Agency Priority Goal | Action Plan | FY 23 – Q1

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).

MORE GUIDANCE

Goal Targets

Achievement statement		Key indicator(s)	Quantify progress			Frequency
By…	**We will…**	**Name of indicator**	**Target value**	**Starting value**	**Current value**	Update cycle
09/30/23	Increase occupancy rates in public housing properties to 96%	Public Housing Occupancy Rate	96%	94.63%	94.71%	Annually
09/30/23	Increase occupancy rates in multifamily housing properties to 96%	Multifamily Housing Occupancy Rate	96%	94.79%	94.67%	Annually
09/30/23	Increase budget utilization rates in the HCV program to 100%*	Housing Choice Voucher (HCV) Utilization Rate	100%*	92.6%	92.6%	Annually

*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.

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 (General Deputy Assistant Secretary, Office of Housing)

Team Leads:
- Christine Newhouse (Acting Director, Office of Asset Management and Portfolio Oversight)
- Belinda Koros (Director, Assisted Housing Oversight Division)

Goal Strategies

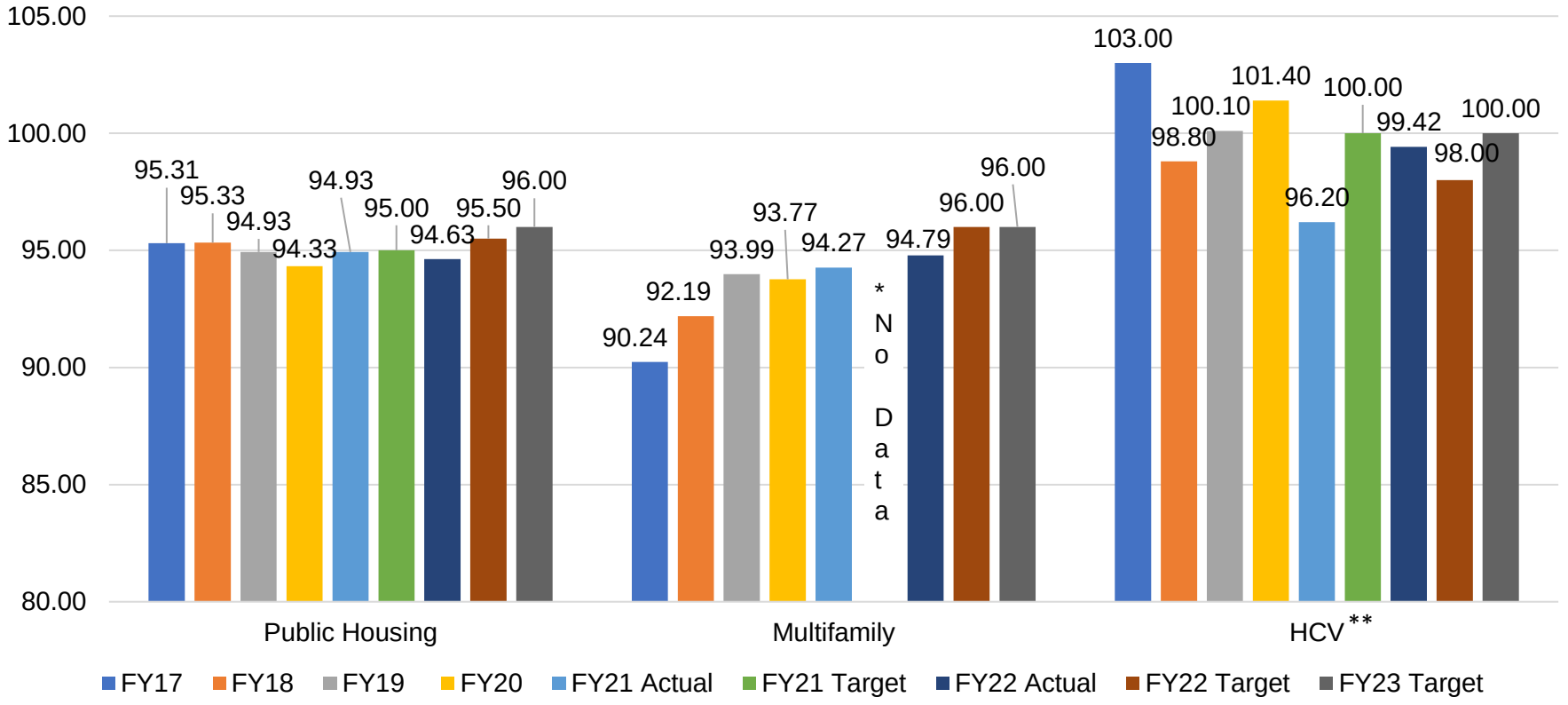
- Strengthen PHAs' and Multifamily property owners' incentives and capacity to serve more households.

