

Board Commissioner Training Module 7: HCV Overview and the Administrative Plan

Transcript

00:00:00 Margaret McGilvray: Welcome to an Overview of the Housing Choice Voucher Program and the Administrative Plan for Boards of Commissioners. This is one of a series of live and recorded training modules for PHA Commissioners. The training modules include five live virtual trainings: module one on Roles and Responsibilities, module two on PHA Budget and Finance, module three on the PHA Plan and Capital Funding and Strategic Planning, module four on Procurement, and module five on PHA Performance Monitoring and Risk Management.

We hope you are participating in those live virtual trainings, but we are also making available three recorded trainings, of which this is one of them. And these are for your viewing pleasure and timing on your own. This one, as we mentioned, is on the Housing Choice Voucher Program. A second one is on the Public Housing Program and the ACOP, or Admissions and Continuous Occupancy Plan. And the third one is on North Carolina and South Carolina State Public Housing Law Basics. So, we encourage you to take all of these trainings.

I am Margaret McGilvray from Econometrica, which is an organization that provides technical assistance and training to public housing agencies around the country and has been hired by HUD to provide this training to all of you. I myself have been working in the field for nearly 25 years. I'm joined by my colleague, Cydney Jones, the Consulting Manager at Nan McKay and Associates. She's been with Nan McKay for over 10 years and has had a long career, beginning at the DC Housing Authority and LA County Housing Authority, and she's an expert trainer as well as an expert on the Housing Choice Voucher Program.

00:02:00 Cydney Jones: Hello, everyone.

00:02:00 Margaret McGilvray: So, let's look at our objectives. This slide is really a good cross-check for you to make sure that we covered everything we said we would for you today. And it's a good cross-check for us, as well. So, you can take a look at these items, but at the bottom line, we just want to make sure that we've provided the information necessary so that you can describe the basic functions of the Housing Choice Voucher Program and how it should look and operate at your PHA.

So, what are we going to cover today? We'll start our training with a basic program overview of the Housing Choice Voucher Program, which is also called HCV or Section 8, and then we'll delve into the management of the program more deeply. We'll speak a little bit about the Administrative Plan, or Admin Plan, that all public housing authorities with an HCV Program must maintain. And although there are specifics to the PHA, there's a lot of policy requirements dictated through statute and regulation, and we'll highlight some of those. And finally, we'll conclude with a discussion on how HUD and the Board should evaluate your HCV Program and make sure that it's compliant and functioning to the best extent possible.

So, let's get into the Housing Choice Voucher overview. We just wanted, before we went on, to clarify what will and won't be covered in this session. There are two primary types of "public housing." The two primary types are low-rent housing and Section 8 Housing Choice Vouchers,

or the HCV Program. The Section 8 Housing Choice Voucher Program allows low-income families to choose and lease—or, in some cases, purchase—housing out in the private market. And that's what this module will focus on today. The low-rent housing program, which is often referred to just as public housing, are hard units and properties that your authority owns and operates. And there's a second recorded module on the low-rent public housing program.

So now, let's delve into a little bit more background. The United States has been providing housing for low-income families since the 1930s, beginning with the 1937 Housing Act that established permanent public housing funded by the Federal Government. From the beginning, the goal was to provide decent, safe, and sanitary rental housing for low-income families. And today, there are approximately 1.2 million public housing units administered by over 3,000 public housing authorities. So, you Commissioners out there are in good company. Over the years, public housing has experienced many challenges and has learned many lessons. And this has led to a number of legislative changes over the years, including the establishment of the Housing and Urban Development Act; the Quality Housing and Work Responsibility Act, otherwise known as QHWRA; and the creation of the Section 8 Housing Choice Voucher Program.

The ACC is a legally binding contract between HUD and the PHA, and is required. The ACC is essentially how the housing authority receives their funding from HUD, and it also defines the agency's obligations and outlines remedies for breaches of the contract. The ACC's term extends each year funds are accepted. So, each year, it's renewed. Obligations under the ACC include, but aren't limited to, having a cooperative agreement for your PILOT, or Payment In Lieu Of Taxes; descriptions about how you need to submit your operating budgets, how you need to set up your financials, how to keep your books, and similar aspects; it also speaks to the requirements for defaults and remedies HUD may use for noncompliance; as well as details regarding conflicts of interest. All Board members should have a copy of the ACC and know and understand exactly what it says, just as you would any contract that you might have with someone regarding your own home, or care of any other contract.

So, let's look at the Section 8 Program a little bit more closely. The Housing Choice Voucher Program is the Federal Government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Housing Choice Vouchers are administered locally by your public housing agencies, and the PHAs receive Federal funds from HUD to administer the voucher program. Families receive a voucher which pays a portion of the rent and allows them to find housing in the private market. A housing subsidy is paid to the landlords directly by the authority on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Eligibility for Housing Choice Vouchers is determined by the PHA based on the family's or person's total annual gross income and family size, as well as citizenship and non-citizens who have eligible immigrant status. In general, the family's income may not exceed 50 percent of the median income. And by law, PHAs must provide 75 percent of their vouchers to applicants whose incomes do not exceed 30 percent of the area median income. So, this program is really focused very much on low-income populations.

Once a family is determined to be eligible, a PHA will put their name on a waiting list, and then they'll proceed to wait until about a voucher becomes available. Once one does become available, the PHA will contact the person or family on the waitlist and issue a Housing Choice Voucher.

Just to note: There are over 2,300 PHAs with Housing Choice Voucher Programs, housing 2.2 million families. And there are over 700,000 landlords who participate in this program.

