

Work Plan and Operating Budget 2024-2025



NOVEMBER 30, 2023

**Housing Choice Voucher
Program**



HCV Operations

Who we serve?

HACM's Housing Choice Voucher Program, commonly referred to as Rent Assistance Program (RAP) – Section 8, is designed to help extremely low to moderate income families rent privately-owned housing. Individuals or families earning below 50% of Area Median Income are eligible to participate in this program. The rent subsidy, known as a Housing Assistance Payment (HAP), is paid directly to the property owner or designated payee each month. This program is available to a limited number of families and allows them to pay approximately 30% of their income toward their monthly rent. The program pays the balance of the rent to the landlord either by check or direct deposit. The programs area of jurisdiction is the City of Milwaukee and Milwaukee County. However, under the Section 8 Portability Program, participants can rent outside of HACM's jurisdiction. This is done through partnerships with other Housing Authorities.

Participants must be on the RAP Waitlist to be able to be considered for the program. HACM's tenant -based and project-based waitlist are currently open.

What we serve?

HACM receives around \$40mm HAP grant and \$4mm in administrative fee annually from Housing and Urban Development (HUD). As of 2024, HACM has 7,823 (including EHV, FYI and SRO vouchers funded separately) in contracted units from HUD. These are comprised of Tenant- Based and Project- Based Voucher (PBV) units. Tenant-based vouchers are issued to participants, enabling the participants to use the voucher to subsidize their rent in any unit they choose to reside. Subsidies to the project-based units are attached to the project itself. the participant will choose to rent a unit in the project to be eligible for subsidy. HACM also manages special purpose vouchers (tenant or project based) specifically targeted towards unique needs. Below is the breakdown of the contracted units. Of the total PBV, 1,735 units are allocated on HACM owned projects.

- Regular tenant-based vouchers – 5,474
- Regular project-based voucher - 622
- Rental Assistance Demonstration project-based voucher – 1,211
- Veterans supportive housing vouchers – 372 (includes 101 PBV)
- Emergency Housing Voucher - 121
- Foster Youth Initiative voucher – 10
- Single Room Only (SRO) - 13

HACM also offers two programs that help promote economic self-sufficiency of voucher participants through the Section 8 program:

Family Self Sufficiency Program (FSS)

FSS is a HUD program that allows Housing Choice Voucher participants to build financial assets as the household increases income from wages. Participants commit to a five-year contract, during which participants establish educational, professional or personal goals. A portion of the participants rent increase (resulting from increase in income) is deposited into an escrow account. Upon completion of the program, the escrowed amount is given to the participants. The FSS participants work with a case manager to help them achieve their goals.

Section 8(Y) Home Ownership Program

This program is for Housing Choice Voucher tenant-based participants. Participants receive home ownership assistance for up to 15 years as long as they own and reside in the home. Eligible participants use their subsidy to pay for the mortgage instead of paying this to landlord as rent. This will allow them to build equity on the home they purchased instead of just paying regular rent subsidy payment to the landlord. To qualify, applicant must:

1. Receive rent assistance through HACM's Housing Choice Voucher Program.
2. Be employed full time (average of 30 hours per week) and have earned income of at least \$15,000 per year.
3. Be a first-time homebuyer or not have owned property in the past three years (unless displaced through death or divorce).
4. Be current with rent and compliant with all lease obligations.

Goals and Mission

In support of HACM's mission to provide a continuum of high-quality housing options, it is the Housing Choice Voucher Program's goal to continuously optimize voucher utilization within its budgetary constraint to ensure that maximum number of households are provided with rent subsidy. HACM intends to achieve this by optimizing operational efficiencies and ensuring compliance with rules and regulations.

“Achieve High Performance Status in 2025”

Challenges/Opportunities

The COVID-19 pandemic, and we are not an exception, significantly impacted the operations of the HCV Program. Unfortunately, it happened at the time when we were transitioning into a new housing software system – Yardi. The program had been “front facing in- person interaction” type of operations and the closure of the offices seriously affected its ability to operate efficiently. On top of this, the “great resignation” resulted in approximately 70% of staff turnover in the department. However, this afforded opportunity for HACM to re-imagine its structure, process and procedures with technology as a great enabler. Adaption to new technology accelerated as result of the pandemic. Also, the results of HUD reviews and HUD technical assistance provided guidance in developing strategies and an operational plan to get our HCV operations back to high performer status.

Strategies

HACM needs significant resources to implement the following strategies. Availability of funds are important, but “TIME” as a critical resource is a major consideration. The strategies when implemented will take time to work its way into the system and culture of the organization.

1. Implement the Yardi system entity-wide. Singular software system for operations and financial reporting.
2. Structured on boarding and continuous training to all staff.
3. Implement Rent café and other mobile systems.
4. Electronic workflow systems and system generated performance tracking metrics.
5. Formalize standard operating procedures.
6. Improve organizational structure to enhance internal control and financial reporting.
7. Develop a Customer Centric and Team Focused corporate culture.
8. Engagement of third-party vendor/contractor to provide HCV services.

Operating Plan and Budgets

The accompanying 2024 budget was developed using a conservative funding and lease up assumptions. However, it took the strategies and required action items to achieve the programs goals and mission. This will require HACM to provide additional funding out of its non-Section 8 funding stream to about \$900,000 in 2024 after using projected 2023 year-end reserved of \$490,000. HCV is budgeted to operate at a loss of \$1.4mm in 2024 with a projected stabilize operations in 2025 showing a surplus/income of \$500,000. Also, presented is HACM's optimistic projection in 2024 which reduces the additional funding to \$300,000 from \$900,000, and a scenario analyses utilizing different Administrative Fee funding level while using conservative lease up assumption in 2024.

Summary of Budget Assumptions 2024:

1. Contracted Units under Annual Contribution Contract (ACC) – 7,838
2. Average Lease Up – 75% of ACC (same as current actual lease up)
3. Administrative Fee Funding level – 80% (tracks historical funding) – current 2023 funding is at 95%
4. Administrative Fee rate is at 2023 rates.
5. Staffing level – total 51 FTEs. Stabilize operations (Budget 2025) based on attached organizational chart is 41 FTEs. Excess staffing to address backlog.
 - Regular – 45
 - Temporary – 6
6. Budgeted salary increase overall is 3% of current regular salaries, but individual increase could vary between 1-5% depending on performance.
7. Benefits budgeted at 45% - but reflects current Health Care option choices of employees.
8. Contracted services included budget for financial review as required by HUD and third-party initial admissions/certifications assistance to ramp up leasing of units.
9. Similar to 2023, Central office is not charging \$850,000 management fee to cover for office cost and oversight fee (HR, IT, Finance, Procurement, portion of executive salaries)

List of Attachments: (if provided in excel format – note of different tabs)

- 1. 2024 Budget (with additional Scenario Analysis)**
- 2. 2024 Budget with Comparisons**
- 3. HACM's 2024 Projection (utilizing goal of 85% lease up)**
- 4. Details of Contract Services**
- 5. Organization Chart (Stabilized Operations)**

