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

OFFICE OF PUBLIC AND INDIAN HOUSING

Special Attention Of:
Agencies that Administer the
Housing Choice Voucher Program

Notice PIH 2020-29

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Cross References: N/A

SUBJECT: Guidance for Running an Optimized Housing Choice Voucher Program

1. **PURPOSE.** In the Housing Choice Voucher (HCV) program, optimizing budget and unit utilization, while considering rent burden for assisted families is critical to the mission of ensuring affordable housing for low-income families in a public housing agency's (PHA) local jurisdiction. This notice provides tools and guidance to assist PHAs in meeting these objectives.[1]

2. **BACKGROUND.** In recent years there has been an increase of reserves held by PHAs. These reserves are the accumulation of unspent budget authority obligated to PHAs for Housing Assistance Payments (HAP) made on behalf of low-income families in their area. While a reasonable level of reserves is a prudent program management tool, there is an important trade-off to consider in that excess reserves represent unserved families on wait lists and underserved families facing rent burdens at levels that threaten the HCV program objective to ensure housing remains an affordable component of an assisted family's budget. Excess reserves can also reflect families' inability to find housing due to low payment standards or constraint to securing housing that may be of lower quality.

   An 'optimized' HCV program maximizes both effectiveness and efficacy: maximizing the number of families served while minimizing rent burden within a given PHA's financial constraints. The operation of an optimized HCV program is a significant challenge.

   An optimized successful HCV program is contingent upon constant monitoring of numerous relevant variables, maintaining current program and financial records, and adjusting leasing and spending plans appropriately. Ultimately, there are a wide range of variables determining both HCV upon which leasing and spending rest, some of which are in the PHA's control, though many of which are not.

[1] The contents of this document, except when based on statutory or regulatory authority or law, do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

The primary obstacle to running an optimized HCV program is learning how to operate with uncertainties, such as:

- Available Budget Authority
- The next year's HAP proration and inflation factors
- Potential offsets of reserves
- Success rate and speed of leasing after families are issued vouchers
- Attrition
- Changes to Per Unit Cost (PUC) levels due to rent increases
- Changes to PUC due to changes in household income
- Reserving vouchers for new project-based voucher developments
- The impact of potentially raising payment standards on program budget
- Impact of raising/lowering payment standards on rent burden
- Future funding

HUD recognizes that PHA operations and HCV clients are being significantly impacted by COVID-19. The recommendations in this document will have varying levels of impact based on your PHA's current situation. The uncertainty around responding to COVID-19 highlights the need to consider a range of possible scenarios to ensure that your PHA is prepared to proactively address issues and manage both voucher and budget utilization.

While these uncertainties cannot be eliminated, they can be managed by identifying, examining, and using financially and statistically valid measures to project costs and leasing trends. Learning, tracking and understanding relevant trends, identifying and implementing effective strategies, and operating responsibly with uncertainty is vital for PHAs to optimizing assistance to households in local communities.

There are numerous negative potential repercussions for under-optimized HCV programs. Most importantly, a program that is not optimized will leave families on waiting lists or managing an excessive rent burden. In the case of PHAs ending the calendar year (CY) with excessive reserves, Congress may in a particular year, direct HUD to rescind or offset those funds. This means that this money *is no longer available to serve families in the PHA's community.* HUD also has authority to initiate offsets for reallocation, which compel PHAs to utilize available program reserves first in lieu of new renewal budget authority.

Additionally, PHAs do not receive administrative fees for unleased units, thus leading to lower administrative fees funding levels to run their HCV programs. As the program is budget-based (future year funding is based on current year spending), unspent dollars are not renewed and therefore are not included in the re-benchmarking process used to establish the baseline for calculating a PHA's next year funding allocation.

In addition, the Consolidated Annual Contributions Contract (CACC) requires PHAs to use allocated voucher money to assist families in their communities. HUD's Section Eight Management Assessment Program (SEMAP) heavily weights the indicator related to leasing in a PHA's voucher program. Due to the importance of Program Utilization, failing to meet the indicator threshold could result in either a substandard or troubled program status designation. This notice puts forth recommendations to assist PHAs seeking to improve the efficiency and efficacy ("optimizing") in running an optimized HCV program.