The Housing Choice Voucher holder is advised of the unit size for their voucher for which they're eligible, based on family size and composition. And then they go out into the private market and find a unit that they wish to occupy and reach an agreement with the landlord over the lease terms. The PHA has to inspect the unit and make sure that it meets housing quality standards and determine that the rent requested is reasonable. The PHA also determines what's called a payment standard; that is the amount generally needed to rent a moderately priced unit in the local housing market. And that's used to calculate the amount of housing assistance a family will receive—or, more importantly, that the landlord will receive on behalf of the family.

The PHA receives their budget for the Housing Choice Voucher Program annually, and it's called budget authority. And that tells the PHA exactly how much money they have to expend in contracts with landlords. And these contracts are called Housing Assistance Payments, or HAP contracts, and Cydney will get into those in a little bit more detail in the next section. But the budget authority from HUD is what tells the housing authority how much they can spend on those subsidies to landlords. This amount basically correlates to an anticipated number of vouchers. So, for instance, you may see that your housing authority has a budget authority of \$100,000, and that should fund 100 vouchers. However, if the PHA ends up having to pay more in rent subsidies, based on the tenant portions or based on the rents in the area, then they may not be able to fund as many vouchers, as anticipated. So sometimes you could be using all of your budget authority, but it only actually funds, say, 90 vouchers.

With that, I will turn it over to Cydney to talk a little bit about the program management.

00:11:50 Cydney Jones: Wonderful. And thank you, Margaret. We're going to talk a little bit about the HCV Program and how we manage that program as a Board. So, let's take a look at the next slide and talk about how HCV Program options.

So, there are technically three components of the HCV Program: the tenant-based program, which is what we refer to as Housing Choice Vouchers; the project-based Rental Assistance Program, or PBV is what we call them, project-based vouchers; and the HCV Homeownership Program. Did you know there's a homeownership program which provides financial assistance to qualified families that covers certain homeownership expenses? Yes. So, there are technically three components, but they all come from one funding stream, which we refer to as the Housing Choice Voucher Program.

Now, when it comes to the PBV program, it's a component of the Housing Choice Voucher Program. And it's not funded separately, but there are differences between the two programs. In both programs, the housing authority has a contractual relationship with an owner, but in one case, in the HCV Program, the voucher is attached to the tenant; in the project-based voucher program, the voucher is attached to the unit. And Margaret's going to talk a little bit more about PBV and the differences between those two later on in this session.

Let's take a look at the next slide, HCV Program Relationships. So, everyone has a contractual relationship. And this image illustrates the legal, contractual, and regulatory relationships among

the PHA; the owner; and the voucher holder, the family. So, the housing authority and HUD are bound by what's called an ACC, or Annual Contributions Contract, as Margaret mentioned earlier. And the housing authority and the family or participant are bound by the voucher. So, that voucher that the family gets and is issued to go out and look for a unit is signed by both the housing authority and the family, and it lists the family's tenant obligations. The other contractual arrangements that we see is the HAP contract. So, the PHA and the owner have a Housing Assistance Payments contract that outlines their responsibilities in the program. Last but not least, there's a contractual relationship between the owner and the family, and that's referred to as the lease. Now, the housing authority's not privy to the lease; the lease is between the owner and the family. Let's take a look at the next slide.

So, this chart runs through some of the primary roles of the housing authority, the PHA; the property owner; and the voucher holder family; and some of the roles that they have within the program. So, for the PHA, this includes determining eligibility of applicants and maintaining a good and auditable waiting list. It means issuing the vouchers and providing the families with the information needed to help them find housing in the private market and help them comply with the terms of the program, as well as the terms of the lease. The housing authority's also required to conduct outreach to landlords. Working with landlords, who are our partners in the HCV Program, is critical to get as many families housed as possible. The housing authority also has to inspect those units and ensure that the rents are reasonable and that the owner is not charging more for the HCV units than they would for private market-rate tenants. The housing authority also is required to look at families' income or provide a recertification annually. Also, the housing authority has to ensure that the owner and the family are in compliance with the HCV Program regulations.

Now, it's not just the housing authority that has responsibilities; the owner has some, as well. For owners, they're responsible for screening families for tenancy. The PHA does some screening, but essentially, it's the owner's job to screen to make sure that the family is suitable to live in the unit. Now, the PHA is screening for eligibility, meaning income eligibility, and the owner is screening for suitability. Also, the owner has to maintain the property in accordance with HQS, and enforce the dwelling lease, and collect the rent from the tenant. Let's take a look at the next slide.

Now, the family has quite a few responsibilities, as well. And the family's responsibilities are listed on the voucher in the HCV Program, and they're listed on what's called a Statement of Family Responsibility form in the project-based voucher program. So, the family's responsible for providing accurate income information and keeping that up to date with the housing authority, and letting the housing authority know when their income has changed. They also have to allow the housing authority to perform inspections. And they have to attend those recertification appointments with the PHA, many of which are being done by mail now, as a result of the pandemic. They also are required to find suitable housing; comply with their lease and the voucher program requirements; and also notify the housing authority and the owner before they move out of the unit, or when they terminate the lease. They also should be notifying the housing authority of any changes to their income or family composition, in accordance with the housing authority's policies.

So, let's delve into these contractual relationships and what they mean. Well, the first is the HAP contract. And remember, that's the contract between the housing authority and the owner. The

housing authority is agreeing to pay an amount, called HAP, to the owner. The owner ensures that the unit is decent, safe, and sanitary. And the owner's ensuring that they're not accepting any side payments outside of what we've agreed to pay at the housing authority. And the rent also has to be reasonable. So, the family pays a portion of rent and utilities based on their income. Typically, the family's portion of rent is going to be about 30 percent of their adjusted income, meaning after we've given them their necessary deductions. And the PHA pays the remaining balance, which is what we refer to as HAP.

