

WICHITA HOUSING AUTHORITY 2018 YEAR END REPORT

The Wichita Housing Authority (Authority) consists of two program divisions: (1) Section 9 Public Housing and; (2) Section 8 Housing Choice Voucher (HCV). Public Housing manages 226 multifamily units and 352 single family dwellings while the HCV program staff administer 3,037 tenant based rental assistance vouchers. The Authority receives 99 percent of its funding from HUD. The General Fund provides resources for one HCV inspector to address an audit finding.

In 2018, Public Housing received \$2,097,721 compared to \$1,929,310, in 2017. The differential is a net gain of \$168,411 based on maintaining 97 percent occupancy from July 2016 through June 2017. The department also received increases in the Capital Fund. In 2018, HUD provided \$1,302,000 compared to \$810,174, in 2017. This increase was not anticipated and should not be expected going forward.

Public Housing staff work yielded greater quality of life for program participants this year. Work orders have been resolved more timely and preventive maintenance items were able to be done as a result of an initiative called REAC 365. Open work orders are currently at a three-year low of 116.

Since March 2018, staff has also been working with the Rental Assistance Demonstration (RAD) developer, Keith B. Key Enterprises to complete pre-development activities for the substantial rehabilitation scheduled to occur in 2019. Construction for the \$60 million project is anticipated to begin in June 2019 and end by December 2020.

The total development cost for the single family portfolio is \$35 million. Hard costs will be \$10 million averaging \$28,000 of substantial rehabilitation for each of the 352 houses. Financing is committed by a Federal Housing Administration lender. The transaction closing is targeted for June 2019. The Wichita Housing Authority expects to generate \$1.6 million in developer fees upon stabilization either in late 2020 or early 2021.

The tax credit application is ready for submittal to the State of Kansas Housing Resources Corporation for this single family portfolio. The Wichita Housing Authority's appraised value for the 352 single family dwellings is \$12.7 million. This value will need to be contributed to the acquiring entity controlled by the Wichita Housing Authority as a seller note for the tax credit financing. Staff seeks authorization from the Board to execute the Commitment Letter enclosed.

As for the multifamily portfolio, gap financing is being pursued. Currently, a local bank is reviewing the feasibility to participate. Additional funding has been requested to the State of Kansas Housing Resources Corporation's Housing Trust Fund. If funding for 2018 is not awarded, there is a 2019 round that is currently announced that the RAD team will request participation.

The total development cost for the multifamily portfolio is \$29 million. Hard costs will be \$11 million, mostly applied toward mechanical, electrical and plumbing systems. The transaction must close after the single family's closing in order to spread rental income for a portion of the gap needed for the multifamily portfolio estimated to be approximately \$2.5 million at this time. When financing is secured, the tax credit application for the multifamily portfolio will be submitted. A developer fee of

\$1.3 million in developer fees is expected for the Wichita Housing Authority upon stabilization in late 2020 or early 2021.

The Section 8 Housing Choice Voucher Program is another program administered by the department. HUD provided \$15.7 million this year. This amount consists of \$14.2 million in rental subsidies payable to private landlords who provide access to affordable housing for 3,037 households throughout Sedgwick, Butler and Harvey counties.

Nearly 1,400 vouchers were issued to households seeking rental assistance. Lease-up rates have exceeded past performance. HUD forecasting module predicts that the HCV program may be over prescribed in December 2019 with subsequent budgetary shortfalls. Therefore, the Wichita Housing Authority will close its waitlist on December 31, 2018, and will not call any applicant in 2019 to complete a formal application.

Housing Choice Voucher Mission

To provide affordable, decent, safe and sanitary housing choices for citizens who meet eligibility criteria through a variety of programs, while promoting self-sufficiency.

Housing Choice Voucher (HCV)

The Housing Choice Voucher (HCV) program is a division of the Housing and Community Services Department and the City of Wichita Housing Authority (WHA). The HCV is federally funded by the U.S. Department of Housing and Urban Development (HUD). The assistance level funding provides assistance for 3,037 families with Housing Assistance Payments (HAP) contracts to more than 800 private landlords.

The HCV division administers the following programs in accordance with HUD rules and regulations and the Public Housing Agency Administrative Plan.

- 1) **Housing Choice Voucher Program** provides a HCV to low-income families who meet the income eligibility criteria. Families contribute the highest of 30 percent of their adjusted income or 10 percent of gross monthly income toward rent. The program pays the balance of rent due the landlord. The maximum rent allowable in this program is established by annual payment standards.
- 2) **The Mainstream Program** allows a HCV for non-elderly persons and families with disabilities. The rental assistance creates the opportunity for program participants to have affordable and accessible private dwellings to fit particular needs due to disability.
- 3) **The Designated Housing Program** enables a HCV for non-elderly persons and families with disabilities on the Public Housing waiting list to receive a voucher. The rental assistance facilitates affordable and accommodating private dwellings to fit disability-related needs.
- 4) **The Family Self-Sufficiency (FSS) Program** is designed to help low-income HCV families become self-sufficient within five years. The program gives guidance to families so escrow accounts can be established. Money from this restricted savings account may be used as a down

payment to purchase a home, education, or credit repair. Families graduating from this program have met self-sufficiency and exit the HCV program.

- 5) **The Housing Choice Voucher Homeownership Program** allows HCV assistance to be used for mortgage payments. Recipients must participate in the FSS program, attend homeowner training and secure a mortgage loan. The program participant must be self-sufficient and able to pay 100 percent of a mortgage after year 15.
- 6) **The Veterans Affairs Supportive Housing (VASH) program** provides rental assistance through Housing Choice Vouchers for homeless veterans. Case management and clinical services are provided by the Veterans Affairs regional administration staff.

