

Housing Choice Voucher (HCV) Success Rate

Methods to increase a PHA's leasing 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.

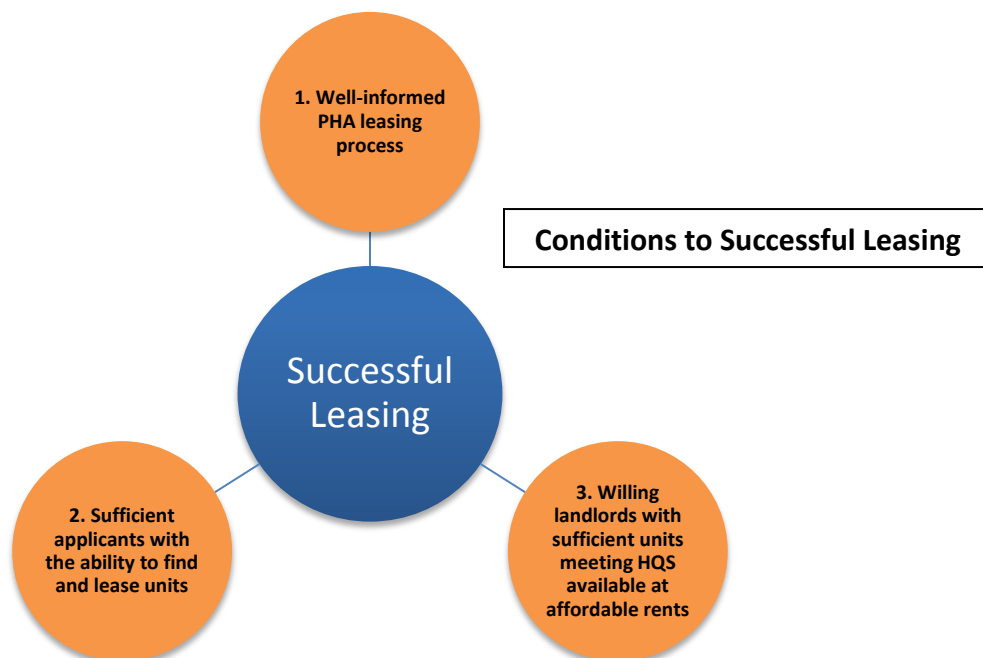
For example, a PHA issues 100 vouchers. Of these 100 vouchers, 72 result in a HAP contract, and the remaining 28 are returned, unused, to the PHA. This would result in a success rate of 72 percent (72/100).

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.

*For example, if the above PHA wants to lease-up an additional 144 vouchers, it would need to issue a total of 200 vouchers (200 issuances * 72 percent success rate = 144 HAP contracts). Were the PHA's success rate to be 36 percent (or half of 72 percent), the PHA would be required to double the issuances in order to lease up an additional 144 (400 issuances * 36 percent success rate = 144 HAP contract).*

This creates significantly more work for the PHA – in fact, it doubles the issuance workload, and all of the associated tasks (e.g. calling names from the wait list, scheduling appointments, performing income certifications, etc.). In the current funding environment, this additional workload becomes unfeasible.

So, in what ways can a PHA improve the success rate of its HCV issuances?



1. Well-Informed PHA Leasing Process

a. Length of Voucher Availability

A PHA is required to make a voucher available for 60 days from the date of issuance, at a minimum. Discretion is provided to allow additional time for a voucher holder to successfully find and lease a unit. In tight rental markets, this extended period would likely be required and as such, should probably be made known at the initial briefing.

b. Extensions

i. *Local Housing Market*

A PHA located in a tight housing market may wish to automatically extend the voucher period whenever an extension is requested due to the likelihood that it will take voucher holders longer to locate decent housing renting for amounts that can be approved by the program. A PHA located in a housing market where the supply of affordable units exceeds the demand may choose not to grant extensions except in special circumstances.

ii. *Wait List Time*

If the wait is long and there are many potentially eligible applicants waiting for a voucher, PHAs may wish to grant extensions only to those voucher holders who have demonstrated that they have made substantial effort to locate housing or to those with extenuating circumstances.

These two situations are not mutually exclusive. A PHA must make a choice based on prior experience and its local market. Some PHAs believe that the more time allowed for initial lease-up, the more voucher holders will delay in searching for a unit, and thus by and large provide short initial windows.

c. Performance Tracking

It is difficult to identify a problem, and then resolve it, without maintaining and tracking related data. Tracking can help identify trends, challenges, and the effects of factors such as seasonal variances in the rental market or PHA administrative and policy decisions on a family's ability to lease a unit. Additionally, it ensures that estimates regarding the number of housing choice vouchers to issue are as accurate as possible, which will help a PHA maximize the number of families it can serve (a key variable in the use of the Two-Year Tool).