3. **APPLICABILITY.** The recommendations listed below are applicable to all PHAs that operate a voucher program, including those agencies that run a Mainstream (MS)-only program.[2]

4. **PROGRAM TOOLS AND GUIDANCE.** What follows is a list of tools, and associated guidance intended to help PHAs address the difficulties of running an optimized HCV program. Many of these tools can be found on **HUD's HCV Tools Webpage**, at *https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/Tools* (it is highly recommended that a PHA use the most recently posted version when generating any tools). In addition, the "HCV Training Videos" that walk through many of the below tools, including some case studies, can be found on this site. PHAs may also contact their local Office of Public Housing to attain any of the following tools, or to receive assistance related to these tools.

PHAs should remember that the tools listed below are only as accurate as the data used to populate them. If the underlying data or assumptions are incorrect or flawed, the output will be flawed as well. PHAs, as always, should be aware of their program data, financial and otherwise, and proceed accordingly. This includes ensuring that re-examination information is up to date. Ultimately, family reports (form HUD-50058) drive the financial and program data used for projections. Failure to maintain these in a timely manner will result in incorrect projections.

A. **Two-Year Forecasting Tool (TYT, Tool):** The objective of the TYT is to help PHAs optimize unit and budget utilization over multiple years. The TYT allows PHAs to model funding, leasing, and spending scenarios to better inform program decisions. PHAs can more confidently plan current voucher issuances by using the TYT to model funding estimates for future years. The TYT also allows PHAs to develop issuance scenarios, and assess program trade-offs by adjusting key variables, including per-unit-cost, attrition, and success rates. In using the TYT, and this will vary depending on the structure of the PHA, it is

[2] NOTE: While part of the HCV program, the MS program is funded separately, and as such, must be examined on its own (please see MS FAQ, that discusses some of these key differences, here). MS units and dollars are *not* included as part of the broader voucher program in the regular Two-Year Tool (discussed below), as the dollars may not be used interchangeably. However, there is a separate tool, accessible within the Two-Year Tool, that allows a PHA to examine leasing and spending scenarios for its MS Program (in the To-Do queue in time for TYT Flip for 2020 – short summary included below in other tools in preparation for it).

important to have the correct decision-makers involved in planning and projecting with the Tool – this may include finance staff, program staff, fee accountants, and others.

Key additional features of the TYT: While the primary objective of the TYT is to assist in optimizing unit and budget utilization in a voucher program, the TYT contains a variety of other features designed to assist in voucher program management. Some of these additional features of the TYT are described below.

1. FMC Additional Disbursement Tab

Program reserves are held by both HUD and PHAs; with HUD following Treasury's Cash Management rules, most PHA reserves are held at HUD. HUD-Held Reserves (HHR) are fully available to the PHA for eligible HAP purposes by contacting your Financial Analyst (FA) at the Financial Management Center (FMC). See PIH Notice 2017-06 for more information on cash management.

While the TYT's "Projection Analysis" allows a PHA to assess where it will end each CY in terms of reserves, the cash management question of whether there is enough cash-on-hand to pay landlords is separate and distinct. The primary components to assessing a PHA's cash balance is the beginning calendar year HHR and PHA-Held Restricted Net Position (RNP) balances, as well as the current year's obligations, disbursements, and Housing Assistance Payments. PHAs should understand, however, that their funding base is made up of several components:

a. Current Year Annual Budget Authority (ABA) – HAP funding to be used to pay current year, eligible HAP expenses. This funding <u>cannot</u> be used to cover prior CY deficits. At the end of the CY, any remaining, unobligated ABA HAP funding becomes part of the HHR.

b. HHR – Obligated, but undisbursed HAP funding held by HUD under Treasury's cash management rules. These funds may be used to cover prior CY eligible HAP expenses, but only to the extent that the funds were available at the end of that CY.

c. RNP – Excess HAP funds held by the PHA that may only be used to cover eligible HAP expenses in the current year. PHAs may use RNP to cover prior calendar year eligible HAP expenses, but only to the extent that the RNP existed at the end of the specific calendar year.

d. New Unit Budget Authority – funding obligated by HUD to cover specific circumstances. Please refer to guidance for the specific program under which these funds are obligated for more information.

