Agency Priority Goal | Action Plan | FY 22 – Q2

Improve Rental Assistance

Goal Leader:
Dominique Blom, General Deputy Assistant Secretary for Public and Indian Housing
Goal Overview

Goal statement
- By September 30, 2023, maximize the reach of HUD’s rental assistance programs by increasing the occupancy rates to 96% in Public and Multifamily Housing programs and the budget utilization rate to 100% in the Housing Choice Voucher program.

Problem to Be Solved
- The COVID-19 pandemic and its economic aftermath have disrupted the operations of Public Housing Agencies (PHAs) and Multifamily property owners, and rental markets more broadly. This has adversely affected utilization and occupancy rates.
- The Department will leverage its tools to help PHAs and Multifamily owners improve performance as the pandemic’s effects subside, as leveraging rental assistance as a key tool in addressing people’s need for affordable housing.

What Success Looks Like
- Strengthen PHAs’ incentives and capacity to serve more households by, for example, continuing to provide technical assistance to help PHAs and Multifamily property owners to increase unit occupancy and voucher utilization; issuing a notice offering PHAs an expedited approval process for payment standard adjustments in 2022 to address rental market challenges exacerbated by the COVID pandemic and its aftermath; and publishing a proposed rule on the performance assessments for the Housing Choice Voucher and Public Housing programs.
- Ensure the units occupied by households receiving HUD assistance are safe and habitable by eliminating the backlog of inspections of Public Housing and Multifamily properties that have been delayed because of the COVID-19 pandemic and instituting the National Standards for the Physical Inspection of Real Estate (NSPIRE).
## Goal Targets

<table>
<thead>
<tr>
<th>By...</th>
<th>We will...</th>
<th>Name of indicator</th>
<th>Target value</th>
<th>Starting value**</th>
<th>Current value</th>
<th>Frequency***</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/23</td>
<td>Increase occupancy rates in public housing properties to 96%</td>
<td>Public Housing Occupancy Rate</td>
<td>96%</td>
<td>94.93%</td>
<td>94.54%</td>
<td>Annually</td>
</tr>
<tr>
<td>09/30/23</td>
<td>Increase occupancy rates in multifamily housing properties to 96%</td>
<td>Multifamily Housing Occupancy Rate</td>
<td>96%</td>
<td>94.27%</td>
<td>94.94%</td>
<td>Annually</td>
</tr>
<tr>
<td>09/30/23</td>
<td>Increase budget utilization rates in the HCV program to 100%*</td>
<td>Housing Choice Voucher (HCV) Utilization Rate</td>
<td>100%*</td>
<td>96.20%</td>
<td>96.80%</td>
<td>Annually</td>
</tr>
</tbody>
</table>

*The Housing Choice Voucher program performance target for FY23 is based on assumptions about the magnitude of program appropriations for FY22 and FY23. Budget utilization may be higher or lower than the target if actual appropriations differ significantly from these assumptions.

**Starting value is a point-in-time value as of the end of the fiscal year (9/30/21) for all three indicators.

***Indicators updated annually for the Strategic Plan and Annual Performance Plan. For the purposes of this report, quarterly data is provided.
# Goal Team

## Office of Public and Indian Housing

**Senior Lead:**
- Dominique Blom (General Deputy Assistant Secretary, Office of Public and Indian Housing)

**Team Leads:**
- Danielle Bastarache (Deputy Assistant Secretary, Office of Public Housing and Voucher Programs)
- Felicia Gather (Deputy Assistant Secretary, Office of Field Operations)
- Ash Sheriff (Deputy Assistant Secretary, Real Estate Assessment Center (REAC))

## Office of Housing, Multifamily Housing

**Senior Lead:**
- Jeffrey Little (Associate Deputy Assistant Secretary, Office of Multifamily Housing)

**Team Leads:**
- Toby Halliday (Director, Office of Asset Management and Portfolio Oversight)
- Belinda Koros (Director, Assisted Housing Oversight Division)
Goal Strategies

• Strengthen PHAs’ and Multifamily property owners’ incentives and capacity to serve more households.

• Determine the quality, health, and safety of the HUD rental assistance portfolio by significantly increasing physical inspections of Public Housing and Multifamily properties.
This measure will track the occupancy rates of Public Housing and Multifamily units and the budget utilization rate for Housing Choice Vouchers (HCV), including vouchers for veterans (VASH) and family unification vouchers (FUP), but excluding Mainstream vouchers for people with disabilities.