- 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.

Key Milestones

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

Milestone Summary

Key Milestone	Milestone Due Date	Milestone Status	Change from last quarter	Comments
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.	1/31/22	Complete	N/A	On 9/26/22, HUD issued Notice PIH 2022-30, which extends waivers under Notice PIH-2021-34 to 12/31/23. Notice PIH 2021-34, issued on 12/9/21, allows PHAs to request an expedited waiver to establish voucher payment standards up to 120 percent of the fair market rent (FMR). Additionally, HUD issued Notice PIH 2022-18 on 6/13/22. The notice allows PHAs to use ongoing administrative fees to provide voucher holders with security deposits, utility deposits, and leasing fees. This provides PHAs with increased flexibilities and helps facilitate their ability to lease units.
Continue providing technical assistance to help PHAs and multifamily property owners increase unit occupancy and voucher utilization.	12/31/22	Complete	N/A	HUD provided technical assistance to PHAs with low voucher utilization rates and public housing occupancy rates. Support provided to PHAs includes one-on-one technical assistance to 54 PHAs, 12 HCV utilization webinars, and 7 webinars focused on special HCV topics. Field and headquarters staff hosted leasing panel calls with 106 PHAs and helped 126 improve their leasing plans using HUD's Two-Year Tool and other interventions. HUD also hosted public housing occupancy webinars for PHAs, conducted quality control on occupancy data, identified root causes to low occupancy, and offered solutions to improving occupancy. HUD identified 549 troubled Multifamily properties with low occupancy rates and large unit counts. HUD's Multifamily Housing team provided one-on-one technical assistance to these properties to develop marketing plans and strategies to improve unit turnover times.

Key Milestones

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

Milestone Summary				
Key Milestone	**Milestone Due Date**	**Milestone Status**	**Change from last quarter**	**Comments**
Publish a proposed rule on the performance assessments for the Housing Choice Voucher and Public Housing programs.	12/31/23	Delayed	Milestone was previously On-Track with target date of 9/30/23	In October and November 2022, HUD hosted four in-person listening sessions in Atlanta, Boston, Seattle, and Kansas City, as well as three virtual listening sessions. HUD also conducted outreach to industry groups and PHAs that could not participate. An additional industry group meeting is scheduled in Q2 FY23 to get their feedback. The MTW office is also working to ensure that MTW agencies have an opportunity to provide feedback. HUD plans to begin drafting the proposed rules in Q2 FY23. HUD continues to examine options for SEMAP and PHAS indicators that will incentivize HCV utilization and Public Housing occupancy.
Establish a voucher budget utilization methodology for MTW agencies that is consistent with MTW flexibilities.	3/31/22	Completed	N/A	HUD developed an HCV budget utilization methodology for MTW agencies by 3/31/22. In October 2022, MTW agencies began reporting into VMS. HUD will analyze this data to determine appropriate utilization targets in FY23. In Q4, HUD continued to meet with MTW agencies that are reporting HCV utilization rates less than 90% and public housing occupancy rates less than 90% to discuss strategies to increase utilization and occupancy rates.

Key Milestones

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

Milestone Summary

Key Milestone	Milestone Due Date	Milestone Status	Change from last quarter	Comments
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.	9/30/23	On-Track	N/A	The FY22 PIH IT Modernization plan was approved by Congress, and associated projects will begin soon. Congress appropriated additional funding for IT systems. REAC is making adjustments to the FY23 PIH IT Modernization plan to account for the additional funding. Multifamily did not receive funds for iREMS modernization in FY23.
Facilitate landlord outreach engagements applicable to all ten regions.	3/31/23	On-Track	N/A	HUD's Office of Field Policy and Management (FPM) has conducted 8 landlord outreach engagements across the country. FPM plans to conduct the remaining engagements in Q2 FY23. The primary purpose of these sessions is to increase the number of landlords accepting vouchers, with a focus on housing authorities with persistent underutilization of vouchers.
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.	3/31/23	On-Track	N/A	FPM conducted 3 Special Purpose Voucher (SPV) outreach meetings in Q1 FY23 and plans to conduct the remaining meetings in Q2 FY23. The primary purpose of these meetings is to bring together local stakeholders, including service providers and advocacy groups, to address barriers to utilizing SPV, with a focus on housing authorities with persistent underutilization of Mainstream, HUD-VASH, and/or FUP vouchers.