Now, the voucher is our contract with the family. The voucher outlines all of the family obligations and prohibitions. It also indicates that the family may not sublease the unit, commit any drug-related or violent crime, commit fraud or serious or repeated violations of the lease, or damage the unit, along with many other requirements as part of participation in the program.

The last contractual relationship that we want to talk about here is the ACC, and that's the Annual Contributions Contract. And it's a legally binding contract between HUD and the housing authority. The ACC is the mechanism through which the PHA receives funding, and it states the PHA's and HUD's obligations and remedies for breaches of the contract. And those are outlined in the ACC. So, as Margaret mentioned, all Board members should have a copy.

Now, PHAs receive funding for HCV in two pots: One is called admin fees, the other is called HAP dollars. So, this is a set amount paid by HUD based on the number of units leased, per what the PHA reports in something called the Voucher Management System—or VMS, as we know it. So, let's talk a little bit about admin fees first. Your admin fees cover your administrative expenses at the housing authority. So, the admin fee is an amount determined by HUD based on locality. It's published every year. And typically, it's prorated based on the funding that's available to HUD.

So, these admin fees can be used for eligible Housing Choice Voucher administrative expenses, like salaries, like computers, like training. These admin fees are dispersed monthly, but they're reconciled by HUD quarterly based on those monthly Voucher Management System submissions—or VMS, as we refer to it. So, it's important that your VMS system and submissions be accurate, because many times, these admin fees are prorated based on the amount of money that Congress has appropriated to HUD. It's always also a good practice to maintain some administrative fee reserve. We refer to that as Unrestricted Net Position. So, Unrestricted Net Position is actually admin fee that goes into our bank account that we can spend and use as needed at a later date. Ok?

Now, the other set of money that we receive is called HAP funds. And HAP funds pay that rent to landlords, ok? That's what we use to pay the HAP assistance. Also, utility reimbursements to renters comes out of HAP, as well. If we are giving the family an allotment to cover the cost of their utilities, that money comes from the HAP dollars, as well. Additionally, Housing Assistance Payments funds are used for the Family Self-Sufficiency Program escrow deposits. So, many PHAs have an FSS program, which encourages families to become self-sufficient. And part of that encouragement is depositing money into an escrow account, or savings account, for the family. And once they complete an interim goal, such as education or job attainment, they're eligible to pull that money out of their FSS escrow account and graduate from the program.

So, unexpected cost increases or fluctuations and leasing can greatly affect your HAP funds. Alright? So, PHAs really will retain a portion of leftover HAP funds in something called HUD-held program reserves. Now, the good news is, HUD has increased our admin fee proration retroactive to January 2016. The bad news is, if you have leftover HAP dollars, those monies can be recouped by HUD.

So, let's take a look at payment standards. Now, payment standards are what we refer to as the buying power of the voucher. It's set by the housing authority and is typically between 90 and 110 percent of the HUD-published Fair Market Rents. So, it's a standard that reflects the amount of money generally needed to rent a moderately priced unit in the local housing market. So, the payment standard is also used to calculate the amount of Housing Assistance Payments that the family will receive. There's a consequence, though, to setting the payment standard above, or even below, the FMR, including where in the market families can afford to live, how much the program will cost per unit, and how many families can be housed, and the rent burden of families.

So, let's talk about reducing the payment standard. A reduction in the payment standard might enable more families to be served, because we're paying less in HAP; however, it could also increase the families' rent burden. It could also shrink the pool of financially viable units. And it also could decrease your success rate. Now, an increase in the payment standard may also cost you more money and allow you to serve less people. But if the market has gone up in your area, it may actually increase the success rate of families who are searching for units, depending on what the payment standard is. Let's take a look at the next slide.

So, it's important that housing authorities not inflate the market, right? So, rent reasonableness is super important when managing an HCV program. So, when we say "reasonableness": It's an important job of the PHA to make sure that the amount of rent that they're paying to landlords for families participating in the HCV Program is not higher than the rents for comparable, market-rate units where a voucher holder may not be living. This function is called rent reasonableness. And the methodology to determine that rents requested is reasonable is required to be in your Admin Plan or in the PHA Policy, and it must be followed. And it's one of those SEMAP indicators, or Section 8 Management Assessment Program indicators, that the housing authority will be graded on.

We want to make sure that our methodology for determining rents is not too restrictive, and therefore families are unable to find market-rate units. And we also want to make sure it's not too generous, because that will, in effect, cause the market-rate rents to go up. So, when rents are set above the market, the program will serve fewer low-income citizens than it otherwise could and may prevent broader participation by residents or tenants at large. And it could destabilize a neighborhood.

Let's take a look at the next slide, and talk a little bit about Housing Quality Standards. So, general requirements for Housing Quality Standards—or HQS, as we refer to it—state that at least annually or biannually, it's the responsibility of the housing authority to conduct inspections of units to determine compliance with HQS prior to the execution of the entire term of the assisted lease. So essentially, units have to be inspected prior to executing the HAP with the owner. The requirement is that units must be inspected at least biannually. And it is the obligation of the PHA to perform those inspections. This doesn't mean that the PHA can't contract that function out to independent

inspectors, but it is the housing authority's job to ensure that those units are inspected biannually or annually.