The "Additional Disbursement Tab" analyzes a PHA's cash balance – giving a monthly estimate for both HHR and PHA-Held RNP. This tab can warn of situations where a PHA may not have enough cash-on-hand for next month's

HAP. This tool is *the same* tool used by the FMC to determine additional disbursement amounts, thus allowing PHAs and HUD to work from the same template.

PHAs should remain aware of their cash flow, particularly as they approach their fiscal year end. A PHA <u>may</u> use other funds, including Unrestricted Net Position (UNP), to provide a "bridge loan" at their fiscal year (FY) end if HAP expense exceed HAP cash on hand. However, the PHA <u>must</u> have sufficient HHR from which to draw in order to make a bridge loan. If the PHA does not have HHR sufficient to cover the loan, then the loan becomes a permanent transfer into the HCV program—no longer available to the respective PHA—and cannot be repaid from future HAP obligations. Due to this, it is imperative that PHAs always closely monitor their funding situation.

2. (PUC)/Rent Burden (RB) Analysis

Projecting utilization in the voucher program is a function of two variables: 1) unit months leased (UMLs) and 2) PUC. An often-overlooked component of projecting is the PUC trends. PHAs often focus on the UMLs, when and how many vouchers to issue and what projected success and attrition rates will be, while the projected per-unit costs is often not fully factored into the budget and voucher utilization analysis. It is important, nonetheless, that PHAs understand that each family served reserves a specific amount of the PHA's overall HAP funding; and, accordingly, PHAs need to properly account in their planning what drives the costs upward or downward for families served.

The TYT has a feature that allows a PHA to see recent trends in the PUC, and to continue those trends in the projection to more accurately reflect future costs. Additionally, PHAs facing the decision of whether to serve additional families (increase UMLs) or increase assistance to current families on the program (drive down rent burden, via a likely payment standard increase), can analyze the rent burden trend over time, and compare it to the national average, assisting them in formulating a spending plan.

Before making a decision, PHAs must understand what is driving a specific trend (local rental markets, local employment opportunities, policy changes, etc.). Trends may be short term or long term, and PHAs should recognize what is driving each type of trend. Again, it is crucial to understand trends which requires that PHAs must be current on re-examinations – otherwise PHAs will lose efficacy of utilizing any forecasting tool by relying on possibly erroneous data to make decisions about current situations.

3. Success Rate Tracker

During periods of voucher issuance activity, two key variables directly impact the translation of issuances to lease-ups: 1) the PHA's success rate, or the percentage of issued vouchers that result in leased units ("lease-ups") and 2) the PHA's time-from-issuance-to-HAP rate – or how *quickly* lease-ups occur. Some PHAs may track this information separately or have software that performs this function. The accuracy of this data is crucial to producing accurate TYT projections.

In the TYT's "Success Rate Tracker," a PHA can track voucher issuances and associated lease-ups. The Tool will then calculate a success rate and time-from-issuance-to-HAP rate that can be directly incorporated into the Two-Year Tool. See Section #7 below for more information pertaining to success rates.

4. PBV RAD Projection Breakout

As the project-based voucher (PBV) portion of the HCV program increases, notably through the Rental Assistance Demonstration (RAD) and other repositioning efforts, for certain PHAs, examining the components individually may allow for a more accurate projection. For example, a vacated unit may be filled more quickly for PBV than the typical time for a tenant-based voucher holder to find a unit, which may change HAP cost projections. The Tool module allows the user to examine and forecast tenant-based program and project-based program separately. Additionally, the user can subdivide the PBV program into non-RAD1 PBV and RAD1 PBV. For example, a user may want to trend the RAD side of their program at the Operating Cost Adjustment Factor (OCAF) and the rest of the more market-based program at recent rental cost trends in their area. The Tool allows for this modulation and combines the component results to see the overall HCV projection.

