Voucher Demonstration
Listening Session

Washington DC

Section 1:
Welcome & Purpose

July 13, 2018

Welcome

- Builds on 50058 Listening Sessions to discuss 50058 form and system design; changes to HUD business processes; and changes to PHA business processes

  - Initial 50058 Session held with PHA software vendors and PHA industry representatives (January 2018 | Washington DC)

  - Six (6) PHA sessions convened across the country (February to April 2018)

- Information from these sessions have informed on HUD's proposal to launch a Voucher Demonstration program. The purpose of the Voucher Demonstration is to:

  - Test a new HCV Payment process; revised 50058 form; and PIC-NG functionalities

  - Initial build(s) will focus on non-MTW PHAs only (specific payment processing for MTW PHAs is not included in this listening session)

What is a Listening Session?

- A meeting to discuss specific topics
  - Where HUD is requesting input on specific topics on the Voucher Demonstration
  - Participants are asked to provide information, feedback, and comments on these topics
  - Goal of which is to help HUD better shape future IT and business solutions for the HCV payment process and the Form 50058

- Participant input
  - No intent or expectation to reach agreement or consensus
  - All comments/concerns/alternative ideas are welcomed
  - Session does not constitute an agreement; the session is designed to share information to help HUD shape future system builds, changes to HCV payment process, and 50058 form

- Encourage PHA and industry partner engagement throughout future development process

What to Expect: Agenda

1. Welcome & Purpose (9:00 – 9:15)

2. CIO/CTO – Overview of HUD Architecture (9:15 – 9:30)

3. Results of Enhanced Proof of Concept (EPOC) Pilot (9:30 – 10:00)

4. HAP Payment Processing – Overview (10:00 – 10:30)

5. HAP Register Record Layout (10:45 – 11:45)

6. Section 18 (HAP Register) Validation Checks and Funding Adjustments (12:45 – 1:45)

7. HUD Disbursement Processing (1:45 – 2:45)

8. Voucher Demonstration (3:00 – 3:30)

9. Closing (3:30 – 4:00)

~ 1. Welcome & Purpose ~

Other Items

- Cell Phones
  - Please remember to turn off cell phones or put your phone on vibrate
  - If you need to leave in the middle of a discussion, please do so quietly

- Valuables and Materials
  - Please take valuables (phones, purses, etc.) with you on break and at lunch

- Lunch
  - Various locations outside of building
  - Will need to come back through security

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Section 2:
CIO/CTP – Overview of HUD Architecture

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Section 3:
Results of Enhanced Proof of Concept (EPOC) Pilot

Cash Management Requirement

- PIH 2011-67 established cash management procedures to mitigate PHA accumulation of Restricted Net Position (RNP) funds, reduce Treasury outlays by timing the disbursements based on actual need, and facilitate a more efficient and timely method by which to account for PHA program reserves

- Agencies must establish systems and procedures to assure that balances are maintained commensurate with immediate disbursement needs, [and] excess balances are promptly returned to the Treasury

EPOC Pilot Summit Key Takeaways

Ideal Future State

PHA participants indicated that they consider the following as success in the future:

Funding

- Adequate funding to **minimize back and forth** with HUD to request more funds and achieve compliance with Treasury
- **Increased transparency** into the money PHAs received from HUD (Monthly Funding Statements)

Reporting

- HUD acceptance of PIC-50058 submissions from PHAs to establish a **baseline data set**

Policy

- New policy and process that allows **funding to follow a family** to improve processing for port-out families
- A **streamlined and consolidated reporting** format between PHAs and HUD to allow PHAs more time for other tasks

