

Housing Authority of the City and County of San Francisco

Hearing – SFHA's Housing Choice Voucher Program

April 18, 2024



Housing Choice Voucher Program

The Housing Authority of the City and County of San Francisco (Authority) administers more than 15,000 vouchers subsidizing rent to under-income households in San Francisco.

It is important to remember that the Housing Choice Voucher (HCV) Program *is 96% funded by federal sources*, primarily HUD. (The remaining 4% comes from Rental Assistance Demonstration (RAD) loan repayment and ground leases.)

Housing Choice Vouchers

- HCV reflects the mission of the Authority: to advance social equity and grow thriving communities by providing quality, safe, affordable housing and resources for residents.
- A housing subsidy is paid to the property owner directly by the Authority on behalf of the participating family.
- The amount the family pays generally does not exceed 30 percent of its monthly income.



Contracting Out Operations

U.S. Department of Housing and Urban Development (HUD) Mandate:

Contracting out the Housing Choice Voucher Program was mandated.

After determining major problems with the HCV Program, which led to an unexpected shortfall of at least \$20 million, in 2019 HUD *required* the Authority to do the following:

- **Enter into a Memorandum of Understanding (MOU) with the City and County of San Francisco to provide oversight.**
 - The Authority entered into a MOU with CCSF, which was approved by the Board of Supervisors.
- **Outsource programmatic and financial administration of the HCV Program.**
 - The Authority issued a Request for Proposal (RFP) for the Administration and Operation of the HCV Program.



Following the HUD Mandate:

In partnership with HUD's Washington D.C. executive team, and with the full participation of the City and County of San Francisco, a clear pathway was identified to resolve the financial crisis, which required that the administration and operation of the entire HCV Program be outsourced.

- In October 2019, the Authority executed a contract with Nan McKay and Associates, Inc. to administer and operate the HCV Program.
- In January 2020, the Authority finalized its Agreement with the City and County of San Francisco, approving the structure of HCV Program moving forward. The Agreement was unanimously approved by the Board of Supervisors.



In July 2019, the Authority issued a Request for Proposal for Administration and Operation of the HCV Program. Nan McKay and Associates Inc. (NMA) were awarded the contract based on a competitive bidding process:

It is the Authority's policy to closely monitor contractors and hold them accountable.

Problems with NMA's performance included, but were not limited to:

- Failure to hire qualified staff to perform essential functions.
- Failure to implement quality control measures and to establish a customer service call center.
- Failure to reconcile financial transactions between the Authority and landlords in a timely manner for 2019.

Our lawsuit was filed in November. The financial impacts of NMA's failures will be determined through litigation.



Since 2019, the Authority has sought to stabilize its finances and operations, maintain HUD funding, and steadily improve in all areas. Much progress has been made but we must remain vigilant.

Take-Aways from the experience with NMA:

- Close monitoring is essential.
- NMA's failures cost the Authority millions of dollars (amount to be determined through litigation).
- While the exact amount may be small in relation to the overall budget, the impacts are **real**:
 - Reserves used due to the Contractor's failures could have housed about 330 additional families.
- Today, we enter into one-year contracts with options to extend.
- And we employ two contractors responsible for administering the HCV program, to ensure continuity of services for our clients.