Two Year Forecasting Tool for Housing Authorities' Housing Choice Voucher Programs

HUD developed a spreadsheet tool for use by Housing Authorities to assist in predicting HCV leasing, spending and funding over a two year period. The purpose of the tool is to facilitate decision making by Housing Authorities and to guide HUD oversight with technical assistance to achieve optimal use of the HCV funds.

The Wichita Housing Authority's management team utilizes this tool. The tool has assisted with planning activities to ensure that appropriate leasing and spending yield high performance.

The following goals have been set for 2018:

- Conduct formal applications meetings for over 5,000 households on the waiting list
- Determine eligibility and issue over 300 vouchers to provide rental assistance to 3,112 households. This goal would assist the Housing Choice Voucher program in decreasing rental assistance reserves to six percent.
- The overall goal is to provide 300 new families with rental assistance this year. The number of new families includes attrition that is projected to occur in 2018.

HUD's national mandate is to decrease reserves to a level that provides rental assistance to families in need of affordable, safe and decent household. The Wichita's Housing Authority's HCV program goal is to decrease reserves to six percent in 2018. In July 2018, HUD's regional office informed housing authorities that the new reserve rate changed to four percent in 2018 with no offset if the rate is six percent or lower. Effective 2019, an offset will occur for Housing Authorities ending the year with utilization rate over four percent.

Activities for 2018 include:

- Contacting 5,000 households in 2018
- Determining Eligibilities
- Issuing 1,000 Vouchers by end of the year

- Leasing 480 new households by end of the year

Month	Type of Meeting	Number of Households Contacted	Number of Households Attended	Voucher Issuance	New Admission
Jan 2018	Formal Application	5,237	1,146		16
Apr 2018	Voucher Briefing	1100	732	732	15
Aug 2018	Formal Application	3,067	1500		398
Sept 2018	Voucher Briefing	719	590	590	91
Oct 2018	Voucher Briefing	133	88	88	135
Nov/Dec					160
Total		10,123	3,968	1,410	815

Eight hundred and fifteen families have leased up in 2018. The projection for first quarter 2019 is that 127 families will lease into the Housing Choice Voucher program. The Wichita Housing Authority forecasts that the Housing Choice Voucher program will meet HUD’s national mandate of having four percent or less in 2019 HUD held reserves.

Accomplishments

- Wichita Housing Authority’s Housing Choice Voucher program rated High Performer.
- Eighty seven new landlords added to the WHA’s HCV program during 2018.
- The Wichita’s Housing Authority’s HCV exceeded goals by decreasing reserves to 4.8 percent in 2018. This milestone complies with HUD’s national mandate to decrease reserves to a six percent level that provides rental assistance to families in need of affordable, safe and decent household.
- HCV program is on target with the City’s Performance Measures.
- HCV Family Self Sufficiency reached its goal of 10 families graduating from the program.
- Mainstream Non-Elderly and Disabled program expended 100 percent of authorized budget for providing affordable, safe and decent household.
- The Department of Housing and Urban Development approved Wichita Housing Authority to absorb Sedgwick, Butler and Harvey counties within its jurisdiction.
- The HCV Manager and six housing specialists attained Housing Choice Voucher Eligibility and Income Calculation certification.
- The HCV Manager and Housing Specialists received waitlist management training
- Neighborhood Inspectors received Safety Measure in Removing Lead Based Paint Removal
- One additional Neighborhood Inspector was hired to address re-inspection audit finding.

City of Wichita's Performance Measures

Average Dollar Value of Vouchers Redeemed Over the Course of the Reporting Period per Household

Benchmark	2016 Actual	2017 Actual	2018 Target	2018 Actual
\$5,100	\$5,118	\$5,100	\$5,136	

Households That Redeemed Rental Assistance Vouchers

Benchmark	2016 Actual	2017 Actual	2018 Target	2018 Actual
2,500	2,424	2,557	2,620	

Percentage of Budget and Vouchers Redeemed During the Reporting Period

Benchmark	2016 Actual	2017 Annual	2018 Target	2018 Actual
98%	100%	100%	100%	
3,037 Vouchers	2,242	2,600	2,620	

Household Participating in Family Self-Sufficiency

Benchmark	2016 Actual	2017 Actual	2018 Target	2018 Actual
125	172	167	125	

Households that Graduated from the Self-Sufficiency Program

Benchmark	2016 Actual	2017 Actual	2018 Target	2018 Actual
10	11	16	10	

Waiting List Numbers

Benchmark	2016 Actual	2017 Actual	2018 Target	2018 Actual
5,000	5,123	5,010	5,000	

U. S. Department of Housing & Urban Development’s Section Eight Management Assessment Program (SEMAP)

Performance Measures

Number	Indicator	2017 Actual	Possible Points	2018 Target	2018 Actual
1	Selection from Waiting List	15	15/0	15	
2	Reasonable Rent	20	20/15/0	20	
3	Determination of Adjusted Income	15	20/15/0	15	
4	Utility Allowance Schedule	5	5/0	5	
5	Housing Quality Standard (HQS) Control	5	5/0	5	
6	HQS Enforcement	10	10/0	10	
7	Expanding Housing Opportunities	5	5/0	5	
8	Payment Standards	5	5/0	5	
9	Timely Annual Reexaminations	10	10/5/0	10	
10	Correct Tenant Rent Calculations	5	5/0	5	
11	Pre-Contract HQS Inspections	5	5/0	5	
12	Annual HQS Inspections	10	10/5/0	10	
13	Lease-Up	20	20/15/0	20	
14	Family Self-Sufficiency	10	10/8/5/3/0	10	
Total		140	145 Max	140	97%

High Performance Rating
 Standard Rating
 Troubled Rating

90% & Above
 60% to 89%
 59% & Below