Impact

- Information about **how eVMS will impact their PHA in the ideal state**, how it will affect other efforts like PIC-NG, how it will benefit them, and what the timeline is
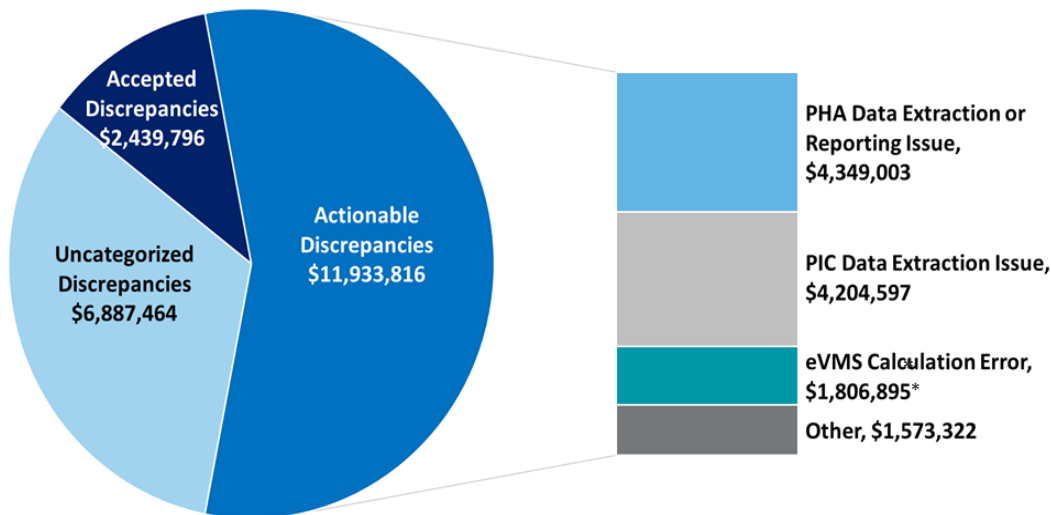
EPOC Objective

- Determine validity of the premise that eVMS can calculate HAP using HUD-50058 data

- Compare the eVMS EPOC calculation to the PHA HAP Register calculations and HUD's current calculation using VMS to determine dollar match percentage

- Identify discrepancies and exceptions in accordance with expected results (i.e., variance between HAP Register and eVMS results)

- Identify and update eVMS business rules to enhance process performance and scalability to the eVMS calculation engine

- Identify and develop documentation requirements for the Paperwork Reduction Act (PRA) submission

- Verify that eVMS has the ability to process PHA payments monthly

Final Discrepancies & Future Recommendations

The family-level discrepancy analysis demonstrated that HUD needs to address remaining technical, operational, and behavioral challenges to scale eVMS to all 2,200 PHAs

EPOC Calculation Discrepancies, by Dollar*

Accepted Discrepancies $2,439,796

Uncategorized Discrepancies $6,887,464

Actionable Discrepancies $11,933,816

PHA Data Extraction or Reporting Issue, $4,349,003

PIC Data Extraction Issue, $4,204,597

eVMS Calculation Error, $1,806,895*

Other, $1,573,322

Accepted: discrepancy is due to prospective timing or late HUD-50058 submission
Actionable: discrepancy may be resolved with changes to the eVMS engine or PHA reporting
Uncategorized: no defined, single root cause identified

PORTABILITY: Disjointed, manual billing process, with high opportunity for fatal errors
Recommendation: Automated process that provides end-to-end visibility and consistent reporting

TIMING: Timing of PHA submissions can cause errors
Recommendation: Develop capability to enable retroactive adjustments as PHAs submit updated information

REPORTING CONSISTENCY: PHA confusion around submission and reporting guidelines
Recommendation: Standardize PHA reporting practices and record-keeping to encourage consistency and accuracy
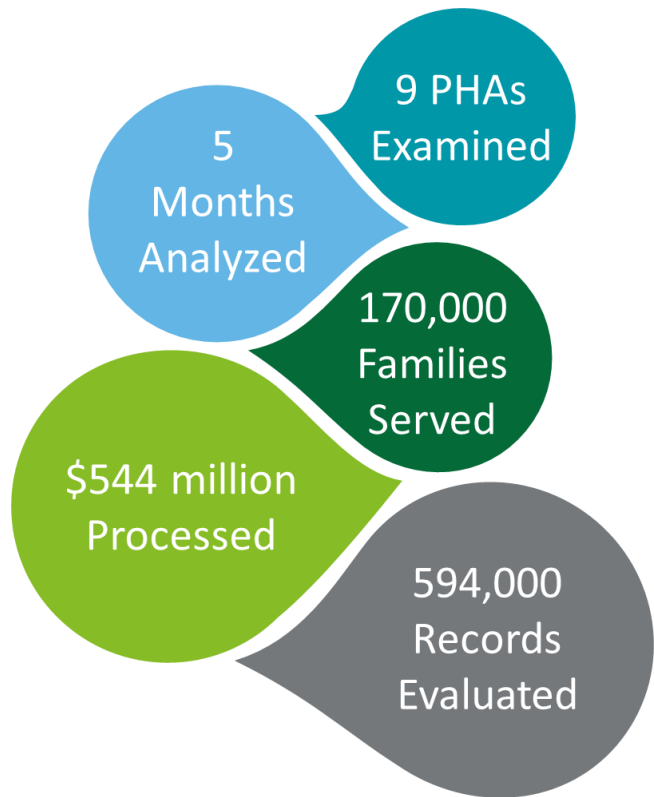
MISSING DATA: Missing data elements cause eVMS to calculate incorrect HAP need
Recommendation: Incorporate additional data fields into eVMS calculation to capture the entirety of a PHA's portfolio

