

# Office of Public and Indian Housing Housing Choice Voucher (HCV) Forum

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*\*These are the comments provided by HCV Forum on June 19, 2007*

## FMR/Payment Standards

- Allow PHAs to increase Aps to 120% for reasonable accommodation
- Base FMR on Actual Market Conditions; reduction to 40<sup>th</sup> percentile hammers family in housing search
- Allow PHAs to approve up to 120% of FMR—saves time on Reasonable Accommodation requests
- Allow PHAs to have multiple payment standards. For example, one for new admission and one for participants—Allow PHA to wean participants from program. Saves money, helps more people.
- Allow PHAs greater flexibility to determine subsidy levels. This could include local studies of markets rather than a metro-wide market. PHAs should determine which percentile level to set payment standards.
- Ability to set payment standards locally with local data and support
- Locally controlled, flexible, change with market conditions, objective market studies

## Terminations

- Change standards for termination of HAP contracts. Less than 6 months; potentially 3 months

## Terminations

- Use tax returns for rent calc and base future rents on past income
- Eliminate all the exclusions and base rent on gross income
- Simplify rent calculations (too many deductions)
- Rent calculations (or determinations of HAP tenant rent) are too complicated as evidenced by RIM. PHAs should determine a level of subsidy and participants would rent units based on their income levels or obtain more income if they want to rent a unit.
- **Step-Down Subsidy:** Rather than term limits, use rent calc. that reduces subsidy over time (year 1—25% gross, year 5—30% gross, etc. cap at 50%)

# Utility Allowance

- Publish UA by FMR area
- FMR already includes UA (allegedly—gross rent) so just separate contract rent and UA when publishing FMR
- Allow “energy efficient” U.A. rather than one jurisdiction wide UA
- **Eliminate them!!!**
- I would eliminate this all together. Most low-income tenants receive reduced utility costs. Comparisons to market are not realistic and utility decreases landlord payment
- Get rid of utility allowance and utility reimbursements; greatly simplify
  - Biggest cause for error in RIM reviews
- Using linear mathematical programming or algorithms, eliminate utility allowance and bundle in a rent simplification model
- **Eliminate**
- **ELIMINATE!** Calculate specific amt. of assistance to be paid for each family (FMR [include utilities] – 25% of gross income = assistance paid by PHA. Let family choose unit
  - No more UA
  - No more 40% rent burden
  - No more RR
  - Easier to manage BA
  - No more HQS—family choice!!

# SEMAP

- Eliminate self certification factors—Develop more HUD computerize reporting on critical areas
- Too many indicators—outdated
- Rent reasonableness—taking sample from more recent transactions
- TOO many criterias—but still a good monitoring tool
- Eliminate completely (no value added, no statutory requirement)
- Go away from the self-certification and the detailed process oriented indicators
- Fund and staff FOs to conduct periodic management reviews

# Portability

- Eliminate altogether
- All PHAs would absorb
- Shortfall in HAP subsidy adjusted at year end or next fiscal year
- If additional funding will be given for ports as indicated in SERVA, funding should be provided in the same FY.
- **SERVA**—provide funding for PHAs who administer **LARGE** number of port out, but will no longer be administering
- Eliminate billing
- **Eliminate billing**
  - Separate waiting list for portability families
  - Admit one portability eligible family for each two new admissions
- Restrict port moves to reasonable reasons such as employment, medical needs, education, and domestic abuse
- Move money with ports
- Stop the insanity—no move ports (If someone wants to move, should get approval to absorb from receiving PHA first. No bidding between PHAs)

# Reporting Sanctions

- Ease up on sanctions (except for material failures)
- Simplify 50058s and rethink requirement to report retro payments to UMS in the month accrued. Establish prior period adjustment line.
- Duplication of audits by HUD staff/consultants/Internal auditors
- Reduce amount of data collected in the 50058
- More reasonable and feasible MTCS threshold—95% is too high—suggest 90% like it used to be.
- ACC renewals and funding exhibits.
- It would be great to have access to run various reports on-line (e.g., how many mod rehabs currently being funded, etc...)

