, and sanitary.
- No side payments allowable outside HAP.
- Rent must be reasonable.
- Family pays portion of rent/utilities based on their income (typically 30 percent of adjusted income); PHA pays remainder.

Voucher

- Contract between PHA and family.
- Specifies family obligations in the HCV program.

ACC

- Contract between PHA and HUD.
- Enables PHA to receive HCV funding from HUD.
- Outlines PHA obligations.

HCV Funding

Administrative Fee Funds:

- Paid based on leased units as of the first of the month.
- Administrative fee amount determined by HUD based on locality.
- May be used for eligible HCV administrative expenses.
- Disbursed monthly/reconciled quarterly by HUD based on Voucher Management System (VMS).
- Pro-rated based on appropriations.
- Maintained in administrative reserve – Unrestricted New Position (UNP).

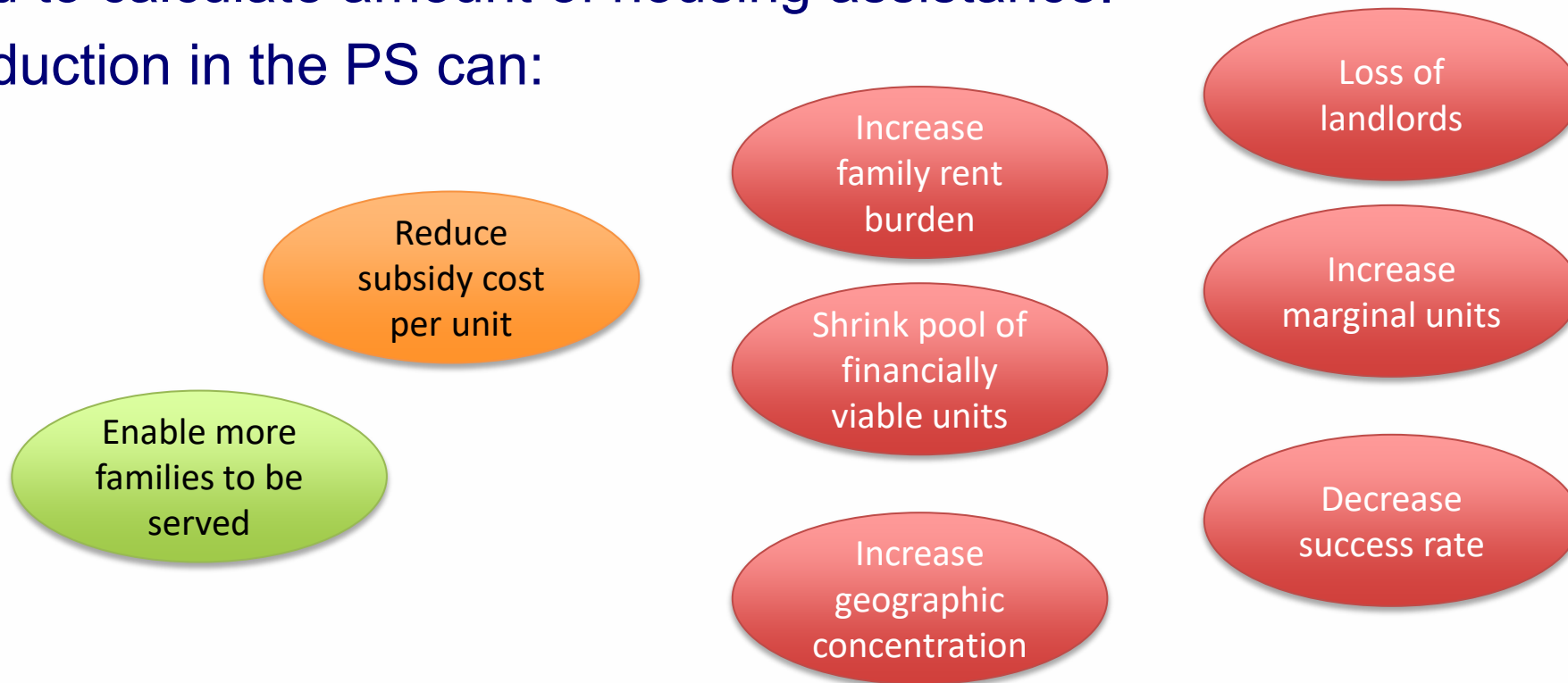
HAP Funds:

- Assistance in rent to landlords.
- Utility reimbursements to renters.
- Family Self-Sufficiency (FSS) escrow deposits.