Uncharacterized discrepancies account for 4% of all family records, including 100% match families, in the eVMS vs. HAP Register comparison during the EPOC
Compared to all discrepancies (not including 100% match families), uncharacterized discrepancies account for 55.9% by family count
Compared to all discrepancies (not including 100% match families), uncharacterized discrepancies account for 32.4% by absolute dollar difference

*HUD implemented new business rules to address the $1.8 million of eVMS calculation errors

~ 3. Results of EPOC Pilot ~

EPOC Overview and Accomplishments

The eVMS EPOC achieved functional zero and can be scaled to provide more accurate and timely payments for the HCV Program and provide monthly funding statements
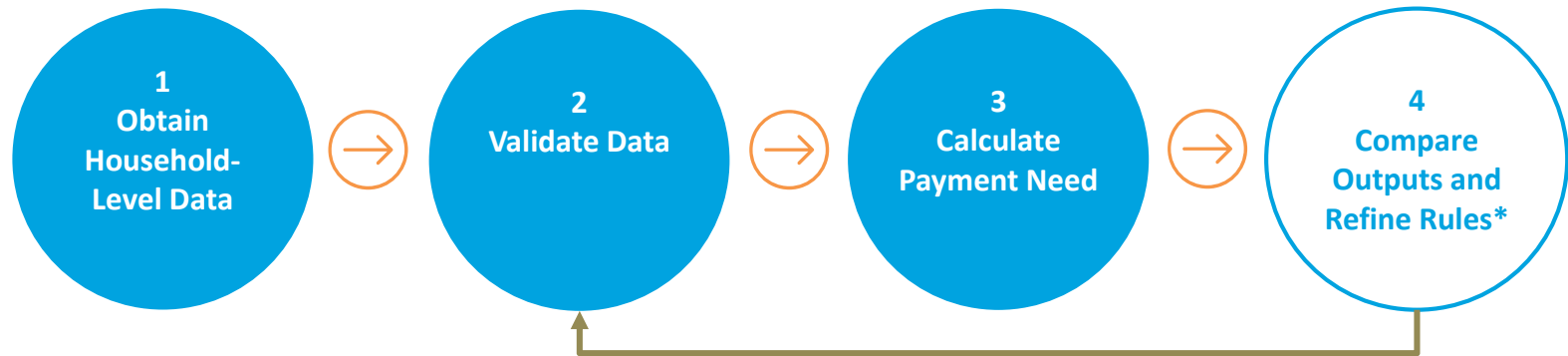
9 PHAs Examined

5 Months Analyzed

170,000 Families Served

$544 million Processed

594,000 Records Evaluated

EPOC's Success Indicators

✓ **Accuracy**
The EPOC calculated HAP need within functional zero, defined as the threshold of **97% accuracy** in comparison to a PHA's VMS and HAP Register reporting

✓ **Scalability**
In April 2018, **eVMS calculated $156 million of HAP need**, representing **10.3% of the HCV program's total monthly budget** for contract renewals. This is a statistically valid sample size that illustrates eVMS's scalability.