**The Housing Choice Voucher program performance indicators for FY21, FY22, and FY23 are for September of each year; the indicators for prior years are averages for the fiscal year. The performance target for FY23 is based on assumptions about the magnitude of program appropriations for FY22 and FY23. Budget utilization may be higher or lower than the targets if actual appropriations differ significantly from these assumptions.**
## Key Milestones

Strengthen PHAs’ and Multifamily property owners’ incentives and capacity to serve more households

<table>
<thead>
<tr>
<th>Key Milestone</th>
<th>Milestone Due Date</th>
<th>Milestone Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue a notice offering PHAs an expedited approval process for payment</td>
<td>1/31/22</td>
<td>Completed</td>
<td>Notice PIH 2021-34 was published on 12/9/21. The notice allows PHAs to request an expedited waiver to establish voucher payment standards up to 120 percent of the Fair Market Rent (FMR). On 4/11/22, Notice PIH 2022-09 was published, which extends waiver submissions to 9/30/22.</td>
</tr>
<tr>
<td>standard adjustments in 2022 to address rental market challenges exacerbated</td>
<td></td>
<td></td>
<td>by the COVID-19 pandemic and its aftermath.</td>
</tr>
<tr>
<td>by the COVID-19 pandemic and its aftermath.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continue providing technical assistance to help PHAs and multifamily</td>
<td>12/31/22</td>
<td>On-Track</td>
<td>On-call TA was provided to 8 PHAs in Q2 to improve HCV utilization, for a total of 27 PHAs served since the start of FY22. As of Q2, 38 PHAs have been referred for services. Live and online training opportunities have been provided to HUD Field Office staff, on improving the quality of PHA leasing plans and increasing payment standards. Just over 250 PHAs were identified as having a public housing occupancy rate of less than 90% at the beginning of FY22. PIH Field Office staff are working directly with those PHAs to create Occupancy Action Plans for follow-up and accountability to ensure units available for leasing are leased up. Multifamily housing Resolution Specialists continue working with Multifamily property owners to increase unit occupancy, with a focus on reducing the number of units that are offline due to damage/deferred maintenance and improving inadequate leasing plans, which generally are the two main causes of low occupancy rates.</td>
</tr>
<tr>
<td>property owners increase unit occupancy and voucher utilization.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publish a proposed rule on the performance assessments for the Housing</td>
<td>9/30/23</td>
<td>On-Track</td>
<td>The SEMAP working group and the PHAS working group began analyzing data and developing early ideas. The working groups are examining options for SEMAP and PHAS indicators that will incentivize HCV utilization and Public Housing occupancy. HUD is working to identify funding for contract support to plan and host listening sessions with PHAs and industry stakeholders in Q4.</td>
</tr>
<tr>
<td>Choice Voucher and Public Housing programs.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Key Milestones

Strengthen PHAs’ and Multifamily property owners’ incentives and capacity to serve more households

<table>
<thead>
<tr>
<th>Key Milestone</th>
<th>Milestone Due Date</th>
<th>Milestone Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish a voucher budget utilization methodology for MTW agencies that is consistent with MTW flexibilities.</td>
<td>3/31/22</td>
<td>Completed</td>
<td>HUD developed an HCV budget utilization methodology for MTW agencies by 3/31/22. HUD is currently determining certain aspects of implementing the methodology, such as what documentation is required for funds obligated. HUD plans to discuss these aspects of implementing the methodology with the MTW Collaborative in May and will incorporate their feedback as appropriate. HUD provided the methodology to OMB for review in May.</td>
</tr>
<tr>
<td>Finalize a detailed plan to update HUD information technology that improves the timeliness and completeness of key data, which measures the effectiveness of rental assistance programs.</td>
<td>9/30/23</td>
<td>On-Track</td>
<td>HUD submitted, and Congress approved, the FY21 plan for PIH IT Modernization for systems including NSPIRE, PIC, and eVMS. The FY22 Budget requested $20M for PIH IT Modernization. The FY22 Appropriations Act provided $12.3M. Therefore, the FY22 PIH IT Modernization plan has been adjusted and is currently under internal HUD review for submission to OMB.</td>
</tr>
<tr>
<td>Facilitate landlord outreach engagements applicable to all ten regions.</td>
<td>3/31/23</td>
<td>On-Track</td>
<td>An engagement strategy is being targeted for delivery in late FY22 and extending into FY23. HUD is identifying local stakeholders to support successful outreach engagements within each region, including housing authorities for whom underutilization of vouchers is a persistent issue.</td>
</tr>
<tr>
<td>Host at least one virtual convening for each region to identify and implement strategies to increase utilization of vouchers for special populations such as veterans, foster youth, people with disabilities, and those eligible for emergency housing vouchers.</td>
<td>3/31/23</td>
<td>On-Track</td>
<td>Virtual convenings have occurred in 9 of 10 regions.</td>
</tr>
</tbody>
</table>
Key Milestones

Determine the quality, health, and safety of the HUD rental assistance portfolio by resuming inspections.