Key Milestones

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

Milestone Summary

Key Milestone	Milestone Due Date	Milestone Status	Change from last quarter	Comments
Clear the inspection backlog resulting from operational impacts during the COVID-19 pandemic.	9/30/2023	At-Risk	N/A	HUD completed over 4,750 inspections in Q1 FY23 for a total of just over 22,970 since October 1, 2021 (and over 26,800 since June 1, 2021, when inspections resumed after a pause during the height of the pandemic). As of 12/31/2022, 71% of inspections have been completed. Clearing the entire inspection backlog by 9/30/23 is possible but is at risk due to procurement delays for the National Inspections Contract. Significant assistance with the procurement of contracts for inspectors will be required to meet the FY23 goal. The team is working on expanding the number of qualified inspectors and has implemented mitigation strategies to address technology and contract challenges. In addition, Multifamily NSPIRE demonstration properties are now targeted for either UPCS or NSPIRE inspections of record/scored inspections. As such, REAC must now conduct an additional 1,400 inspections of record by 9/30/2023 to reach the 100% goal. In order to complete an inspection of record by 9/30, the NSPIRE IT solution for Multifamily is needed by 7/1/23.

Key Milestones

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

Milestone Summary

Key Milestone	Milestone Due Date	Milestone Status	Change from last quarter	Comments
Implement National Standards for the Physical Inspection of Real Estate (NSPIRE).	9/30/2023	On-Track	N/A	To help prepare stakeholders for the implementation of NSPIRE, HUD is hosting “NSPIRE Get Ready” sessions across the country. The first session was held in Cleveland on 10/31/22. HUD hosted 6 more session in November and December 2022 and will host an additional 7 sessions in January and February 2023. The NSPIRE Standards Notice is nearly complete, as are the standards themselves. The Scoring notice is under review. HUD hopes to publish this notice in the Federal Register for public comment in March. NSPIRE inspections will begin 7/1/23.

Narrative – FY 23 Q1

HUD concluded FY22 with a voucher budget utilization rate of 100.02%. With the increased appropriation for vouchers in 2023, the national utilization rate is now approximately 92.6%. Given the historic increase in HCV funding, PHAs should begin making program adjustments now in order to fully utilize the 2023 funding. HUD Field Offices are supporting PHAs to make program decisions based on the funding increase. HUD will continue to strive to meet its national voucher utilization goal, but the increase in 2023 appropriations will impact HUD's ability to reach 100% this fiscal year.

As of December 31, 2022, Public Housing occupancy is 94.71% (a slight increase from last quarter) and Multifamily occupancy is 94.67% (a slight decrease from last quarter). PHAs and Multifamily owners continue to face occupancy challenges due to shortages of the staffing, materials, and construction trade crews needed to improve properties. These shortages have slowed unit turnover, extended repair/rehabilitation periods, and presented challenges in addressing properties with chronic vacancies.

This quarter, progress has been made on all milestones associated with this APG. To help prepare stakeholders for the implementation of NSPIRE, HUD hosted seven "NSPIRE Get Ready" sessions across the country and will host seven more sessions next quarter. HUD also hosted four in-person listening sessions in Atlanta, Boston, Seattle, and Kansas City, as well as three virtual listening sessions to inform HUD's development of proposed rules on the performance assessments for the Housing Choice Voucher and Public Housing programs (SEMAP and PHAS, respectively).

This quarter, HUD completed over 4,750 physical inspections for a total of just over 22,970 since October 1, 2021, and over 26,800 since June 1, 2021. As of 12/31/2022, 71% of inspections have been completed. Achieving the goal of completing all past due and currently due physical inspections by the end of FY23 is dependent on timely procurement of contracts for inspectors and implementation of NSPIRE for Multifamily. PIH is closely managing procurement delays for physical 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.
- **Data quality (limitations/advantages of the data):** The data owners submit for each monthly voucher include number of units: [1] subsidized; [2] vacant; [3] market rate; [4] abated; and [5] total units in contract.
- **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
- Notices PIH 2022-09 and 2022-30 – Voucher Payment Standard submissions extended
- 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.

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