Payment Standard (PS)

- Buying power of voucher.
- Set by PHA: 90 to 110 percent of HUD-issued FMR.
- Used to calculate amount of housing assistance.
- A reduction in the PS can:



Rent Reasonableness

- Determination that rent charged by owner for assisted units is comparable to rents charged for unassisted units in the private market.
- Methodology to determine that rent requested is “reasonable.”

Not too restrictive



Not too generous

Housing Quality Standards (HQS)

- Required at lease-up and annually.
- Obligation of PHA.



1. Sanitary facilities
2. Food preparation and refuse disposal
3. Space and security
4. Thermal environment
5. Illumination and electricity
6. Structure and materials
7. Interior air quality
8. Water supply
9. Lead-based paint
10. Access
11. Site and neighborhood
12. Sanitary condition
13. Smoke detectors

Portability

- Voucher holders may use their voucher anywhere in the United States.
- Initial PHA – Originating PHA that issued the voucher in the first place/location.
- Receiving PHA – PHA in the jurisdiction to which the family wishes to move.
- The receiving PHA can absorb voucher or bill the initial PHA.

Absorb	Bill
Receiving PHA uses existing voucher funds to pay for family; voucher becomes part of PHA portfolio.	Initial PHA continues to count the family in their HCV portfolio and use their HCV funds.
Initial PHA can reissue the voucher to a new family from their waiting list.	Receiving PHA bills the initial PHA for HAP payment and 80 percent of administrative fee.

Mesa Glen Case Study Scenario

- Mesa Glen: Fast, growing metro community.
- Increase in high-income residents.
- 20,000-voucher HCV program.
- Long wait lists.
- To try to increase the number of vouchers, prior Board dropped the payment standard to 90 percent of FMR.
- Subsidy per unit dropped, and more vouchers became available.
- Also saw a drop in the number of landlords willing to participate in the program.
- Remaining landlords were located in worse sections of town.
- PHA saw more failed HQS inspections.
- Wait lists decreased, but fewer families were being housed.



Question #1

Why was the Mesa Glen Housing Authority experiencing a loss of landlords and a shift in the geographic location of its voucher units?

- a) The housing authority was paying too much to the landlords, leaving fewer funds for the renters and making it challenging to pay their rent. As a result of non-payment by renters, landlords left the program.
- b) Since the subsidies were reduced with the low payment standard, landlords were faced with either reducing their rents so voucher holders could afford the rent, or risking rent non-payment for residents priced out of the units because residents had to pay a higher portion of their income.
- c) There are cyclical patterns to voucher programs. Families move periodically, and landlords with HAP contracts change. Sometimes voucher units happen to consolidate in a few locations.

Question #2

Why weren't more families being housed by the voucher program, despite the payment standard going down and the wait list being reduced?

- a) The rental prices in Mesa Glen likely went down, making housing more affordable for low-income families.
- b) If the wait list is not as long and fewer families are being served, the only explanation is that the economy is improving and the need for the program has been reduced.
- c) With less buying power, renters had more difficulty finding acceptable units that they were willing to rent. Units that were affordable with the lowered buying power were in worse condition and located in undesirable neighborhoods.

What Are Project-Based Vouchers (PBVs)?

- The PBV program is a part of a PHA's HCV program.
- It is not funded separately.
- Allows a PHA to attach HCV funding to specific units, rather than a unit in the private market.
- The PHA may project-base up to 20 percent of its ACC units.
- The PHA can add an additional 10 percent (30 percent of ACC units in total) for specific circumstances.
- Some PBV requirements are different when part of the Rental Assistance Demonstration (RAD) program, and the program's limitations do not apply to RAD PBV units.

PBV vs. HCV

HCV

Enables families to access available housing anywhere in the community. The subsidy is tied to the family, so assistance is portable.

PBV

The voucher subsidy is tied to a specific unit, not the family. The unit is owned by either the PHA or another entity.

Key Elements of PBVs

- PBV HAP contract terms can be 1 to 20 years.
- Project cap is the greater of:
 - 25 percent of total units in the building.
 - 25 units.
- Owners may be eligible for vacancy claims.
- Family is eligible for a tenant-based voucher after living in the unit for 12 months.