Some of the things that are included in Housing Quality Standards include the sanitary facilities; food preparation and disposal; space and security; thermal environment, making sure that the heating and cooling systems are working, if applicable; illumination and electricity; structure and materials; interior air quality; water supplies; lead-based paint; access to the unit; and site and neighborhood standards, as well; and then sanitary condition of the unit; and smoke detectors and, in some municipalities, CO detectors, as well. Ok? So, again, with Housing Quality Standards, HUD has minimal standards that the housing authority could increase if they choose to have more strict standards. And that would be in their policy.

So, with that, I'm going to turn it back over to Margaret to talk a little bit about portability.

00:28:30 Margaret McGilvray: Portability is yours.

00:28:35 Cydney Jones: Sorry, Margaret. Well, let's talk about portability.

00:28:40 Margaret McGilvray: Sorry, I start back up with PBV.

00:28:45 Cydney Jones: I'm so sorry. I had portability in my mind.

00:28:50 Margaret McGilvray: That's okay.

00:28:50 Cydney Jones: So, do we want to start now?

00:28:50 Margaret McGilvray: Yeah, go ahead.

00:28:55 Cydney Jones: Alright, so let's talk about portability. The eligible voucher holders can use their voucher to lease a unit anywhere in the United States that administers and/or operates an HCV program. So, the PHA who's issuing the voucher to a family that wants to move to a different jurisdiction is referred to as the initial housing authority. The PHA in the jurisdiction to where the family chooses to move to is called the receiving PHA.

Now, the receiving PHA has the option to either absorb that voucher into their own program, or they can administer that voucher and bill the initial housing authority the cost of the HAP and a portion of the admin fee for administering that voucher. Now, if the receiving PHA decides to administer or bill the initial housing authority, that voucher stays with the initial housing authority and is counted towards their budgeted allocation. However, if the receiving housing authority decides to absorb that voucher, then they're going to absorb that voucher into their existing program, and the initial housing authority could then go ahead and read issue that voucher to someone else on their waiting list because it's no longer part of their ACC. Now, the decision as to whether to absorb or bill rests with the receiving housing authority. So, wherever that tenant decides to move to, they get to decide whether they're going to bill or absorb that voucher.

Now, let's take a look at the next slide, and talk a little bit about the Mesa Glen study scenario. So, we have the city of Mesa Glen. It's a vibrant community with a fast-growing metro community. There has been an increase in high-income individuals, and with that, more low-income families

have been priced out of the city. So, Mesa Glen Housing Authority has a new CEO. And it has a large Housing Choice Voucher Program, with 20,000 vouchers. But it also has a long waiting list.

So, the previous CEO and its Board were concerned about the growing waitlist for the voucher program. So, to help increase the number of vouchers available, the housing authority dropped the payment standard down to 90 percent of the HUD fair market value. As a result, the authority could afford more vouchers, because the subsidy cost per unit dropped. However, over time, the housing authority found that they had fewer landlords willing to participate in the program. And more and more of the units were in high-crime neighborhoods in Mesa Glen. The authority was also failing more housing quality standard inspections. The waitlist decreased, but they found that more families weren't actually being housed, and their success rate was going down.

So, here's a question for you. Question number one: Why was the Mesa Glen Housing Authority experiencing a loss of landlords and a shift in the geographic location of its vouchers? Take a few minutes, and tell me what you think.

Well, if you answered "B," you were correct. Since the subsidies were reduced with the lower payment standard, landlords were faced with either reducing their rents, so that voucher holders could afford the rent, or risking nonpayment for residents who've been priced out of the units because they had to pay a higher portion of their income.

Let's take a look at the next slide, and go over the next question. Why weren't more families being housed by the voucher program, despite the payment standard going down and the waitlist being reduced?

Well, if you answered "C," that was correct. With less buying power, renters had more difficulty finding acceptable units that they were willing to rent. Therefore, the units that were affordable with the lowered buying power were in the worst condition and located in more undesirable neighborhoods. So, if you answered "C," that was correct.

Now I'm going to turn it over to Margaret to talk about project-based vouchers. Margaret?

00:34:00 Margaret McGilvray: Thanks, Cydney. And thank you for going over, as you can see, what is a fairly complicated program, with a lot of aspects to it. And I'm going to talk a little bit about the project-based voucher program. Which, as Cydney mentioned earlier, is a component of the Housing Choice Voucher Program and not its own separate program, nor is it separately funded from the HCV Program. And although it does have some of its own unique regulations and program aspects, it is predominantly very similar to the operations or the program management of the HCV Program.

However, the project-based voucher program allows PHAs that already administer a Housing Choice Voucher program to attach that funding to specific units, rather than using it as tenant-based assistance. There are some restrictions on this, and a PHA may generally project-base up to 20 percent of its Housing Choice Vouchers or ACC voucher units. It can add an additional 10 percent, for a total of 30 percent of the total ACC units, for some specific circumstances, such as units with supportive services, those located in low-poverty or high-choice areas, those for the homeless or veterans. And usually, PHAs can project-base the greater of 25 percent of the units in a specific project, or 25 units. However, there are some exceptions to this cap.

So, let's just look at the PBV program versus the Housing Choice Voucher Program. The primary difference between the two programs is that the HCV Program enables families to access available housing units anywhere in a community, while the PBV program is a subsidy that's tied to specific units. The PHA that operates an HCV Program has the option to use their PBV program to increase the supply of housing units in its community or to preserve units that are already at risk of loss, whether they're in the private marketplace or actually owned by the PHA. So, units assisted under the PBV program can be owned by the public housing authority or by a private entity, whether it's for-profit or nonprofit.

