



Legislation Text

File #: 18-1109, **Version:** 1

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 immediately, for all zip code areas in Long Beach, excluding 90809. (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. Annually, the U.S. Department of Housing and Urban Development (HUD) issues new Fair Market Rents (FMR) that are reviewed at the local level. Based on rising rents and low inventory in the Long Beach market, action is needed to relieve rent burden to subsidized participants. 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. Since September 2012, the Housing Authority has applied Small Area Fair Market Rents (SAFMRs) by zip codes and not geographic-wide metropolitan areas. By using the SAFMR, the rents are more reflective of the actual area. New HUD SAFMRs published October 1, 2018 for Fiscal Year 2019 are below the Housing Authority's current payment standards and are insufficient to support local FMRs. By regulation, the Housing Authority can set payment standards between 90 and 110 percent of the HUD published FMRs based on market analysis and need. In FMR areas, where higher payments standards are necessary to increase housing choice opportunities, FMRs are based on the 50th percentile rents and are made available by approval from the HUD Field Office Director. On October 25, 2018, the Los Angeles Field Office approved the Housing Authority's request for success rate payment standards in four zip codes where the highest number of participants face rent burdens of 40 percent and higher. The Housing Authority is requesting to adjust the payment standard to reflect amounts between 90 and 110 percent of the 40th percentile rents of the current Fiscal Year 2018 SAFMRs for zip codes 90802, 90803, 90807, 90808, 90810, 90814 and 90815, and to continue to apply the success rate of 50th percentile rents in zip codes 90804, 90805, 90806, and 90813 to allow existing families to remain housed, new families to lease up, and provide compensation to owners closer to current market rates. Of note, the 90809 zip code is excluded as the zip code is primarily industrial in nature and there are no rental units within that zip code. The rental vacancy rate in Long Beach continues to remain low and rents are rising for the limited number of affordable units available. There are over 550 voucher holders in Long Beach searching for housing now. Even with this change in payment practice, it is anticipated that fewer than 50 percent will be successful in obtaining housing. Funding for this increase is possible based on current HUD disbursements and existing Housing Assistance Payment reserves. This matter was reviewed by Deputy City Attorney Linda T. Vu on November 16, 2018 and by Revenue Management Officer Geraldine Alejo on November 20, 2018.

Housing Authority Commission action is requested on December 11, 2018.

The maximum cost of the 10 percent increase is currently estimated at \$6,500,000. Funding for this increase is available from HUD monthly disbursements and the Housing Assistance Payments reserves and would assist in negotiating new rents for rental assistance participants. Funds are currently appropriated in the Housing Authority Fund (SR 151) in the Health and Human Services Department (HE) and are estimated to cover the period of December 11, 2018 through September 30, 2019. An increase in appropriations is not requested at this time. However, if necessary, the Department will return to the City Council with a request to increase appropriations, offset by the Housing Assistance Payments funding reserved for this purpose.

Approve recommendation.

KELLY COLOPY
ASSISTANT EXECUTIVE DIRECTOR

APPROVED:

PATRICK H. WEST
CITY MANAGER