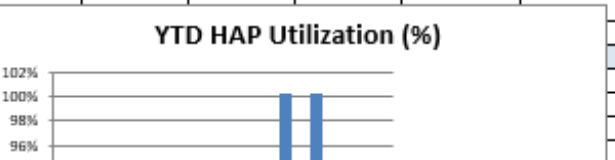
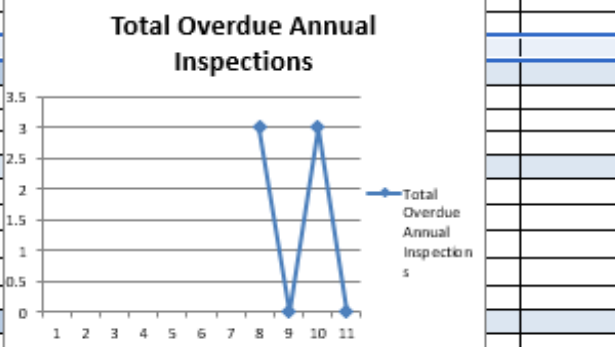
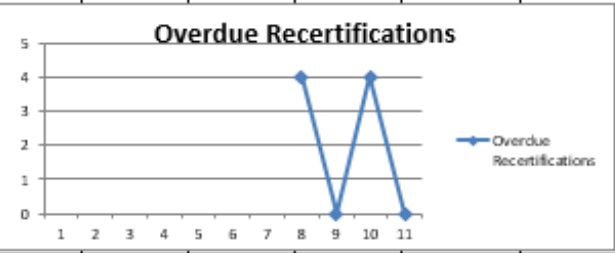
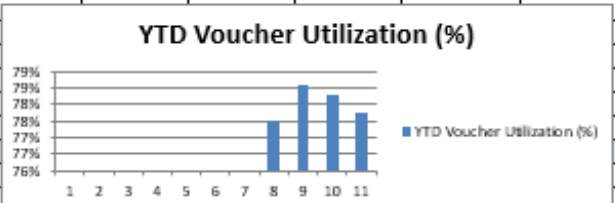
Why Do PHAs Use the PBV Program?

- To preserve and/or increase the supply of affordable housing within the community.
- To deconcentrate areas of high poverty and minority concentration, and to encourage mixed income. developments in opportunity areas.
- To increase voucher utilization.
- To address specific community housing needs.
- To improve HCV program utilization.



HCV Oversight and Monitoring

Summary 2017													
HCV Annual Budget Authority	January	February	March	April	May	June	July	August	September	October	November	December	Notes
Monthly HAP Receipts								\$ 286,974	\$ 286,974	\$ 286,974	\$ 204,125		
Monthly HAP Payments								\$ 296,701	\$ 286,788	\$ 294,983	\$ 297,462		
Monthly HAP Difference								\$ (9,727)	\$ 186	\$ (8,009)	\$ (93,337)		
Annual Budget Authority Available*								\$ 3,436,644	\$ 3,436,644	#####	\$ 3,436,644		
YTD HAP Expenditure								\$ 3,446,810	\$ 3,446,810	\$ 3,156,416	\$ 3,156,416		
YTD HAP Utilization (%)								100%	100%	92%	92%		
Admissions and Waitlist													Notes
Total Program Vouchers								751	751	751	751		
Total Waitlist								660	660	633	635		
Applicants Pulled from w/L								50	50	27	25		
Vouchers Issued								25	35	14	11		
New Admissions Completed (code 1)								4	4	4	9		
Recertifications													Notes
Recertifications Scheduled								42	46	50	51		
Recertifications Completed								38	46	46	51		
Overdue Recertifications								4	0	4	0		
Terminations													Notes
Terminations Completed (Code 6)								5	6	6	4		
Repayment Agreements													Notes
Total Repayment Agreements								5	5	5	5		
Delinquent Notification Letters Mailed								20	25	18	20		
# Families Delinquent								5	5	5	5		
Total Debts Owed to the IHC								\$ 500	\$ 475	\$ 450	\$ 500		
Inspections (Annual)													Notes
Annual Inspections Scheduled								68	79	78	70		
Annual Inspections Completed								65	79	75	70		
Total Overdue Annual Inspections								3	0	3	0		
Voucher Utilization													Notes
Voucher Unit Months Available								24	24	24	24		
Voucher Unit Months Leased								6	6	6	6		
YTD Unit Months Leased								22	22	22	22		
YTD Total Vouchers Under Lease								582	590	588	584		
YTD Voucher Utilization (%)								77%	79%	78%	78%		
Quality Control													Notes
# Files Reviewed								5	8	10	10		
# Failed								3	2	2	4		
% Failed								60%	25%	20%	40%		
Hearings													Notes
Hearings Requested								5	5	5	5		
Hearings Conducted								5	5	5	5		
Number Reinstated								0	0	0	0		
Number Terminated								5	5	5	5		