This tracking will help to determine why voucher holders are not successful and inform the necessary changes and improvements to make them successful.

2. Sufficient Applicants with the Ability to Find and Lease Units

a. High Quality Briefings

The HCV program is complex and can be challenging to understand how to use the buying power of the voucher. Good methods of explaining how it works and user aides for participants are important, e.g. how do utility allowances work, how is the participant's share of the rent calculated, and how does the 40% cap apply. Most importantly, how do participants navigate the process with the landlord and the PHA?

b. Communication During Search

One notable method for improving leasing success rates is to provide assistance to families **during** the housing search process. Periodic contact with voucher holders during the search process has proven to be an effective method to improve the chance of leasing success. Such contact allows the PHA to assess the family's progress in locating units and to resolve any issues and clarify program requirements before the expiration of the voucher term. The PHA can also use this communication with the participants to remind them of the expiration date of the voucher and to reinforce the importance of locating a unit and returning a request for tenancy approval, or requesting an extension prior to the date of expiration.

c. Other Search Assistance

Other services that a PHA may wish to provide to families include:

- briefings and information on neighborhoods and amenities in non-impacted areas of the PHA's jurisdiction;
- 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 deposits, utility deposits, and moving costs.

d. Rent Reasonableness

Prior to tenancy approval, a PHA must make a rent reasonableness determination by comparing the rent being charged by the owner to rents for comparable unassisted units in the area and to rents being charged by the owner for comparable, unassisted units on the premises. If the proposed rent is determined to be too high and does not meet the rent reasonableness limitation, the PHA should engage in negotiations with the owner and attempt to reduce the contract rent or to include some or all of the utilities in the contract rent. It is often in the PHA's interest to make its best effort to reach an approvable the tenancy and execute a lease and HAP. Starting over

increases time and money spent on the leasing process, increases frustration for all parties, and lowers the overall success rate of the program.

3. Willing Landlords with Sufficient Units Meeting HQS Available at Affordable Rents

a. Landlord/PHA Relationship

A PHA's relationship with landlords in the area will play a critical role in the ability of voucher holders to successfully lease-up – the better the relationship, the better the odds of voucher holders leasing successfully.

i. *Outreach/Education*

A PHA could pursue many routes to foster these relationships including sponsoring landlord seminars and fairs, attending apartment association meetings, newsletters, a landlord-focused web site, etc.

ii. *Customer Service*

PHAs should assure:

- prompt and professional responses to inquiries;
- that initial inspections are performed promptly after landlord submits the *Request for Tenancy Approval*;
- on-time monthly payment;
- minimal delays for initial payments; and
- a feedback loop via such items as a periodic landlord satisfaction survey; this can help determine where improvements could be made.

iii. *Establish a Housing Choice Voucher Landlord Group*

As with a potential satisfaction survey, this group can be used to obtain feedback and input on policy and process development. It can also serve as a potent problem-solving tool.

b. Payment Standard

Understanding of the rental costs in a PHA's jurisdiction plays a large part in whether tenants can find units at affordable rents. Determining the level of the payment standard (between 90 percent and 110 percent of fair market rent does not require HUD approval) needed to reach extended areas of the market will assist voucher holders in potentially tighter markets, as well as opening up new areas of the locality. This may include exception rents – which require HUD approval. Additionally, this helps mitigate the 40 percent of income rent burden limitation, which would otherwise limit the rent paid by new participants in the program.

PHAs may find it useful to consider differentiating payment standards by geographic area. This ensures that the buying power of the voucher is sufficient in areas with higher rents but does not offer excess buying power in areas with lower rents.

Analyzing rent burden levels of participants is also part of evaluating the adequacy of payment standards.

c. Rent Reasonableness (see #2c)

The rent reasonableness process must be sound and flexible in order to pay a fair rent that accurately reflects the local market. Maintaining an updated database of comparables ensures that voucher limits reflect the current market, and rents are not incorrectly above market. This is particularly important where market rents are increasing.

d. Maximize use of Tax Credit Properties

Tax credit properties are required to accept vouchers; enforcement of this ultimately opens up more units for program participants. PHAs should ensure that payment standards make these properties accessible, and that voucher holders are made aware of the properties.

e. PHA Screening/Termination

Section 8 programs can develop reputations, which can directly impact the ability of new voucher holders to successfully lease-up. At a minimum, a PHA can standardize a criminal background check into their application process (though a PHA may go further than this.) This will, at the least, help minimize a negative reputation, and hopefully, create a good one. Landlords are far more likely to lease with a PHA that has a reputation of little trouble with its participants.