So, let's look at some of the key elements of the project-based voucher program. PBV HAP contract terms—which is Housing Assistance Payment, just like Cydney explained for the HCV Program—can be for 1 to 20 years. Oftentimes, developers and such will want those longer time terms. A project cap, or a cap of the number of units per building or project, is the greater of 25 percent of the total units in the building or 25 units. Owners of the properties in which you are putting project-based vouchers may be eligible for vacancy claims. So, unlike in the HCV Program, when a person moves out with that tenant-based voucher, the landlord or the owner is not allowed to claim any rent beyond when it was occupied, versus with the PBV program.

And then, the family is eligible for a tenant-based voucher after living in that project-based voucher unit for 12 months. So, the housing authority is obligated if, after 12 months of a family or an individual living in a project-based unit, they can basically say, "I'd now like to trade that subsidy or that opportunity in for a tenant-based voucher and move elsewhere in the private marketplace." Or elsewhere in the country, as Cydney mentioned with regards to portability.

So, why do PHAs use the project-based voucher program? Basically, the value of this program—one of the primary values—is that it can preserve or increase the supply of affordable housing within a community. So, communities where the sources of affordable housing and the number of landlords is decreasing, and individual families are having more and more difficulty finding landlords or finding properties that will either pass Housing Quality Standards or that will accept that voucher, the project-based voucher is an opportunity. It can also deconcentrate areas of high poverty or minority concentration and encourage mixed-income developments in opportunity areas or in low-poverty areas. So, you can put some project-based vouchers into an otherwise market-rate building and give families an opportunity to live elsewhere in the community.

It can, as I mentioned, increase voucher utilization and the subsequent availability of subsidized units. So, it's particularly valuable for those housing authorities who are having voucher utilization issues, primarily because of the supply of affordable housing. And it can also be used to address specific community housing needs, such as those for supportive services, veterans, homeless families, and such. And in the same way that it improves voucher utilization, it can also improve Housing Choice Voucher Program efficiency, because it does maximize the use of that program.

So, now we'll move on to talk a little bit about your role as Board members in the oversight and monitoring of the HCV Program, to include the project-based voucher program. So, it's very valuable for a PHA to provide reports on your Housing Choice Voucher Program. It can be as simple as voucher utilization, HAP utilization, and perhaps the status of recertifications and inspections. Or it may include more performance indicators, such as our sample here, in terms of perhaps the number of admissions into the program against your waitlist, or the number of

vouchers issued each month, or budget authority against expenditures, etc. So, it's important to have some kind of Housing Choice Voucher reporting from the staff and the Executive Director to the Board, but it's really up to you all as to how in depth that gets.

But some of the questions that you as Board members may want to ask when you're looking at any reports, or even talking about the program on a monthly basis at your Board meetings, such as maybe: Are we taking applications fairly and correctly? Is our waitlist open? Why is our waitlist so long? And when was the last time we cleaned our waitlist or had it open, and why? Are we briefing our voucher holders and issuing vouchers regularly, so that we don't have a backlog and so that our voucher holders are as able to find housing in the private market as possible? Are we paying the landlords in a timely and correct fashion? Or that may be contributing to why we may be losing or gaining the number of landlords.

At a minimum, you want to see, on a monthly basis, the trends over time as to the performance of your program so that you can ask questions, look for efforts for improvement where it might be needed, and make sure that the program is healthy and compliant.

So, let's just do a little knowledge check by asking a couple of questions. Our first question is, can a family receiving a Housing Choice Voucher move to another State without losing their voucher? We'll give you a moment to look at those possible answers.

If you answered "B," then you were correct. Yes, families can move, as long as the HCV Program is administered in the jurisdiction they wish to move to, and that they were in compliance with the voucher program and still hold that voucher from the PHA that they are leaving.

And then, let's ask one more question. So, HAP funds, or Housing Assistant Payment funds, are used for which of the following purposes? And I'll give you a chance to look at those answers for a moment.

If you answered "D, All of the above," then you were spot on. HCVs can be an efficient tool for housing low-income families, while also serving to bolster neighborhood revitalization. These are scarce resources and should be allocated to the maximum positive benefits. So, they can be used for rent to landlords, utility reimbursement, and, as Cydney mentioned, the Family Self-Sufficiency escrow deposits.

Now I'll turn it back to Cydney to talk a little bit about the Administrative Plan.

00:44:55 Cydney Jones: Thanks, Margaret. And yes, let's talk about the HCV Admin Plan. And as a member of the Board of Commissioners, it is your role to actually approve these policies, such as the Admin Plan, which governs the HCV, and the Admissions and Continuous Occupancy Policy, which governs the public housing division or your low-rent public housing, which we'll talk about in a separate module.

So, let's take a look at the Admin Plan overview. As we mentioned, the Board is required to adopt a written Admin Plan for the HCV Program. So, the housing authority has to prepare that Admin Plan, and the Board of Commissioners has to review and approve it. Now, the Admin Plan includes the PHA's policies on how they're going to implement the HUD rules. So, it might include policies on resident selection, rent reasonableness, unit inspection, how we approve units, and many, many

other policy decisions that the PHA is entitled to make on how they want to operate their program. So, once the policies and plans are adopted, the Executive Director is responsible for developing procedures that are aligned with implementing those policies.

Now, on a regular basis, the policies should be reviewed and updated to meet changes in the program requirements and community needs. For instance, HUD may change the regulations—and they did. They went from annual inspection requirements to biannual requirements, so we had to make a decision and implement a policy in our Admin Plan. Same thing with how you're going to perform recertifications: Many PHAs transitioned to mail-in recertifications versus in-person recertifications due to the pandemic. Those are policy decisions that the PHA would include in their Admin Plan. Let's take a look at the next slide.