Question #3

Can a family receiving an HCV move to another State without losing their voucher?

- a) No, because HCVs belong to the unit to which they are assigned.
- b) Yes, families may move as long as the HCV program is administered in the jurisdiction they wish to move to.
- c) Yes, but only if the new HCV program is willing to administer their voucher.

Question #4

HAP funds are used for which of the following purposes?

- a) Rent to landlords
- b) Utility reimbursements to families
- c) Family Self-Sufficiency (FSS) escrow deposits
- d) All of the above



HCV Administrative Plan



Administrative Plan Overview

- 24 CFR 982.54 requires PHAs to adopt a written Administrative Plan for the HCV program.
- A PHA's written policies are where there is discretion in the regulations to operate their HCV program.
- Every PHA that administers an HCV program must have an Administrative Plan and keep it current.
- The plan must be made available to the public for review at any time and made open for public comment when changed.
- The plan must be approved and adopted by the Board and used to guide the operations of the HCV program.

Administrative Plan Contents

- Selection and admission of applicants from the wait list.
- Issuance and denial of vouchers.
- Any special purpose vouchers.
- Occupancy policies.
- Landlord recruitment, disapproval, information sharing, and related policies.
- Subsidy/payment standards and rent reasonableness.
- Grievance and hearing processes.
- Recertifications.
- Administrative fee setting.
- HQS.
- FMRs.

Eligibility/Admissions Criteria/Policies

- Federal law prohibits admission to public housing based on certain criteria. These include:
 - Lifetime registered sex offender.
 - Conviction of methamphetamine production (on the premises of federally assisted housing).
 - Eviction within 3 years from federally assisted housing for drug-related crimes.
 - Currently engaged in illegal drug use or threatening behavior.



Tenant Selection and Wait Lists

- Wait list – Single or separate for tenant-based vs. project-based vouchers? When to open and close the wait list? When to purge?
- Preferences – Discretionary policies should balance protection of all program participants with assisting vulnerable populations.
- Program income eligibility – HUD requires that extremely low-income (ELI) families (those making 30 percent of AMI or less) make up at least 75 percent of families admitted to the HCV program each fiscal year.
- Briefings – New families must receive a briefing with specific required information concerning the HCV program.



Subsidy Standards, Income Determination, Moves, and Terminations

- Voucher size based on subsidy standards.
- Number of briefings scheduled prior to removal from the wait list.
- Minimum rent.
- Income standards, determination and verification of income and other key family status and information, and rent are primarily dictated by HUD.
- Program terminations vs. owner terminations.

 Bedrooms	 Number of Persons
1	3
2	5
3	7
4	9
5	11

Inspections, Reexaminations, Rent Reasonableness, and Portability Standards

- Inspections and reexaminations are primarily dictated by HUD, with some nuances determined by the Board.
- Rent reasonableness determination policy.
- Recertification requirements.
- HAP contract execution.
- Portability standards.



Violence Against Women Act (VAWA)

- Enacted in 2013.
- Provides housing protections for victims of domestic violence, dating violence, sexual assault, and stalking.
 - Can't be denied assistance due to domestic violence, etc.
 - Can't be denied ongoing assistance or evicted if a victim of domestic violence, etc.
 - May divide a lease in order to evict a perpetrator.
 - Must have a transfer policy for one or more members of a household to keep them safe from domestic violence.

Question #5

- Which of the following is not an aspect of the Administrative Plan?
- a) PHA's policies about how they will operate their Section 8 programs.
 - b) Written and completely developed by the Board.
 - c) Must be certified annually in the PHA Plan.
 - d) Made readily available to the public and all residents.
 - e) Kept current with HUD regulations and Federal and State laws.