# Funding

- Any and all future funding changes need to be either for FY 2008 or 2009. Funding changes should never be for previous months.
- Predictable—save formula for multiple years
- Retain 5% reserves
- **“Binge & Purge”** –aiming for cumulative UML drives lease-up or terminations efforts for December year-end numbers that put us bad position for next year
- **Need more predictability**
- Need better explanations of how funding is determined
- More lead time before implementing changes-especially cuts
- Change baseline dates
- Go to a budget based system (like old voucher program) and allow PHAs to use their money and maximize the number of vouchers under lease
- Base funding and inflations adjustments
- Predictability
- Appropriate reserve leaves taking into account changing market conditions
- Ensure funding for administrator of the program is sufficient to cover program costs for MTW authorities
- **WHERE ARE OUR FY 2007 BUDGETS?**
- Permit 1 month of funding at beginning of the year then proceed with a draw down process similar to STC. Then VMS—funding would reconcile and we would have fewer issues with REAC
- Without funding notification at beginning of year, utilization is problematic—set a formula and stay with it.
- Funding levels need to be provided to PHAs much earlier and for over longer periods. PHAs have a minimum log time of 4 months to restart and lease vouchers when additional funding is provided
- Allow PHAs to spend BA without unit caps
- Divide total allocation among PHAs by simple funding that considers baseline units, FMR, and median income for area
- Predictable and timely
- Need more funding
- **Timely** notification of annual funding and predictability of funding levels

# Rent Reasonableness

- Why is this still a problem? Clarify what is acceptable and keep requirements short!
- Eliminate 40% rule
- Establish a “safe-harbor” methodology—not required, but an acceptable method.
- More flexibility for working in a rent regulated environment (i.e. safe harbor by following Rent Guidelines Board)
- **NO MORE RR:** Use rent calculation procedure similar to old voucher program where PHA pays set amount on family’s behalf. Then eliminate RR all together. Let family choose unit and negotiate rent.
- Allow most recent market rent paid under lease to support assisted rent
- Eliminate U.A.
- Greater rents with market conditions
- Use same formula as in Real Estate stats
- Should rent be based on income?

# Admissions

- Eliminate 75% ELT admission requirement—this encourages families to understate income and quit jobs in order to get into program
- Eliminate income targeting
- Eliminate 75% rule and eliminate 40% cap rule

# Recertification

- Eliminate the need to perform/complete 50058 transactions for annual re-examinations on off year for PHAs using biennial recertification.
- Reduce recerts for those on fixed income to every 3 years (with adjustments for inflation)
- Fixed income A/B recertification less often
- Use EIV for fixed income families only
- Eliminate property income
- Use most recent year-end
- Allow annual inspections to be conducted by the anniversary date of the contract rather than 365 days

- Allow seniors to have recerts every 2 years
- Conduct re-exams every two or three years (saves staff time and money)
- Less frequent for folks on fixed income
- Bi-annual review
- Mail tax return on annual basis
- Less paperwork and less often (every other year)
- Remove frequency of recertification for elderly and disabled—every 2 years
- Discontinue use of medical deductions
- Eliminate interims
- Term limits 5-7 years

## Other

- Demo/Dispo—Allow for 1 for 1 replacement, not only for occupied units
- **PBV**—speed up SLR review process to a fixed time (developers have to delay closing because of the these delays)
- Fair market rents
- Inspections due on an annual basis (with in 15 months of last inspection)
- FSS Coordinator Grant eliminated—it is very time consuming and the PHA is providing the same info annually
- PIC—fix or do away with
- Better testing of systems before implementation
- **FSS**—make FSS coordinator funding part of admin fee-based on PHA plan size and performance
  - Competitions is unstable and good programs have had to terminate
- PBV regulations—eliminate SURs and environmental for existing housing-speed up current process
- PBV regulations—rework public process requirements for PHA owned units
- **PBV**—eliminate cost certification for “existing” PBU projects
- Restore lead based paint fees. These are more important than homeownership fees.
  - Use of them also allows for some tracking of which PHAs are doing clearance, etc...
- Simplify Project Based Voucher rule (make more feasible)

- Develop training for PBVs
  - Simplify the subsidy layering process. Accept the rent comparison as the subsidy layering
- Do away with the Agency Plan or combine with SEMAP
- Less frequent submission of PHA plan
- “De-federalize” earned admin fees, so they can’t be taken away
- **Disaster Vouchers**—get MF HSG to provide info on what will be done for families residing in PB properties at the time of the hurricanes
- Renew emphasis on FSS programs. Mandatory participation in workshops for financial literacy and life skills

## Other

- Allow establishment of term limits—this allows for assistance to families on waiting list-no new funding likely-current system perpetuates dependence for families to able to work
- Post updated funding levels for each PHA on the web
- **PBV**
  - Eliminate SLR and envir. Reviews for existing PBV projects or allow HAPs to be signed during process with understanding rents may need to be lowered
- FSS funding should work as percentage of overall—like admin fee. No NOFA
- **PROJECT BASED VOUCHERS**
  - Increase allowable above zero in building
  - Create a unit flexible/locally based de-concentration standard
- Don’t require 100% of units to pass HQS on all items
- Allow units to pass conditionally with 4 or 5 deficiencies (non-life threatening) subject to correction by the next annual re-inspection
- Allow PHA to inspect less than 100% of units in a building
  - This would reduce our HQS fail rate without compromising safety (similar to REAC inspections)
  - Also, saves money since 100% is very staff intensive and costly.