✓ **PHA Payment Processing**
eVMS enables HUD to demonstrate progress towards **processing payments monthly**. Using real-time family-level data, HUD is able to prevent, make payments from monthly actual expense submissions, (2) provide PHAs payment validation, (3) include retro monthly adjustments

✓ **Funding Statements**
Provide monthly PHA funding statements

How Payments Will Be Calculated

HUD aims to fundamentally change the HCV Program, wherein, monthly disbursements will be based on real-time tenant-level data. The eVMS EPOC demonstrated HUD's ability to execute this functionality

Payment Need Calculation High-level Functional Flow

1
Obtain Household-Level Data
→
2
Validate Data
→
3
Calculate Payment Need
→
4
Compare Outputs and Refine Rules*

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Section 4:
HAP Payment Processing – Overview

50058 Form – Sections 18 & 19

Current 50058 Form

- Sections 1-17 of the current 50058 form will remain unchanged for all PHAs: <u>non-MTW PHAs</u>; <u>MTW PHAs</u>; and <u>PHAs in the Voucher Demonstration program</u>

Section 18 ("HAP Register") of 50058 Form

- Contains data fields required for the payment of HAP and administrative fees
- Includes data not associated with a 50058 (e.g., non-family level 5008 data such as fraud recovery, FSS forfeitures, PBV not under lease, etc.)
  – Includes multiple HAP payment lines to allow for HAP information to be associated with various payees (i.e., landlord, utility reimbursement, trailer pad, etc.)
- To be completed only by PHAs in Voucher Demonstration program

Section 19 ("Other VMS Data") of 50058 form

- Contains VMS data fields not captured in Section 18 (e.g., lead-based paint) and program / budget information (e.g., UNP, RNP, Cash balance) <u>and</u> do not have funding implications
  – At both family and non-family level
- To be completed only by PHAs in Voucher Demonstration program

General – Section 18 Processing & Disbursement Cycle

PHA Submits Section 18 Data

- In a prescribed format, PHAs will provide to HUD section 18 of the 50058 (i.e., HAP Register - New)
- Section 18 of the 50058 will be streamed to HUD around the 15th of each month
- With few exceptions, the section 18 data is at the Head of Household level
- The majority of section 18 data is already contained in other sections of the 50058
- The section 18 data is the basis of next month's disbursement (1st of next month)

Review of Section 18 Data

- At the Head of Household level, streamed section 18 data is compared to 50058 data
- At the Head of Household level data, section 18 data will be marked as either pass or failed
- Unless the fail is a large outlier, HUD disbursement initially will be based on both passed and failed records (threshold yet to be determined)
- A failed record error report will be generated and sent to the PHA for review and correction
- PHAs may correct and resubmit section 18 data up to the Xth of the month, after that any correction will be made on next month's section 18 submission

Disbursement of Funds

- Section 18 data will be sent to the program office to calculate the actual disbursement amount
- Disbursement amounts will be finalized and loaded into HUDCAPS
- HAP will be disbursed on the 1st of the month. Current focus is on HAP disbursements; the processing and disbursement of administrative fees will be analyzed as this initiative develops

Exception – Section 18 Processing & Disbursement Cycle

Section 18 Exception Processing

- If the PHA does not submit section 18 data in time for processing or the section 18 data as whole contains material errors, HUD will still disburse funds to the PHA to be made available on the 1st of the month

- Disbursement will be based on either:
  - Current 50058 data
  - Last month's section 18 data for recurring payments
  - Note: HUD funding will not be provided for non-recurring payments (including corrections of prior month data portion in previous months section 18 record)

Future State

- As the process becomes fully automated, HUD will be able to disburse funds more than once a month using real-time data. Until then, the PHAs will continue to work with their HUD financial analyst

Section 18 Record Layout - General

- The PHA will submit a Section 18 record during the month

- The majority of information in the Section 18 record is from actual 50058s for current program participants that are expected to be in the program in the upcoming month (i.e., the PHA's actual HAP payments)

- The Section 18 record is the basis for the disbursement of funds on the 1st of each month