<table>
<thead>
<tr>
<th>Key Milestone</th>
<th>Milestone Due Date</th>
<th>Milestone Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear the inspection backlog resulting from operational impacts during the COVID-19 pandemic.</td>
<td>9/30/2023</td>
<td>On-Track</td>
<td>To achieve this milestone, REAC must complete one or more inspections for each property across the portfolio to eliminate the backlog by 9/30/2023. In effect over 32,138 physical inspections must be completed by 9/30/2023. REAC completed over 4,600 physical inspections in Q2 FY22 for a total of just over 12,700 since June 1, 2021. Achieving this milestone is dependent on timely procurement of contracts for inspectors, equipment, and IT. This milestone is also dependent on FY23 congressional appropriations. PIH is closely managing procurement delays and funding issues for physical inspections and technology supporting inspections.</td>
</tr>
<tr>
<td>Implement National Standards for the Physical Inspection of Real Estate (NSPIRE).</td>
<td>9/30/2023</td>
<td>On-Track</td>
<td>The NSPIRE Standards draft Federal Register Notice was completed and submitted into Departmental Clearance; and is prepared to be sent to OMB. The Final Rule, Scoring Notice, and other sub-regulatory materials continue to be developed and are on target. PIH hosted Customer Experience workshops with HUD program offices to bring in a Design Thinking approach to the development of the NSPIRE IT solution. PIH has created a dashboard and prototype data analytical toolkit to process the NSPIRE Demonstration data but is awaiting the NSPIRE IT solution contract award to develop needed functionality, improvements, and future state modules. Procurement delays and resourcing issues are impacting the overall schedule and are being closely managed.</td>
</tr>
</tbody>
</table>
As of March 31, 2022, Public Housing occupancy is 94.54% and Multifamily occupancy is 94.94%. As of February 28, 2022, Housing Choice Voucher annual budget utilization is 96.8%. There have been slight declines in occupancy and utilization from last quarter. While some fluctuation is typical, declines are also attributed to tight rental market conditions and supply chain, construction trades, and property staffing challenges that cause longer unit turnover time. We are continuing to work with PHAs and multifamily owners on strategies to increase occupancy and utilization.

This quarter, progress has been made on all milestones associated with this APG. HUD recently completed the milestone to develop a voucher budget utilization methodology for MTW agencies and shared the methodology with OMB for review. HUD is finalizing certain aspects of implementing the methodology, such as the documentation required for obligations of funds (following HUD’s Capital Fund Guidebook). HUD plans to discuss these aspects of implementing the methodology with the MTW Collaborative and will incorporate their feedback as appropriate.

Moving forward, HUD anticipates training all MTW agencies on how to use the obligation fields in the Voucher Management System, with agencies starting to report this summer. Using the data collected, HUD expects to set a utilization target for MTW agencies in early FY23. In the meantime, HUD has identified MTW agencies with high reserves and other factors indicating low voucher utilization and is starting to work with those agencies.

In addition, this quarter REAC completed 4,600 physical inspections for a total of just over 12,700 inspections since June 1, 2022. Achieving the goal of completing all past due and current due physical inspections by the end of FY23 is dependent on timely procurement of contracts for inspectors, equipment, and IT. This goal is also dependent on FY23 congressional appropriations. PIH is closely managing procurement delays and funding issues for physical inspections and technology supporting inspections.
Data Accuracy & Reliability

Public Housing Occupancy

• **Description:** The percentage of Public Housing units that are occupied at the end of a fiscal year, based on Management Assessment Subsystem (MASS) Occupancy in PHAS

• **Data source:** Inventory Management System/Public and Indian Housing Information Center (IMS/PIC).

• **Calculation method:** Occupancy Rate is calculated using a data set of all units under an Annual Contribution Contract (ACC) and the following equation: The number of units leased divided by the number of units available (excluding those 1) uninhabitable for reasons of modernization, court litigation, natural disaster, casualty loss, or market conditions, 2) approved for special uses, and 3) approved for removal from inventory, etc.). Leased units are defined as units occupied by assisted tenants and units occupied by non-assisted tenants. The formula is: units leased / (units available - (uninhabitable + special uses + approved for removal))

• **Data quality (limitations/advantages of the data):** Generally, the data are high quality at a national level. PHAs self-report inventory and occupancy data in HUD’s IMS/PIC using Form HUD 50058. Changes to unit use categories are approved by local HUD field offices. PHAs annually certify the accuracy of Public Housing building and unit counts within IMS/PIC system. There may be some temporary errors for specific unit statuses at some PHAs due to PHA-staff input errors.

