



Housing Choice Voucher (HCV) Utilization

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San Antonio HUD Field Office



Mr. Rob Snyder, PMS
San Antonio Office of Public Housing



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HCV Utilization - Agenda

- 2022 Utilization Funding/Goals
- PHA Board Engagement
- Success Rate
- Rent Reasonableness/Burdens
- Payment Standards
- TYT Changes

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Goals and Board Engagement

- 2022 Utilization Funding/Goals
- PHA Board Engagement



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HCV Success Rate

One of the key variables in the housing choice voucher (HCV) program, particularly for those public housing agencies (PHAs) trying to aggressively lease, is the success rate of vouchers issued. Simply, this is the percent of issued vouchers that successfully result in a housing assistance payment (HAP) contract.

For example, a PHA issues 100 vouchers. Of these 100 vouchers, 72 result in a HAP contract, and the remaining 28 are returned, unused, to the PHA. This would result in a success rate of 72 percent (72/100).

The higher the success rate, the easier it is for a PHA to increase the leasing of its HCV program; conversely, a low success rate results in significantly more work for a PHA to increase leasing.

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Ways to Improve Success Rates



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Well Informed PHA Lease Process

- Length of Voucher Availability
- Extensions
- Performance Tracking

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Sufficient Applicants w/Ability to Find and Lease Units

- High Quality Briefings
- Communication During Search
- Other Search Assistance
 - transportation to visit units in non-impacted areas;
 - neighborhood tours;
 - counseling services/search assistance;
 - baby-sitting to enable parents to search for units;
 - listings of vacant rental units, particularly those in non-impacted areas; and
 - loans or financial assistance to pay for security/utility deposits

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Rent Reasonableness

1. Understanding the Rent Burdens of Families;
2. If a PHA approves rents that are too high, government funds are under utilized and limited housing subsidies are squandered.
3. If rents are approved at levels lower than comparable units in the private market, better owners and higher quality units are discouraged from participating in the program
4. Families may be inappropriately restricted in where they can live.
5. PMS Can run AdHOC Report to analyze Rent Burdens

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Rent Reasonableness Continued...

When do PHAs perform Rent Reasonableness Determination?

- Before Executing a HAP Contract
- Before any increase in Rent
- 10 percent or more reduction in FMR
- If Directed by HUD



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What is a Payment Standard?

For the Housing Choice Voucher program, PHAs are permitted to set their payment standards – *the allowances, for each unit size, that will be used to determine a family's HAP subsidy* – within the “basic range”, 90 – 110 percent of the published FMR (40th or 50th percentile).

-huduser.org

OK – so – if this plays into determining a HAP payment, it must also, as a result, effect the tenant payment. So, payment standards can directly impact rent burden, though we have yet to talk about rent burden. What's rent burden again?



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Payment Standards

- Payment Standard directly affects the amount of subsidy the family is eligible for
- What if Payment Standards are too low
- What if Payment Standards are too high
- How to “establish” proper Payment Standards

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Payment Standards (FMRs)

Metropolitan FMRs

- Established by Office of Management and Budget (OMB);
- Calculated Annually

Small Area FMRs

- HUD establishes at the Zip Code level;
- Align more closely with local rent levels
- SAFMR Opt-In

Discussion Questions??

How many families pay more than 40% rent burden?

- If that # is above 30% of families, PHA should increase Payment Standard.

What happens when utility allowance is increased w/out increasing Payment Standards?

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How are FMRs used?

- **HUD uses FMRs primarily to help determine the following:**
 - Payment standard amounts for the Section 8 Housing Choice Voucher program.
 - Initial renewal rents for some expiring project-based Section 8 contracts.
 - Initial rents for housing assistance payment (HAP) contracts in the Moderate Rehabilitation Single Room Occupancy program (Mod Rehab).
 - Rent ceilings in the HOME rental assistance program.
 - Calculation of Grant Amounts to Continuum of Care Grantees
 - Public Housing Flat Rents



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FMR Methodology

- **FMRs are based on Standard Quality, Recent Mover Rents**
- **Most areas begin with a new benchmark***
 - A standard quality rent from the 5-Year ACS
- **Recent Mover Adjustment**
 - Relationship between 5-Year SQ and 1-Year RM Rents
- **CPI Adjustment**
- **Trend Factor**



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Does HUD Have Any Say in This?

Yes! HUD has the regulatory ability to *require* a PHA to increase payment standards, by bedroom size, if more than 40% of voucher holders are paying more than 30% of their adjusted income towards rent.

Ideally, we would not invoke this; we'd rather have PHA staff make this decision on their own.



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Two Year Tool (TYT) Leasing Potential Review

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Why Use the Two-Year Tool?

- The objective of the Two-Year Tool (TYT) is to analyze a PHA's utilization situation, which includes running basic leasing and spending scenarios to better inform decisions going forward to optimize the program..... **(Increase Utilization)!!!**
- There are many variables that affect a PHA's HCV program, including Congressional funding, cost per unit trends, the rate at which participants leave the program (i.e. the attrition rate), and the rate at which vouchers are successfully leased (including both overall success and time-to-success).

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Helpful HUD Guidance for HCV Utilization

- HUD PIH Notice 2020-29
- SharePoint Site
 - http://sharepoint.hud.gov/sites/PIH2/DASFO/OFO_HQ_FO/HCV/optimization/default.aspx@hud.gov
- HUD Field Office Support Contact:
James.R.Snyder@hud.gov

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Thank you for your time...

Questions/Discussion