Components of Monthly Section 18 Records	
1	Current Month – Known Certain Family Level Data
2	Current Month – "Uncertain" Family Level Data[1]
3	Past Month(s) – Correction of Family Level Data
4	Non-Family Funding Data / Information (recurring)
5	Non-Family Funding Data / Information (non-recurring)

Note 1 – Used for funding of activities that are in process and therefore the 50058 record is incomplete. Examples: vouchers issued and abatements. Funding will be based on partial 50058 record

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Section 5:
Section 18 (HAP Register) Record Layout

July 13, 2018

Section 18 Processing and Layout

General Section 18 Business Rules

- In a prescribed format, PHAs will provide to HUD section 18 of the 50058 (i.e., HAP Register - New)

- With few exceptions, section 18 data is at the Head of Household level

- A section 18 record is expected for all active head of households
  - Regardless of HAP payment amount, including zero payments
  - Corresponding 50058 is expected (may be only partial 50058 record, i.e., voucher issuance) for each family submitted on section 18

- The majority of section 18 data is already contained in other sections of the 50058

- The section 18 record serves as the basis of next month's disbursement (1st of next month)

Section 18 Record Layout - General

- The PHA will submit a section 18 record during the month

- The majority of information in the section 18 record is from actual 50058s for current program participants that are expected to be in the program in the upcoming month (i.e., the PHA's actual HAP payments)

- The section 18 record is the basis for the disbursement of funds on the 1st of each month

Components of Monthly Section 18 Records	
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Note 1 – Used for funding of activities that are in process and therefore the 50058 record is incomplete. Examples: vouchers issued and abatements. Funding will be based on partial 50058 record

Section 18 - Record Layout

HAP Register Record Layout	Example Data
1. Agency	
a. PHA Code	DC999
b. Agency Name	Anywhere Housing Authority
2. Action	
a. Action Code	18
b. HAP Register Submission Date	7/20/2018
3. HAP Register	
3a. *Repeating Group – Current Month & Prior Months (i.e., corrections)*	
a. Head of Household #	834901154321
b. Last Name	Doe
c. First Name	Jane
d. Middle Initial	X
e. Program Code	VO
f. Sub-program Code	VASH
g. Effective Start Date of HAP Payment	8/1/2018
h. Effective End Date of HAP Payment	8/31/2018
i. HAP Reason Code	B01 (i.e., Ongoing HAP)
j. HAP Payment	$400.00
k. Unit Address	101 Main Street, Washington, D.C. 20008
l. Payee Name	Main Street Apartments, Inc.
m. Payee #	v123456
n. Comment	
End Repeating Group	
3b. Non-family Funding (recurring)	See Non-family Funding (recurring) Record Layout Description
3c. Non-family Funding (non-recurring)	See Non-family Funding (non-recurring) Record Layout Description

~ 5. Section 18 (HAP Register) Record Layout ~

Section 18 – Program Codes

Program Code	
Code	**Program Name**
PH	Public Housing
VO	Section 8 Voucher -Tenant Based
PBV	Section 8 Voucher - Project Based Voucher
HO	Section 8 Voucher - Homeownership
MHS	Section 8 Voucher - Manufactured Home Space
MR	Section 8 - Moderate Rehabilitation
MS5	Section 8 - Mainstream 5

Section 18 – Voucher Sub-program Codes

	VO / PBV Voucher Type	
#	Current Non-MTW VMS Voucher Types	Current, Non-MTW VMS Voucher Type Description
1	Rad1	Rental Assistance Demonstration - Component 1
2	Rad2	Rental Assistance Demonstration - Component 2
3	Lit	Litigation
4	~~HOV~~	N/A - Program Type Code
5	MS1	One-year Mainstream
6	FUP0809	Family Unification Program 08/09
7	FupN	Family Unification Program - N (replaces old FUP code)
8	Ned0809	Non Elderly Disabled 08/09
9	NedN	Non Elderly Disabled - N (replaces old NED code)
10	PVP	Portability Voucher Paid
11	H6S8V	Hope VI
12	TenPro	Tenant Protection
13	UEVTM	Enhanced Vouchers
14	VASH	Veterans Affairs Supportive Housing
15	Dhap2HcvLs	DHAP to HCV Vouchers Leased
16	AOV	All Other Vouchers
17	~~Thu2HcvLsd~~	

