



Legislation Text

File #: 16-1122, **Version:** 3

WITHDRAWN

~~Recommendation to adopt resolution of the Housing Authority of the City of Long Beach, California, approving a revised voucher Payment Standard Schedule for the Section 8 Housing Choice Voucher Program, effective February 15, 2017, for all zip code areas in Long Beach. (Citywide)~~

The Housing Authority of the City of Long Beach (Housing Authority) requests your consideration and approval to raise the Payment Standards for housing units located in all Long Beach zip codes for all bedroom sizes. This action is needed to relieve the rent burden to tenants due to rising rental costs and low vacancy rates.

In April 2016, the Housing Authority Commission (Commission) approved a request to raise the Housing Authority Payment Standard to 120 percent of the HUD Small Area Fair Market Rent (SAFMR) Schedule. New HUD SAFMR's were made effective October 1, 2016 for Fiscal Year 2017, and Housing Authority rates are currently at 110 percent. This small increase in HUD SAFMR for Long Beach remains insufficient to support market rate rents. Although there has been a small increase in HUD SAFMR for Long Beach, families are still having great difficulty in finding affordable units and finding owners who are willing to accept the voucher as subsidy. Therefore, the Commission is asking to adjust the current payment standard to reflect 120 percent of the current HUD SAFMR for all zip code areas. Approval of this increase will adjust the Long Beach Payment Standards so that existing families can remain housed, new families may lease up, and owners are compensated closer to the current market rate.

Fair Market Rents (FMRs) are published by HUD for each metropolitan statistical area and change annually. The FMR is the maximum monthly subsidy provided for an assisted family. The Payment Standard for each Housing Authority is based on 90-110 percent of the published FMR for the Housing Authority jurisdiction. In September 2012, the Housing Authority was approached by HUD to participate in a nation-wide study called the "Small Area Fair Market Rent (SAFMR)" Demonstration Program (Program). This Program used FMRs based and broken down by City zip codes and not geographic wide metropolitan areas. By using the SAFMR information provided by HUD, the Housing Authority's payment standard was based on HUD's analysis of Long Beach data by zip code rents that are more reflective of the Long Beach community. The purpose of this Program was to learn more about the effects of using SAFMRs, which were designed to enable voucher tenants access to more units in neighborhoods of opportunity where jobs, transportation and educational opportunities exist. The Housing Authority participated in the Program for five years and has since elected to remain in the Program beyond the demonstration in what are now SAFMR

designated areas.

The rental vacancy rate in Long Beach continues to remain at a ten-year low, which is driving up the costs of available units. Currently, there are over 500 voucher holders in Long Beach searching for housing. The Housing Authority is now issuing vouchers for 180 days, the maximum search term allocated by HUD, to increase a family's opportunity to utilize the voucher. Funding for this increase is available in our current Housing Assistance Payments reserves and would assist in negotiating new rents for rental assistance participants.

This matter was reviewed by Deputy City Attorney Linda T. Vu on December 1, 2016 and by Budget Management Officer Rhutu Amin Gharib on November 28, 2016.

Housing Authority Commission action is requested on February 14, 2017.

As noted in the Financial and Operational Performance Report for the month of October 2016, excess Housing Assistance Payment HUD funding levels are available to absorb the 20 percent increase on HUD FMRs.

Approve recommendation.

KELLY COLOPY
ASSISTANT EXECUTIVE DIRECTOR

APPROVED:

PATRICK H. WEST
CITY MANAGER