• **Validation, verification, and improvement of measure:** Through the annual Capital Fund certification process, errors in physical inventory information are identified in IMS/PIC. PHAs are required to correct errors before certifying the accuracy of the data for each development. When a PHA encounters errors that the PHA staff or HUD field office staff cannot correct, the PHA is required to inform the Real Estate Assessment Center Technical Assistance Center help desk and to enter the help desk ticket number and a comment in their certification. MASS is applicable to AMP, PHA, FO, Network, is assessed daily and includes MTW agencies and mixed-finance properties.
Multifamily Housing Occupancy Rate

- **Description:** The percentage of Multifamily Housing units that are occupied at the end of a fiscal year.

- **Data source:** Tenant Rental Assistance Certification System (TRACS), more specifically, HUD Form 52670 “The Housing Owner's Certification and Application for Housing Assistance Payments” submitted monthly to TRACS for the payment of rental assistance.

- **Calculation method:** Percentages are determined from the units counts on the monthly voucher using the following equation: \( \frac{\text{subsidized units} + \text{market units}}{\text{total unit count}} \).


- **Validation, verification, and improvement of measure:** Contract Administration Oversight Monitors (CAOMs) conduct manual reviews of voucher data comparing it to tenant records. Any reporting errors must be corrected within a negotiated period.
Data Accuracy & Reliability

Housing Choice Voucher (HCV) Utilization Rate

• **Description:** The percentage of new budget authority that housing agencies spend in each year for housing assistance payments as of the end of the fiscal year.

• **Data source:** Voucher Management System (VMS) and HUDCAPS.

• **Calculation method:** HCV Budget Utilization Rate is the total housing assistance payments (HAP) divided by total new budget authority (ABA) awarded in each fiscal year. Calculation excludes new budget authority for new tenant protection and incremental vouchers awarded during the year. Data for Mainstream vouchers and Moving to Work agencies are also excluded.

• **Data quality (limitations/advantages of the data):** HUD enters new budget authority amounts for each public housing agency into HUDCAPS. Public housing agencies report housing assistance payments (HAP) into VMS, which is subject to human (data-entry) error. The Department, however, has instituted “hard edits” for entries in the system. A “hard edit” is generated when a public housing agency enters data that are inconsistent with prior months’ data input. If there is an issue that cannot be resolved successfully, the transaction is rejected, and the public housing agency is required to re-enter the correct information. This process provides additional assurance that the reported data are accurate.

• **Validation, verification, and improvement of measure:** Aside from the “hard edit” process mentioned above, the HCV program uses four other means to ensure the accuracy of data: 1) HUD uses a voucher funds and unit utilization projection tool that enables the Department and public housing agencies to forecast voucher utilization and better manage the Voucher program. 2) The Housing Choice Voucher Financial Management Division performs routine data-validation checks of the VMS data after the monthly database has been submitted to HUD Headquarters for management reporting purposes. 3) Data inconsistent with prior months’ data are resolved with the public housing agency. 4) Corrections are entered directly into VMS to ensure accuracy.
Additional Information

**Contributing Programs**

Organizations:
- Office of Public and Indian Housing (PIH)
  - Office of Public Housing and Voucher Programs (OPHVP)
  - Office of Field Operations (OFO)
  - Real Estate Assessment Center (REAC)
  - Moving to Work (MTW)
- Office of Multifamily Housing (MFH)
- Office Field Policy and Management (FPM)
- Office of General Counsel (OGC)
- Office of Chief Procurement Officer (OCPO)
- Office of the Chief Information Officer (OCIO)

Program Activities:
- Training and Technical Assistance
- IT Modernization

Regulations:
- National Standards for the Physical Inspection of Real Estate (NPSIRE)
- Section Eight Management Assessment Program (SEMAP)
- Public Housing Assessment System (PHAS)

Policies:
- Notice PIH 2021-34 - Voucher Payment Standard up to 120% of FMR
- Notice PIH 2022-09 – Voucher Payment Standard waiver submissions extended to 9/30/22

**Stakeholder / Congressional Consultations**
The Department has consulted and will continue to consult with residents, public housing agencies, multifamily property owners, industry group leaders, and Congressional staff to improve rental assistance.