~ 5. Section 18 (HAP Register) Record Layout ~

Section 18 – HAP Reason Codes

HAP Reason Codes				
Code 1	**Code 1 - Payment Reason**	**Code 2**	**Code 2 - Payee Type**	
A	New Admission / Move-in	01	Landlord/Owner	
B	Ongoing Program Participation	02	Utility Reimbursement - Family	
C	End of Participation / Move-Out	03	Utility Reimbursement - Utility Company	
D	No Payment - Abatement / Hold	04	Home Ownership/Manufactured Housing - Landlord/Owner/Bank	
E	Reduced Payment - Abatement / Hold	05	Home Ownership/Manufactured Housing - Pad	
F	No Payment - GAP in Occupancy	06	Home Ownership/Manufactured Housing - Association Fees	
G	Reduced Payment - GAP in Occupancy	07	Home Ownership/Manufactured Housing - All Other	
H	End of Participation / Move-Out - PHA Policy Pay 100% HAP			
		99	No Payee	

- Use combination of Code 1 and Code 2, for example:
  - B01 = Payment of HAP to the landlord and the family has been in the program (associated with a full HAP payment (i.e., did not move in this month or moved-out this month))

  Normally associated with 50058 action codes
    - 1 – New admissions (after initial move-in)
    - 2 – Annual Reexamination
    - 3 – Interim Reexamination

Non-Family Funding Data

Section 18 - Record Layout
Non-Family Funding

HAP Register Record Layout			Example Data
3.	**HAP Register**		
3b.	*Non-family Funding (recurring)*		
	a.	Hard-to-House Families Leased this Month	10
	b.	FSS Escrow Deposits	$5,000
	c.	# of PBVs Not Leased w/ Vacancy HAP Expense	12
	d.	HAP for PBVs Not Leased w/ Vacancy HAP Expense	$6,000
	e.	Number of Units Leased on First of the Month	553
	End Non-family Funding (recurring)		
3c.	*Non-family Funding (non-recurring)*		
	a.	Fraud Recovery	$1,400
	b.	FSS Escrow Forfeitures	$4,600
	c.	Other Uses of HAP 1	???
	d.	Other Uses of HAP 1 Description	???
	e.	Other Uses of HAP 2	$0
	f.	Other Uses of HAP 2 Description	
	g.	Other Uses of HAP 3	$0
	h.	Other Uses of HAP 3 Description	
	End Non-family Funding (non-recurring)		

~ 5. Section 18 (HAP Register) Record Layout ~

Addressing 50058 Listening Session Concerns

Addressing Listening Session Concerns

Solution 1. PIC NG and HAP Register

		50058 Listening Session - Funding Problems with Current 50058 Design	
#	Item	Description	Solution
1	No Fatal Errors	Reduce large number of unaccepted 50058 submissions.	Must be using PIC-NG 50058 Module, which will reduce error rate.
2	Homeownership - Participants with Low Income	50058 assumes HAP payment goes to one third-party.	HAP Register to allow for multiple HAP records.
3	Manufactured Home Space - Participants with Low Income	50058 assumes HAP payment goes to one third-party.	HAP Register to allow for multiple HAP records.

~ 5. Section 18 (HAP Register) Record Layout ~

Addressing Listening Session Concerns (continued)

Solution 2. HAP Business Processing Rules

	50058 Listening Session - Funding Problems with Current 50058 Design		
#	Item	Description	Solution
4	PBV Vacancy Loss	50058 does not handle the ending of a lease but the need for continued HAP payments (normally associated with PBV, family lease ending mid-month, PHA policy).	Business Rules - See HAP Register Validation Check Session.
5	Tenant / Owner / PHA Corrections and Retroactive Activity	Additional payments or recaptures of HAP for errors.	Business Rules - See HAP Register Validation Check Session.
6	Mid-Month Move In	HAP will be pro-rated. Currently 50058 does not allow for pro-rated values.	Business Rules - See HAP Register Validation Check Session.
7	Mid-month Move-out	HAP may need to be pro-rated (reduced) if the agency/landlord is allowing a mid-month move out.	Business Rules - See HAP Register Validation Check Session.
8	Reasonable Accommodations	Need to allow for situations where a tenant with reasonable accommodation requires a higher utility allowance.	Business Rules - See HAP Register Validation Check Session.