So, what has to be included in the Admin Plan? Well first, it's driven by HUD regulations and requirements. But where there is latitude within those requirements, the PHA is required to have a policy in its Admin Plan. For instance, how you open and close the waiting list; where you're going to advertise; when you're going to purge the waiting list; how you're going to contact people, whether it's going to be by mail, by text, by email. Those policy decisions need to be in your Admin Plan. Some other things that need to be included in your Admin Plan: your occupancy policies, meaning how many people will be entitled to a two-bedroom or a three-bedroom—your subsidy standards is what we refer to them as; landlord recruitment, disapproval, and information sharing; grievance and hearing processes; your recertification processes; how you're going to set your admin fees, and who is allowed to expend those fees; Housing Quality Standards; and FMRs are just some of the things—how we're going to establish our payment standards—are just some of the things that need to be in your Admin Plan. Let's take a look at the next slide.

So, to highlight some of the key areas of the Admin Plan, we've chosen a few of these key sections to highlight. So, PHAs have discretion regarding their eligibility and admissions criteria and policies. However, there are a number of elements that Federal law or HUD dictates regarding how a housing authority treats individuals in certain situations. For instance, HUD rules require that the PHA disapprove anyone who is a lifetime registered sex offender from participating in the HCV Program. Also, if an applicant has been convicted of methamphetamine production on the premises of federally assisted housing, they also must be denied participation in the HCV Program. If the family's been evicted within the last 3 years from federally assisted housing for drug-related criminal activity, then HUD requires that that family be denied, or if the family's currently engaged in illegal drug use or threatening behavior. Now, with all of these federally required or HUD-required prohibitions, there is latitude and leeway. And families can always request a hearing—or an informal review, if we're talking about applicants—to review their case independently.

Let's take a look at the next slide, Tenant Selection and Waiting Lists. So, PHAs have discretion within their Admin Plan in terms of how they manage their waiting list. A PHA can decide to have one single waiting list for all of their vouchers, or maybe they want to have separate waiting lists for the tenant-based vouchers versus project-based vouchers. Your policy also has to dictate when the PHA is going to open and close the waiting list, when we're going to purge the waiting list, and how we are going to announce the opening and closing of our waiting list.

Now, the PHA's discretionary admissions policies or preferences can sometimes be a barrier for vulnerable populations, including those who are homeless or disabled. Likewise, when PHAs want

to focus their HCV Program more to working families or self-sufficiency, the preference can sway in the other direction of providing a preference to families who are working. But again, your policies and your preference policies cannot violate any fair housing requirements but should instead be used to help serve those vulnerable and specific populations in your jurisdiction who are in need of housing. So, selected applicants must receive a voucher briefing on how the program works. So, we have to explain to the family how the program works, and we do that via a briefing. Many PHAs are doing these briefings online or virtually. But it includes information on portability, on opportunity or low-poverty areas, and also how to file a discrimination complaint.

Let's take a look at the next slide, and talk a little bit about subsidy standards, income determination, moves, and terminations. Well, your Admin Plan policies establish what size voucher will be issued to a family based on their household composition. So, the family unit size, or the size of the unit that the family selects, does not dictate the size of the voucher or vice versa. If a family's issued a two-bedroom voucher, it doesn't mean they can't go out and select a three-bedroom unit. However, it does mean that they may have to pay more out of pocket if they select a unit that's larger than the voucher size that they're issued. The PHA can only pay a subsidy based on the voucher size, not the unit size.

Some other things that have to be outlined in your Admin Plan is the number of briefings that will be scheduled before the family will be removed from the list. So, for instance, I scheduled a family for their first briefing, they didn't show up. I scheduled them again for a second briefing, they still didn't show up. The PHA's policy says that the family will be denied assistance after they don't show for the second briefing. That's a policy decision that would need to be in the Admin Plan.

What is the housing authority's minimum rent? HUD allows PHAs to set a minimum rent of anywhere from \$0 to \$50. That minimum rent policy needs to be outlined in the Admin Plan. And income standards, determination, and how we're going to verify income also needs to be outlined in the Admin Plan. What is the verification that we're looking for? And then, when will we terminate the family, versus when the owner can terminate the family? Other things that have to be in our policy document include when the family has to give noticed, and also when the owner will be denied participation in the program for violations. Now, keep in mind: Tenants can move from a unit and still continue to retain their voucher for various reasons. If the family is a victim of VAWA, if they moved out in accordance with their lease and they gave proper notice, they can move from the unit. Alright, let's take a look at the next slide.

So, HUD requires that all units occupied by families receive an HQS, Housing Quality Standard, inspection. So, we have to inspect the unit before the family moves in and before we execute a HAP contract, as well as at least biannually, or every other year, thereafter. Now, HUD permits the PHA to establish some requirements around that and a policy. For instance, your policy may be that you want to do annual inspections versus biannual inspections. Also, your policy's going to determine how you make sure that the rents that we're paying are reasonable.

The Admin Plan also lays out the PHA's process for recertifications. So, as we know, PHAs have to recertify the family's income at least once per year. But whether the PHA does that in person, whether they do that via mail or some other method, that policy decision would need to be outlined in the Admin Plan. And as long as they're doing it once a year, their policy will dictate how they perform those functions.

Now, the Admin Plan also is going to outline how the HAP contract is executed. So, the plan lays out some of the requirements for owners in terms of their participation in the program. Do they have to attend a new landlord briefing? Do they have to engage periodically to help ensure their knowledge and understanding of the program? So again, PHAs have a lot of latitude when it comes to managing requirements of landlords, and we don't want to have too many requirements of landlords and make the program restrictive. But again, it's the PHA's policy that's going to dictate what is required of landlords to participate in the program, as well.