5. Special Purpose Voucher TYTs

Some PHAs find it useful to analyze certain components of their voucher program in isolation, rather than as a part of the larger program (such as the PBV/RAD Projection Breakout above).

a. HUD-VASH TYT and Associated Tools

While a part of the broader projection analysis, PUC examination, etc., this tool module allows a user to examine the HUD-Veterans Affairs Supportive Housing (HUD-VASH) portion of their voucher program independently. Because Special Purpose Voucher budget authority is part of the broader budget authority, the budget authority here is approximated (and does not include any hypothetical HUD-VASH "reserve" as these vouchers expected to be leased at 100 percent). Included is a Referral Tool that facilitates a conversation with VA partners on the referral level needed to achieve various leasing rates.

b. *Mainstream (MS) Tool*

This Tool allows for similar analysis to the broader TYT, including leasing and spending scenarios, PUC analysis, and cash management work for the MS program.

NOTE: While part of the HCV program, MS is funded separately and, as such, is *not* included in the main projection in the TYT. The only place to analyze and project for the MS program is in the separate MS Tool. New Mainstream units continue to be reported in the “MS5” field in Voucher Management System.

6. Summary Feature

The TYT additionally has a feature that allows users to generate certain key output metrics into an easy-to-understand one-page summary for those interested in the program. This summary feature avoids the detailed mechanics involved in the analytical projection analysis feature of the TYT, as well as other details of the PHA such as the agency’s board, the mayor, the executive director, among other information. The summary-page generates output by accounting for key results and variables from which those results flow, and then translates them into a straight-forward written document that easily prints on one side of a single sheet of paper.

B. Payment Standard Tool (PST): The objective of the PST is to assist PHAs in understanding the implications of changing their payment standards by examining the effects on both participants’ rent burden and PHA HAP cost. The PST can handle both single- and multi-payment standard areas (up to 20, including Small Area Fair Market Rents (FMRs)). Some key features of the PST Tool include:

1. Rent Burden/PUC Charts.

After inputting Public and Indian Housing Information Center (PIC) information, FMRs, payment standards, and the projected effective date of the new payment standard, the PST displays two key charts.

The first chart shows the PHA’s current rent burden by bedroom size, then the rent burden by bedroom size at the end of the current, next, and third year (assuming the re-exams take place as appropriate), showing the impact on voucher families’ rent burdens as the new payment standards take effect. Second, this feature of the TYT it will show the cost (or potential savings) to the PHA of this new payment standard, and associated rent burden changes, on a per unit basis, as well as on an annual cost basis. The month-by-month PUC change can then be included in the TYT to analyze the effect on leasing and spending decisions from a proposed payment standard adjustment.

2. **Subsidy Standard Analysis.**

Similar to the rent burden chart discussed above, the PST also breaks down the current and prospective rent burdens by *both* bedroom size and the over-housed (households in a unit larger than the assigned voucher size)/underhoused (households in a unit smaller than the assigned voucher size) category. So, while a high rent burden, may initially lead a PHA to potentially raise payment standards, the situation might not be that the payment standards are set incorrectly. Instead, it may be that many families are choosing to lease up in a unit larger than their bedroom size which is a choice made by families, as a function of the PHA's subsidy standards. The PST helps the user depict the rent burden considering potential subsidy standard implications.

Note: that there are different regulations governing changes to Payment and Subsidy Standards. The regulations at 24 CFR § 982.505 do not permit PHAs to reduce payment standards until the second regular (annual) reexamination unless a waiver has been approved by HUD. Subsidy standards, however, are discussed in the regulations at 24 CFR § 982.402 and have different requirements. PHAs should discuss potential changes to subsidy standards with their local field offices.

3. **TYT Tie-In.**

After analyzing various payment standards effects on rent burden and HAP, the user can move the PUC change directly into the TYT, thus allowing a full tie-in to the broader leasing and spending analysis found in the TYT. Again, it is helpful to remain aware of the wide range of factors that affect a program's PUC, of which *one* is the decision a PHA makes on payment standards.

4. **Other Adjustments.**

Also included in the PST is the ability of the user to analyze the effects on rent burden and PUC of changing rents, utility allowances, and tenant incomes.

C. HCV Analysis Tool and PIC Drill-Down

1. HCV Analysis Tool

Found in the same file that creates the Payment Standard Tool, the HCV Analysis Tool (HAT) generates a PDF with a wide range of programmatic information from the Voucher Management System (VMS), PIC, and other HUD systems. Sections include an analysis of family demographics, unit information, PUC drivers, and leasing and spending data.

