Agency Priority Goal | Action Plan | FY 22 – Q3

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, 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>Update cycle</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>94.66%</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>94.79%</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>98.28%</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 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 Gaither (Deputy Assistant Secretary, Office of Field Operations)  
- Ash Sheriff (Deputy Assistant Secretary, Real Estate Assessment Center (REAC))

Office of Housing, Office of 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.
Key Indicators

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.

Occupancy rates in the Public Housing and Multifamily programs and utilization rate in the Housing Choice Voucher program

*Prior to FY22 Multifamily occupancy was not utilized as a KPI and thus did not have a target for FY21 or before.

**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 FY23. Budget utilization may be higher or lower than the targets if actual appropriations differ significantly from these assumptions.
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 standard adjustments in 2022 to address rental market challenges exacerbated by the COVID-19 pandemic and its aftermath.</td>
<td>1/31/22</td>
<td>Completed</td>
<td>HUD published Notice PIH 2021-34 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, HUD issued Notice PIH 2022-09, which extends waiver submissions to 9/30/22. Additionally, HUD issued Notice PIH 2022-18 which allows PHAs to use ongoing administrative fees to provide voucher holders with security deposits, utility deposits, and leasing fees. Providing PHAs with increased flexibilities helps facilitate their ability to lease units.</td>
</tr>
<tr>
<td>Continue providing technical assistance to help PHAs and multifamily property owners increase unit occupancy and voucher utilization.</td>
<td>12/31/22</td>
<td>On-Track</td>
<td>TA continues to be provided to PHAs with low utilization rates. Currently, 38 PHAs have been referred to TA services. An additional 10 PHAs were referred for TA services in Q3. Field offices are also completing assessments of PHAs' Two-Year Tools and expanding leasing panel calls with PHAs by training HUD's regional networks to hold the calls. HUD Field Office staff completed utilization assessments for 95% of HCV PHAs after the final 2022 funding notices were issued on May 20, 2022. HUD targeted 175 PHAs, with occupancy rates at 94% or below, by offering resources (e.g., technical assistance and on-demand training webinars), conducting Quality Control on occupancy data, identifying root causes of low occupancy, and providing solutions to improving occupancy. A TA workplan was established to help PHAs address physical conditions that drive long-term vacancies and long unit turnover times. HUD has identified a small set of troubled properties with low occupancy rates. We are working directly with these properties to develop marketing plans and strategies to improve unit turnover times.</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>Publish a proposed rule on the performance assessments for the Housing Choice Voucher and Public Housing programs.</td>
<td>9/30/23</td>
<td>On-Track</td>
<td>Section Eight Management Assessment Program (SEMAP) and Public Housing Assessment System (PHAS) working groups are in the process of 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. The working groups are reviewing current assessment indicators to determine if they should be updated, or if alternative indicators should be considered. The working groups are attempting to balance program outcomes with compliance and to incorporate HUD collected data with PHA self-validated data for assessments. Public engagement for both SEMAP and PHAS is planned for Q4 of FY22 and Q1 of FY23.</td>
</tr>
<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 developing a FAQ for the MTW website and hosted a training for MTW agencies on August 3, 2022. MTW agencies are expected to begin reporting into VMS in October 2022. HUD will analyze this data to determine appropriate targets for FY23. HUD is meeting with MTW agencies that are reporting utilization rates less than 90% and occupancy rates less than 94% to discuss strategies to increase utilization and occupancy rates.</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>Finalize a detailed plan to update HUD information technology that improves</td>
<td>9/30/23</td>
<td>On-Track</td>
<td>HUD submitted the FY22 PIH IT Modernization plan to the Hill on July 25, 2022. The Department is expecting congressional approval before the end of the calendar year. There is sufficient funding from FY21 to cover PIH’s planned IT improvements until FY23 Q1. Progress may be impacted if congressional approval goes beyond that date. HUD is finalizing a strategy to update the iREMS system, which was included in the 2023 President’s Budget. Progress is also being made on a system for enhanced tenant complaint tracking.</td>
</tr>
<tr>
<td>timeliness and completeness of key data, which measures the effectiveness of rental assistance programs.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilitate landlord outreach engagements applicable to all ten regions.</td>
<td>3/31/23</td>
<td>On-Track</td>
<td>HUD staff across the country are working to develop effective strategies for landlord engagement. In FY22 Q4, staff will collaborate internally to identify strategic engagements for landlord outreach to make the most positive impact. A working group is also being established to begin strategic landlord outreach and engagement. 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 with persistent underutilization of vouchers.</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>HUD has worked with VA partners on targeted engagements with stakeholders participating in the HUD-VASH program. In Q4, a working group will be established for strategic landlord outreach and engagement.</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>HUD completed over 4,800 physical inspections in Q3 FY22 for a total of just over 17,500 since June 1, 2021. HUD is on track to reach the FY22 milestone of 50% inspections completed by 9/30/22. The team is working on expanding the number of qualified inspectors and has implemented mitigation strategies to address technology and contract challenges. Clearing the entire inspection backlog by 9/30/23 is possible but will depend on FY23 congressional appropriations. Significant assistance with the procurement of contracts for inspectors, equipment, and IT will be required.</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>HUD published the NSPIRE Standards in the Federal Register on 6/17/22. The public comment period ends on 8/1/22. HUD anticipates publishing the Final Rule in Q1 FY23. HUD 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>
HUD anticipates reaching the FY22 target of 98% for the Housing Choice Voucher (HCV) budget utilization rate. As of May 31, 2022, the HCV utilization rate is 98.28%.

Reaching the FY22 target of 95.5% for the occupancy rates in Public Housing and Multifamily housing is less certain. As of June 30, 2022, Public Housing occupancy is 94.66% and Multifamily occupancy is 94.79%. Occupancy rates have been negatively impacted as due to increases in unit turnover times in many places across the country. Unit turnover has slowed due to supply chain delays as well as staffing challenges in construction trades and at properties. HUD continues to engage with PHAs and multifamily owners on strategies to increase occupancy.

This quarter, progress has been made on all milestones associated with this APG. One major accomplishment is the publication of the NSPIRE Standards in the Federal Register on June 17, 2022. The new inspection standards emphasize resident health and safety and will be used in future inspections. HUD also issued Notice 2022-18, which allows PHAs to use ongoing administrative fees to provide voucher holders with security deposits, utility deposits, and leasing fees. The notice provides PHAs with increased flexibilities that help facilitate their ability to lease units.

This quarter, HUD completed over 4,800 physical inspections for a total of just over 17,500 since June 1, 2021. Achieving the goal of completing all past due and current due physical inspections by the end of FY23 is dependent on FY23 congressional appropriations and on timely procurement of contracts for inspectors, equipment, and IT. 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.
Data Accuracy & Reliability

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: (subsidized units + market units) / 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.
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
- Notice PIH 2022-18 – Use of Voucher Administrative Fees for other expenses to assist with leasing units

**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.