And also, portability standards. So, when we talked a little bit about portability earlier, your Admin Plan is going to lay out how the PHA will handle portability, meaning either moving from the jurisdiction with the family's voucher or moving into the PHA's jurisdiction with a voucher from another PHA. Although some of those requirements, such as the ability to do so after a minimum of 12 months in the originating location, are dictated by HUD—meaning HUD requires that the family has lived in your jurisdiction for at least a year at the time that they're issued the voucher, which could include time spent on the waiting list. However, some PHAs have additional policies that say you have to lease up in the jurisdiction for a year once you've been issued a voucher. But again, these are policy decisions that would need to be in the Admin Plan.

So, let's talk a little bit about the Violence Against Women Act—which doesn't just apply to women, it does apply to men as well. We refer to that as VAWA. But in 2013, Congress passed what's called the Violence Against Women Act, which protected victims of domestic violence, sexual assault, dating violence, and stalking from losing their housing assistance or being denied housing due to this abuse. For instance, "My boyfriend beat me, and I was evicted from my unit." Well, many PHAs might deny assistance to someone who was evicted within the last 3 years, but if it was due to domestic violence, the family can't be denied assistance. Also, the family can't be denied ongoing assistance or be evicted if they're a victim of domestic violence. And HUD allows the housing authority to bifurcate, or divide, the lease in order to evict the perpetrator. PHAs must have an emergency transfer policy in their Admin Plan to ensure that families are protected who are victims of domestic violence, dating violence, sexual assault, or stalking.

Let's take a look at the next question here, and let's test our knowledge a little bit. Which of the following is not an aspect of the Admin Plan?

And if you answered "B," then you are correct. Although the Board may have input into the policies that are developed in the Admin Plan, and the Board approves the Admin Plan, as well, it is written and developed by the staff at the housing authority. And the Board is approving those recommended policies.

Let's take a look at one more question. Question number six: Which of the following topics is not covered in the Admin Plan? Which of the following topics is not covered in the Admin Plan?

Alright, well, if you answered "D, Use of public housing operating or Capital Fund resources," then that's the correct answer. Remember, the Administrative Plan pertains solely to the Housing Choice Voucher Program and its affiliated programs, such as the project-based voucher program and homeownership. It does not reference any policies or procedures related to the low-rent public housing programs.

So, with that, I'm going to turn it back over to Margaret to talk to you a little bit about SEMAP.

01:00:15 Margaret McGilvray: Thanks, Cydney. And thanks for that explanation of the Admin Plan. I know that many Commissioners, it comes before them on an annual basis, and it's an enormous document. It's somewhat of a foreign object. So, we wanted to use this training to try and acquaint you a little bit with it, so that when you do approve it through resolution, you have some sense of what it is on Earth that you're approving.

So, the Section 8 Management Assessment Program, or SEMAP, which Cydney had mentioned earlier, is basically HUD's performance measurement tool for the Housing Choice Voucher Program. It also can be a useful tool for Board members to take a look at their program, as well. PHAs self-certify to HUD 60 days after the end of the fiscal year as to their SEMAP score. They basically submit a certification that addresses the first 7 indicators, of which there are 14 in total—and we'll talk about them on the next slide. And then HUD randomly confirms SEMAP certifications with their HUD systems for the second 7 indicators. The field offices issue a score around 120 days after the end of the fiscal year. It's out of 100 points, and high performers have a score above 90, and Troubled performers have a score below 60.

All SEMAP performance indicators set a standard against which the PHA's performance is measured. So, those may be indicators that you want to consider having on your monthly reports, so that you too, as a Board, are looking at your organization and your program in the same way that HUD is. And the score can really reveal whether the PHA is administering the program properly and efficiently.

The SEMAP certification is analyzed by the HUD field offices and may also be tested onsite. So, the field office staff may come onsite to look at some of those indicators specifically. And so, therefore, the housing authority must maintain complete documentation of how they came up with their SEMAP score and, most especially, those for which they are self-certifying. False certification is subject to causing the score to be lowered and also potential penalties. So, you want to make sure that you are self-certifying accurately and have the documentation to back that up. So, let's look at some of the indicators specifically.

This is a comprehensive and somewhat overwhelming list here. As I mentioned, there are SEMAP indicators. So, I'll just run through some of them. Some of them are fairly self-evident. Selection from the waiting list is a pretty high number of points, it's 15 points. And this is based on whether the PHA has both a written policy for their waitlist and whether it is, in fact, following that policy. Another high-score or -point indicator is rent reasonableness, which Cydney went over. And this is basically a score that's based on, again, whether the PHA has a written policy, which would be in your Admin Plan, for determining and documenting that the rent is reasonable. But also, whether it follows that policy and utilizes it to make determinations on an individual landlord and unit basis.

Another big-point indicator is determination of adjusted income, which is basically the method by which the PHA verifies and determines a family's or an individual's income, and then, therefore, how much subsidy they will receive. And that is usually done through third-party verification. Two other indicators, which are not as high in terms of points, are utility allowances schedule, which is an indicator that the PHA has a utility allowance schedule and it's up to date, usually updated on

an annual basis; and then that there is a quality control set of inspections for the Housing Quality Standards. So, your housing authority goes out, as Cydney mentioned, and does housing quality inspections, both at the outset and then on a regular—whether it's annual or biannual—basis. You want to make sure that there is a quality control piece in your authority to make sure that those inspections are being done correctly. Then there is also the HQS enforcement indicator, which is 10 points. And that's based on whether the PHA has addressed deficiencies during the HQS inspections and is following up on deficiencies—so, really, has a mechanism by which they can not only determine whether a landlord has HQS infractions, but that they're following up and holding that landlord accountable for that.