The HAT compares a PHA's information to that of the county, or to the PHA's state, to allow a comparative perspective of a PHA's average rent

burden, or average family contribution. For those PHAs with more than 15 percent of their program project-based, the HAT also provides an analysis of the PBV program in comparison to the regular, tenant-based program in a variety of metrics. Additionally, in a separate PDF, the HAT examines the various components of a PHA's PBV program separately, i.e. Non-RAD PBV and RAD PBV.

2. **PIC Drill Down**

Often used by the HUD-PIH Shortfall Prevention Team, the PIC Drill-Down module looks at the PIC report by tenant across a range of metrics to identify potential areas of concern, notably areas where there may be cost-savings, or likely areas of misreporting. Key analyses include *Gross Rent versus Payment Standard*; *Over/under-vouchered*; *Child or Medical Expense in excess of 40 percent of Adjusted Gross Income (AGI);* and *Minimum Rent.*

The report will flag potential issues across these categories (for example, a family has childcare expenses in excess of 40 percent of AGI – this may be accurate, but it does raise a flag). The report also shows the user which families have this flag, and then allows the PHA to assess whether this is a reporting issue, an actual concern, or just a potentially unique situation.

D. HCV Guidebook

The purpose of the HCV guidebook is to provide an easy-to-use, one-stop resource to assist PHAs, families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, PIH Notices, Federal Register Notices, and other forms of guidance issued by HUD. HUD is releasing chapters of the guidebook as they are completed. The TYT Forecasting Tool Guide, which includes some high-level instructions for utilizing the TYT, can be found here: https://www.hud.gov/sites/dfiles/PIH/documents/Two-YearToolStep-by-Step.pdf

5. VOUCHER PROGRAM PLANNING TIMELINE

One of the biggest challenges to appropriately utilizing a voucher program is the assessing and implementing an actionable plan with unknowns – not just the unknown of costs, but the unknown of funding. Consequently, during times of funding uncertainty, HUD often sees cessation of voucher issuances, which creates complications, both in renewal funding and leasing, that can take years for the program to overcome. Thus, it is important to understand the timing, and potential funding scenarios, in order to continue issuing vouchers, as appropriate, even during times of unknown funding.

HUD recommends that a PHA run a projection analysis (e.g., the TYT) at least every other month, in addition to an analysis of changes in payment standards and subsidy standard effects every year (using the PST). HUD also recommends that PHAs analyze projections at a variety of reasonable funding proration and offset scenarios to develop a plan of action.

End of Fiscal Year: Late August/Early September
At least 30 days before the start of the federal fiscal year (October 1), HUD publishes the following year's FMRs, with an effective date adjusted to October 1st. Unless the PHA plans to appeal their FMRs, a PHA should begin to assess plans for the following year's payment standards via use of the PST, or something similar. Additionally, the two-bedroom annual FMR percent change (from the previous year to the next) is the leading driver of the following year's likely PHA-specific funding inflation factor. PHAs should begin to consider this potential increase on the following year's budget authority.

NOTE: HUD does not use negative inflation factors, so if a PHA's FMR were to decrease, that PHA would receive a positive, baseline inflation factor.

During this time, and until an appropriations bill is passed, HUD will populate the TYT with its best estimate of the proration level for the following year. The default is 100 percent and is adjusted as information becomes known. Of course, until final funding, nothing is certain.

Early October
FMRs go into effect for the following year, with PHAs needing to implement any payment standard changes (to stay within the 90 percent to 110 percent basic range), as result of the new FMRs within 3 months of the FMRs being effective (i.e. usually by January 1).

Early-to-Mid November
The TYT includes estimated inflation factors, that absent a PHA successfully appealing its FMRs, will likely be very close to the final inflation factor. The TYT is the *only* place to receive these estimated inflation factors until they are published as final after final funding is known. The inflation factors can make a big difference in PHA plans, notably for those with large inflation factors. It is vital to include this in a PHA's voucher planning scenarios.

