



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

PRINCIPAL DEPUTY ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

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Dear Public Housing Authority Executive Directors:

As you all are aware, maximizing both budget and unit utilization in the Housing Choice Voucher program is critical to our mission to ensure affordable housing to families and individuals across the country. I wanted to take this opportunity to outline several key actions your PHA can take to improve budget and unit utilization. These activities generally fall into two categories: improving voucher success rates, and data monitoring and projecting.

Voucher Success Rates

A good success rate can be the key to high voucher utilization. Success rates are the percent of issued vouchers that result in a HAP Contract, and can be calculated using the Two-Year-Tool (TYT). Best practices regarding voucher success rates include:

- **Ensure payment standards are optimally set:** The “buying power” of the voucher, as determined by PHA payment standards, plays a large part in whether families can find units at affordable rents. PHAs have broad authority to determine the level of the payment standard (PS) between 90 percent and 110 percent of fair market rent, and can choose to set more than one payment standard within the basic range in their jurisdiction. PHAs may choose, for example, to set the payment standard in a high cost part of the jurisdiction at 110% and at 90% for a lower cost part of the jurisdiction. PHAs may also request exception payment standards if 110% of the FMR is not adequate for families to find affordable units. Payment standards above the basic range require HUD approval, and the guidelines for requesting above basic range payment standards can be found in 24 CFR § 982.505. More detailed information on setting payment standards can also be found at <https://www.hudexchange.info/resources/documents/Payment-Standards-and-Fair-Market-Rents-FAQs.pdf>
- **Conduct good landlord outreach:** Positive landlord relationships are critical to successful voucher lease-up, particularly in high-cost, low-vacancy rental markets. PHAs have many options available to create and foster these relationships, many at a minimal cost, including sponsoring landlord seminars and fairs, attending apartment association meetings, preparing and distributing landlord newsletters, and offering a landlord web portal or website. PHAs can further foster these relationships by providing excellent customer service and enforcing family obligations with participating families.
- **Provide high quality voucher briefings and communication during the search process:** Informational voucher briefings can be the key to a participant successfully navigating the search process and meeting all landlord and PHA requirements. The more information a participant receives during the briefing, the less staff time they will likely require later. Additionally, periodic contact with voucher holders *during* the search

process has proven to be an effective method to improve the chance of leasing success. More information on effective briefing strategies can be found in Chapter 8 of the HCV Guidebook- http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11752.pdf

Data Monitoring and Projecting

It is also extremely important to understand the effect of the many variables impacting utilization to accurately project future leasing. PHAs are strongly encouraged to use the available resources provided by HUD, such as the Two-Year Tool and local Field Office staff, or any other available methods to model potential scenarios and plan their local program accordingly.

- **Use the Two-Year Tool (TYT):** The objective of the Two-Year Tool (TYT) is to help PHAs optimize unit and budget utilization over multiple years. The TYT allows PHAs to model basic leasing and spending scenarios to better inform program decisions going forward. PHAs can more confidently plan current voucher issuances by using the TYT to model funding estimates for 2016. The TYT also allows PHAs to develop issuance scenarios, and assess program trade-offs by adjusting key variables, including cost per unit, attrition and success rates. A link to the TYT can be found on the main HCV page- http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv.
- **Understand the HAP Funding Available to your PHA:** It is important to remember that program reserves are held by both HUD and PHAs. Program reserves held by HUD are fully available to the PHA for HAP purposes, and are readily available by contacting your Financial Analyst at the Financial Management Center. PHAs are strongly encouraged to review the latest housing assistant payment (HAP) cash reconciliation enclosures, emailed the week of October 9, 2015, to identify the amount of HUD-held reserves available for leasing (line 29), and incorporate a portion of these amounts into leasing plans.

These are just a few of the many strategies you can employ to maximize utilization. Please work with your local Field Office if you have any questions or want to explore any of these strategies further.

Thank you for your hard work in maximizing the effectiveness of this important program.

Sincerely,



Lourdes Castro Ramírez
Principal Deputy Assistant Secretary
for Public and Indian Housing