Addressing Listening Session Concerns (continued)

Solution 3. HAP Business Processing Rules and HAP Register Data

50058 Listening Session - Funding Problems with Current 50058 Design			
#	Item	Description	Solution
9	Abatements	There may be no HAP or a reduced HAP based on resolution.	Business Rules - See HAP Register Validation Check Session & HAP Reason Code.
10	Holds	PHA may hold a payment to a landlord for a variety of reasons – for example, awaiting the resolution of a less severe HQS finding, owner is out of compliance, investigating potential landlord fraud, etc.).	Business Rules - See HAP Register Validation Check Session & HAP Reason Code.
11	Gaps in Occupancy	Participant is on program, has active 50058 but not under a HAP contract; family is displaced from unit and therefore no HAP or rent payments are actually made.	Business Rules - See HAP Register Validation Check Session & HAP Reason Code.
12	Overlapping Subsidy	50058 does not allow a participant to be in two units at the same time, affects rent – HAP calculations. However, can be a common occurrences when program participants are moving / changing subsidy type.	Business Rules - See HAP Register Validation Check Session & Voucher Unit Information in HAP Register.

Addressing Listening Session Concerns (continued)

Solution 4. Changes to 50058 Business Processing

	50058 Listening Session - Funding Problems with Current 50058 Design		
#	Item	Description	Solution
13	Rental Assistance Demonstration (RAD) Program	50058 does not allow for proper rent calculation for phase in of rent increase or identifies the HAP payment as part of the initial CY conversion.	(1) Remove 50058 business rules that causes fatal edit. (2) Add business rules / data to capture conversion year.
14	Enhanced Vouchers	Need to differentiate regular and Enhanced voucher payments.	Sub-program type includes Enhanced Voucher type, along with other sub-program codes.
15	Port-outs Administered by Another Agency	Initial PHA will not have current HAP values in their own 50058 data, as payments are based on the form 52665 and invoices from the receiving PHA.	Business Rules - See HAP Register Validation Layout Session - Funding Portability.

Other VMS Data - Disaster

- VMS has historically been used to capture data associated with disaster recovery

- Current section 18 design does not address disaster relief efforts

Other VMS Data
(New Section 19 of HUD - 50058)

Other VMS Data

- The goals of this effort is to eliminate VMS, increase the accuracy and timelines of HAP funding, and reduce PHA reporting burden

- VMS was initially implemented as a method to comply with HCV program appropriation changes in the way PHAs are to be funded
  - Over time, VMS has increased in scope as a way for HUD to collect other data needed to monitor and manage other aspects of the HCV program and other related programs

Other VMS Data (continued)

- HUD is currently reviewing the other data fields in VMS and determining what fields are no longer needed by the department

- The end result will be that the remaining data fields that are still needed, will be captured in a new section of the HUD – 50058 (section 19), that will be submitted in PIC-NG

Other VMS Data – Current Collection

#	Current VMS Code	Current VMS Description
	Other VMS Non-Funding Data	
1	InterestOtherIncome	Interest or Other Income Earned on HAP Funds
2	LBPCT	Lead-based Paint Clearance Test in Month
3	LBPRA	Lead-based Paint Risk Assessments in Month
4	FSSC	FSS Coordinator Expense Covered by Grant
5	FSSCNotCovered	FSS Coordinator Expense Not Covered by Grant
6	AE	HCV Monthly administrative Expense
7	AFE	Administrative Fee Earned
8	Audit	HCV Monthly Audit Cost
9	NUA	Unrestricted Net Position Balance
10	NRA	Restricted Net Position Balance
11	CashOnHand	Cash and Investment Balance
12	RegPI	Portability-in voucher's leased
13	HapRegPI	Portability-in HAP
14	fldHaOwnedLsd	PHA Owned Units with Leased Vouchers
15	fldIssuedNotLeased	Vouchers Issued but Not Leased

~ 5. Section 18 (HAP Register) Record Layout ~