PHAs should be locking down their payment standard plans for the next year, including any appropriate PUC trends resulting from this into the TYT, and running scenarios with estimated proration and inflation included. While a range of concerns around the proration may exist, the TYT allows a user to adjust budget authority based on varying prorations, thus allowing a PHA to know if, for example, even under the most conservative proration scenario, the PHA may still responsibly issue vouchers.

December/January

As the HCV program is budget-based, what a PHA spends in the prior year is its baseline for the following year (Moving-To-Work programs (MTW) aside). As such, during the December and January timeframe, a PHA should be assuring that all appropriate HAP costs and associated leasing are properly included in VMS for the year to assure the PHA is accurately re-benchmarked (this includes the unleased, but under contract PBV field, for which a PHA may earn administrative fees). Of note, this includes retroactive payments. Broadly, accurate and timely financial reporting maximizes the resources available to serve families.

HUD announces that it will lock VMS data for re-benchmarking annually, typically locking the data on January 22. In some cases, this date may be extended, but it will not be moved forward. The re-benchmarking is when HUD calculates the VMS data from the prior year to calculate a PHA's renewal basis for the current CY.

The TYT does not "flip" (i.e., make Year 1 the current year) until final funding is known. As a result, depending on final appropriations, a PHA may need to work with Year 2 as the active year. As such, in order to assess leasing plans over at least two years, PHAs will begin to need to access the Years 3 and 4 section of the TYT, when operating in Year 2 of the TYT.

Payment standard changes as a result of a change in the FMRs should be finalized (within 3 months of the new FMRs being published).

Through Final Funding

A PHA should continue to use the estimated proration and inflation factors in determining leasing plans. PHAs often lose issuance opportunities in the period between the end of the prior year through final funding being known. As a result PHAs then are unable to responsibly lease in the remaining months of the year, leading to excess reserves, or potentially, such a drastic increase in the latter part of the year that the PHA begins the following year immediately in shortfall. Additionally, while PHAs may have the funds to lease up families toward the end of the year, only those few months those families are leased up will be included in the re-benchmarking formula for next year's funding. PHAs should plan to ensure if they lease up families at the end of the year that they will have the funds to keep those families under contract for all the next year without falling into shortfall.

Final Funding

The TYT is "flipped," making Year 1 in the TYT the current year. Final funding is included, both the actual proration, inflation, and as applicable, any potential offset being considered.

NOTE: To give an idea of recent final funding and final inflation factors publication timeframes, please see the below table:

Year	Final Funding Letters Sent*	Final Inflation Factors Published
2019	4/16/2019	4/17/2019
2018	5/29/2018	5/30/2018
2017	7/5/2017	6/8/2017
2016	3/2/2016	4/15/2016
2015	2/26/2015	4/20/2015
* Appropriations bill passed approximately 60 days before letters sent.		

6. SUCCESS RATES

One of the key variables in the voucher program, and one of increasing importance and concern in recent years, is that of the success rate. The success rate, in this context, is the percentage of issued vouchers that result in a HAP contract. HUD has noted that evidence from recent years indicates that success rates are falling. Ideally, HUD would be able to extract this information from PIC through tracking an issuance through to lease-up or expiration. Unfortunately, reporting on issuances and the associated conclusion is incomplete and therefore unreliable. HUD reminds PHAs that proper reporting on all issuance and expiration activity is required in PIC.

HUD does have a short success rate primer here that provides tips for increasing the PHA success rate. It can also be accessed directly at: https://www.hud.gov/sites/dfiles/PIH/documents/ImprovingSuccessRates.pdf

A low success rate indicates that there are issues hindering voucher holders from leasing up. There are numerous factors that could result in a low success rate, including: payment standard incompatible with market rent, lack of participant understanding, lack of willing landlords, ineffective briefings, or staffing issues. Low success rates translate into wasted time for PHAs and voucher participants. Time lost has a negative impact on utilization (delay in spending) and requires more work from staff for things like making another waitlist pull, doing additional briefings and completing paperwork that does not result in lease up.