And then, finally, of the self-certifying examples, is that expanding of housing opportunities, which is only 5 points. But this is somewhat of a tough one. And this is basically that PHAs in Fair Market Rent areas will be scored under this indicator. If you're not in a metropolitan Fair Market Rent area, this doesn't apply. But this score is based on whether the PHA has adapted and implemented a policy to encourage participation of landlords that are located in areas of lower poverty or lower minority concentration, and that PHAs are encouraging voucher holders to look in those neighborhoods and seek opportunities in those neighborhoods.

Some of the other indicators that are certified through HUD systems are payment standards, which Cydney already went through; annual reexaminations, which goes back to that indicator regarding determination of adjusted income, and is making sure that each family's income is reexamined on a regular basis every 12 months; likewise, that tenant rent calculations are being done accurately; that Housing Quality Standard inspections are occurring prior to the contract with the landlord, as well as annually or biannually. Then, one of the other high-point items is lease-up, which we also talked about, which is in terms of using all of your budget authority or using all of your vouchers to make sure that vouchers aren't what we call "sitting on the shelf" for a long period of time, but are out being utilized. And that is based on whether the PHA has entered into Housing Assistance Payment contracts with as many landlords as they have budget authority or ACC coverage for.

And then also, there's a check for the Family Self-Sufficiency enrollment and maintenance of those escrow accounts. And then, finally, a deconcentration bonus, which goes back to what we referenced before in terms of expanding housing opportunities. This is a bonus for those housing authorities that are using a payment standard that exceeds 100 percent of the FMR and are setting up data for this indicator, so that they can see how this is impacting deconcentration.

So, now we'll go on to the Board's role in SEMAP. So, there are consequences for having a poor-performing housing authority or a poor-performing Section 8 program. As I mentioned before, there can be financial impact, and there can be restrictions. If you're designated as Troubled, that can have an impact on a number of facets. HUD will require corrective actions and may limit your PHA on receiving new funding awards if you are considered Troubled or substandard in your Housing Choice Voucher Program. The Troubled PHA is less able to support the families in the community, perhaps because you don't have as many vouchers out there. And it is your responsibility, as Commissioners, to make sure that your PHA is staying both out of harm's way in terms of the impacts of poor performance, as well as serving those families to the maximum extent possible in your community.

So, as a Commissioner, it's your responsibility to ensure that the PHA is performing well. And you can do so through focusing attention on weak SEMAP performance areas; and requesting reports and ideas for how to make them more efficient or improve that performance; and even, in fact, establishing goals for weak performance areas, and then matching that performance against those goals on a regular basis through your Board meetings. Also, just determining the reason for the failure of goals, and why indicators are low or goals are not being met. And then, looking for patterns and trends and working to address those.

So, let's look a little bit further at some of the strategies for improving PHA performance in terms of their HCV Program. So, PHAs can look at performance both of their landlords as well as of their participants. And some of the ways they can support landlords is to hold landlord seminars and fairs to not only improve the capacity and the knowledge of their landlords, but also to attract additional landlords. You can also analyze your payment standard levels and see if changes to those payments standards might improve the performance of your program. Also, enforcing the acceptance of vouchers by tax credit properties. Tax credit properties may not turn away families based solely on being voucher recipients, so those are perfect properties to encourage participation in your Housing Choice Voucher Program. Or, perhaps improving customer service for landlords in terms of automatic payments or, at a minimum, timely payments. Perhaps surveying your landlords for customer satisfaction, or making sure that your inspections happen on a very timely basis. Or maybe even creating an HCV landlord group where they can problem-solve amongst each other and with you.

Landlords may also feel more comfortable if participants are well screened. So, in the Housing Choice Voucher Program, a lot of the tenant screening was on the shoulders of the landlords. However, if the housing authority's having trouble getting landlords involved, doing some of that screening themselves and then assuring the landlords might be a way to help gather a few more, a little bit more participation by your landlords.

In terms of your participants, you can make sure that you're updating that waitlist periodically, and that you're doing what we call a "purge," or making sure that the only folks that are on the waitlist are ones that want to be and maybe haven't moved away elsewhere, and that they're eligible and they're continuing to be eligible. Also, information is very, very critical. Supporting those families so that they understand the program extremely well, so that they are ready to take that voucher and hit the street as soon as they get it; that the staff is supporting them in a little bit of a customer service and case management role, if they're having trouble finding landlords. Sometimes that includes some support with transportation or maps for particular opportunity area neighborhoods, and things like that. And, of course, making sure that you've established really good Housing Quality Standards, and that the units that are participating in your program are really solid, good units for people to live in.

So, let's check our knowledge a little bit, after this aspect on SEMAP. So, how is the PHA's performance in HQS-related activity reflected in SEMAP scores? I'll give you a second to take a look at the possibilities.

For those of you that answered "C," you're correct. SEMAP performance indicators include four measures having to do with HQS: HQS Quality Control Inspections, Enforcement, Pre-Contract HQS Inspections, and Annual HQS Inspections. So, that's an area that could, if your HQS process

or inspectors or whatever are not performing well, it can have a significant impact on your SEMAP score.

So, with that, we want to thank you for participating in today's session, or listening to our session. And we hope that we've provided a lot of the information that our learning objectives stated that we would. And we request that you feel free to tune into our other recorded sessions, as well as our virtual live trainings that we mentioned.

So, thank you. And thank you, in particular, for your commitment to your community and your housing authority. We recognize that you're all volunteers, and that this is a very hard job, so we thank you for that dedication. And you have a good day.