Question #6

Which of the following topics is not covered in the Administrative Plan?

- a) Selection and admission of applicants from the Section 8 wait list.
- b) Issuance and denial of vouchers.
- c) Subsidy/payment standards and rent reasonableness.
- d) Use of public housing operating or capital fund resources.



Section 8 Management Assessment Program (SEMAP)



HCV Performance Assessment

- Section 8 Management Assessment Program (SEMAP).
- PHA self-certification takes place within 60 days of fiscal year end.
 - Agency submits self-certification and attests to its validity.
- HUD Field Office issues a score within 120 days of fiscal year end.
 - Includes analyzing PHA certification and possible onsite testing.
- Scores below 60 are designated as “Troubled.”
- Scores above 90 are designated as “High Performer.”
- 14 indicators total.
 - First 7 are self-certified.

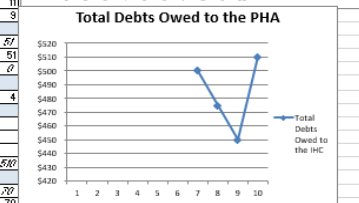
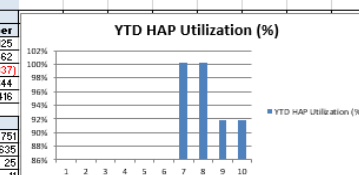
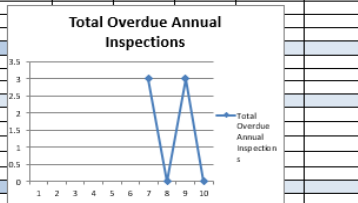
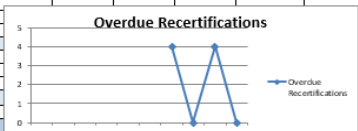
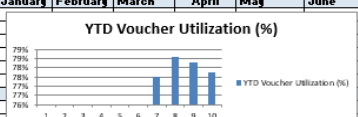


Ensuring High-Quality Public Housing – SEMAP

Number	SEMAP Indicator	Maximum Points	Scoring
1	Selection from the Section 8 Waiting List	15	PHA
2	Reasonable Rent	20	PHA
3	Determination of Adjusted Income	20	PHA
4	Utility Allowance Schedule	5	PHA
5	HQS Quality Control Inspections	5	PHA
6	HQS Enforcement	10	PHA
7	Expanding Housing Opportunities	5	PHA
8	Payment Standards	5	PHA
9	Annual Re-examinations	10	Multifamily Tenant Characteristics System (MTCS)-HUD
10	Correct Tenant Rent Calculations	5	MTCS-HUD
11	Pre-contract HQS Inspections	5	MTCS-HUD
12	Annual HQS Inspections	5	MTCS-HUD
13	Lease-up	15	VMS/HUD Central Accounting Program System
14	Family Self-Sufficiency	10	MTCS-HUD
	Deconcentration Bonus	5	

Board Role in SEMAP

PHA Board of Commissioners Summary HCV Report - XXX											
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- Focus attention on weak Public Housing Assessment System (PHAS) and SEMAP performance areas for effective and efficient use of scarce resources.

- Look for patterns and trends.
- There are consequences for a poor SEMAP score.
- Board's responsibility is to ensure that all of the PHA's programs are running well and in compliance.
- Match performance against goals in every Board meeting.
- Determine the reason for failure if goals are not being met.

Strategies for Improving HCV Performance

- Landlord outreach/education.
- Establish payment standard in alignment with the local rental market.
- Maximize use of tax credit properties.
- Provide quality professional service to landlords.
- Establish an HCV landlord group.
- Conduct more or higher-quality participant screening.
- Quality participant outreach and wait list management/maintenance.
- Provide substantive and quality briefings for participants.
- Perform solid case management and customer service.
- Incorporate counseling and assistance, including financial assistance, into the HCV program.
- Invest in a quality HQS program.



Question #7

How is the PHA's performance in HQS-related activity reflected in SEMAP scores?

- a) HQS scores and SEMAP are separate performance measures.
- b) HQS scores are one of the 14 SEMAP indicators.
- c) SEMAP performance indicators include four measures having to do with HQS: HQS Quality Control Inspections, Enforcement, Pre-Contract HQS Inspections, and Annual HQS Inspections.

Thank You
for your commitment and service to
your PHA and its residents!