In 2018, in an effort to better understand the reasons behind these falling success rates, HUD organized a series of landlord engagement forums around the country, where landlords and associated stakeholders engaged in a conversation with HUD officials about their participation or lack thereof, in the HCV program, and notably, how HUD could both retain and attract new landlords. HUD is continuing with these efforts in 2020 through publishing a guidebook for retaining and recruiting landlords, conducting landlord symposiums to engage landlords on the HCV program, and continuing outreach to landlords on how the program can better encourage landlord participation.[3]

[3] Over the last couple of years, HUD has assembled numerous resources for landlords interested in and those actually participating in the HCV program. For more information on these resources that can assist landlords with the HCV program, please visit the **HCV Landlord Resources** webpage. It can be accessed directly at https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/landlord

Best practices regarding voucher success rates include:

A. ***Ensure payment standards and subsidy standards are optimally set.***
The "buying power" of the voucher, as determined by 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 between 90 percent and 110 percent of FMR and can choose to set more than one payment standard within the basic range in different parts of their jurisdiction. PHAs may also request exception payment standards if 110 percent of the FMR is not adequate for families to find affordable units. Additionally, PHAs may opt-in to SAFMRs, for selected areas, in order to use a higher FMR to, then, utilize a higher payment standard (see PIH Notice 2018-01, specifically 4(d)). In most cases, payment standards above the basic range require HUD approval, and the guidelines for requesting above basic range payment standards can be found in the regulations[4], or in the HCV Guidebook chapter on payment standards.

Subsidy standards are the rules a PHA follows to determine the voucher size to award to a family. Subject to the detailed provisions in 24 CFR § 982.503, PHAs have some discretion in determining these standards considering their participants, rental market, and other local variables. That said, understanding the implications of these subsidy standards on a family's ability to lease in the local market, is another decision a PHA must consider in light of success rates.

B. ***Conduct quality 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 portal or website. PHAs can further foster these relationships by providing excellent customer service and enforcing family obligations with participating families. Further information on landlords and the voucher program is available at https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/landlord and more information will be forthcoming over the next year.

C. ***Provide high quality voucher briefings and communications 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 leasing success rates.

All events including, outreach activities, training sessions and meetings must be held in facilities that are physically accessible to persons with disabilities. Where physical accessibility is not achievable, PHA's must give priority to alternative methods of product

[4] See 24 CFR § 982.503

delivery that offer programs and activities to qualified individuals with disabilities in the most integrated setting appropriate in accordance with HUD's implementing regulations for section 504 of the Rehabilitation Act of 1973 (29 U.S.C.§ 794) at 24 CFR Part 8.

PHAs must ensure that notices of and communications during all outreach events are provided in a manner that is effective for persons with hearing, visual, and other communications related disabilities consistent with Section 504 of the Rehabilitation Act of 1973 (24 CFR 8.6), and as applicable the Americans with Disabilities Act. This includes ensuring that materials are in appropriate alternative formats is needed, e.g. Braille, audio, large type, sign language, interpreters, and assistive listening devices, etc. 504 of the Rehabilitation Act of 1973 (24 CFR 8.6), and as applicable the Americans with Disabilities Act.

Furthermore, PHAs must take reasonable steps to ensure meaningful access to programs to persons with limited English proficiency (LEP), pursuant to Title VI of the Civil Rights Act of 1964 and Executive Order 13166. This may mean providing language assistance services to ensure meaningful resident and community involvement for persons with LEP. The Department published Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons (72 Fed. Reg. 2732; January 22, 2007) to aid recipients of HUD assistance in identifying language assistance needs and developing language assistance plans.

D. ***Develop Project-Based Voucher Housing.***

If affordable housing supply is a concern in a PHA's jurisdiction, developing housing opportunities is paramount. Creating units with Project-Based Voucher assistance can ensure housing opportunities through a long-term rental assistance contract with local landlords.

7. CONTACTS

A. Local Field Office of Public Housing

For PHAs, each public housing field office has staff assigned to assist the PHA with their voucher program.[5] Please do not hesitate to contact them with questions.

B. Financial Management Center/Headquarters

All PHAs have a financial analyst (FA) in the Financial Management Center to assist with questions related to obligations, disbursements, new awards, and cash needs. Additionally, headquarters staff can assist with issues as appropriate.

/s/

R. Hunter Kurtz, Assistant Secretary
for Public and Indian Housing

[5] Find your local Public Housing Field Office at https://www.hud.gov/program_offices/public_indian_housing/about/field_office.