



CITY OF LONG BEACH

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HOUSING AUTHORITY
of the City of Long Beach

521 E. 4TH STREET • LONG BEACH, CALIFORNIA 90802 • (562) 570-6985 • FAX: (562) 499-1062

November 14, 2017

HONORABLE HOUSING AUTHORITY COMMISSION

City of Long Beach
California

RECOMMENDATION:

Adopt a 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. (Citywide)

DISCUSSION.

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 the supply crisis and rising rental costs.

The Housing Authority is asking to adjust the payment standard to reflect 110 percent of the 40th Percentile Rents for Long Beach zip codes, 90802, 90803, 90807, 90808, 90809, 90810, 90814 and 90815, and to apply the success rate of the 50th Percentile Rates in Long Beach zip codes, 90804, 90805, 90806 and 90813. By applying these increases, we can improve the likelihood that subsidized families will be considered for new affordable housing opportunities and existing families can remain housed.

New Small Area Fair Market Rents (SAFMRs) were made effective October 1, 2017, for Fiscal Year 2018 by the Department of Housing and Urban Development (HUD). Unfortunately, the current HUD SAFMRs for Long Beach are not close enough to market rate rents to entice owners to accept voucher-holding individuals and families. By regulation, the Housing Authority can set payment standards between 90 and 110 percent of the HUD published fair market rents based on market analysis and need. Rent requests above 110 percent may be approved by the HUD Public and Indian Housing Field Office Director up to 120 percent. In Fair Market Rent (FMR) areas, where higher payment standards are necessary to increase housing choice, FMRs are based on the 50th percentile rents and are made available by approval from the HUD Field Office Director. On October 25, 2017, the Los Angeles Field Office approved our request for success rate payment standards in four zip codes where the highest number of participants face rent burdens of 40 percent and higher.

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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 nationwide 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. Even with this change in practice, fewer than 50 percent are successful. As noted in the Financial and Operational Performance Report for the month of July 2017, HAP HUD reserve levels are available to fund the 10 percent increase over HUD FMRs.

This matter was reviewed by Deputy City Attorney Linda T. Vu on November 6, 2017 and by Revenue Management Officer Geraldine Alejo on November 1, 2017.

TIMING CONSIDERATIONS

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

FISCAL IMPACT

The maximum cost of the 10 percent increase is estimated at \$6,900,000. Funding for this increase is available in the Housing Assistance Payments reserves and would assist in negotiating new rents for rental assistance participants. Of the total cost, \$66,770,878 is currently appropriated in the Housing Authority Fund (SR 151) in the Health and Human Services Department (HE) and supports the period of November 14, 2017 through September 30, 2018. The Department will return to the City Council for an appropriation request to fund subsequent fiscal years, offset by the Housing Assistance Payments funding reserved for this purpose.

HONORABLE HOUSING AUTHORITY COMMISSION

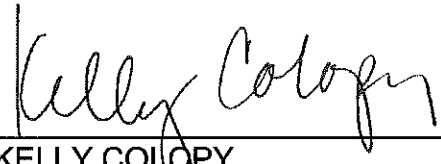
November 14, 2017

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SUGGESTED ACTION:

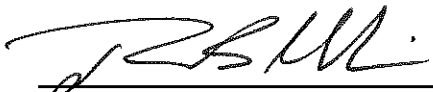
Approve recommendation.

Respectfully submitted,



KELLY COLOPY
ASSISTANT EXECUTIVE DIRECTOR

APPROVED:



PATRICK H. WEST
EXECUTIVE DIRECTOR

Attachment: Resolution

RESOLUTION NO. H.A. _____

A 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

WHEREAS, the Housing Authority of the City of Long Beach administers a
Section 8 Housing Choice Voucher (HCV) Program under terms and conditions outlined
by the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, each year HUD issues Fair Market Rents for each metropolitan
standard statistical area; and

WHEREAS, HUD initiated a Small Area Fair Market Rent ("SAFMR")
Program that further analyzes metropolitan area rental rates by zip codes, in which the
Housing Authority of the City of Long Beach does participate; and

WHEREAS, currently the Payment Standards in the City of Long Beach are
one hundred percent (100%) of the HUD SAFMRs for Fiscal Year 2018 and insufficient to
meet market rate rents; and

WHEREAS, increasing the Payment Standards to one hundred ten percent
(110%) of the 40th Percentile Rents of the current Fiscal Year 2018 SAFMRs for zip
codes 90802, 90803, 90807, 90808, 90809, 90810, 90814 and 90815, and applying the
success rate of the 50th Percentile Rates in zip codes 90804, 90805, 90806 and 90813 in
Long Beach will allow existing families to remain housed, new families may lease up, and
owners are compensated closer to the current market rate;

NOW, THEREFORE, the Housing Authority of the City of Long Beach,
California resolves as follows:

1 Section 1. The Housing Authority adopts the revised Payment Standard
2 Schedule for its Section 8 Housing Choice Voucher Program effective immediately, for all
3 zip codes in Long Beach, attached hereto as Exhibit "A" and made a part hereof.

4 Section 2. The Clerk will certify to the passage of this resolution by the
5 Housing Authority of the City of Long Beach, California, and it will immediately take
6 effect.

7 I certify that the foregoing resolution was adopted by the Housing Authority
8 of the City of Long Beach, California, at its meeting of _____, 2017,
9 by the following vote of the qualified members of the Authority:

10
11 Ayes: Commissioners: _____

12 _____

13 _____

14 _____

15 Noes: Commissioners: _____

16 _____

17 Absent: Commissioners: _____

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22 City Clerk
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CERTIFICATE OF RECORDING OFFICER

I, the undersigned, the duly qualified and acting Clerk of the Housing Authority of the City of Long Beach, California, do certify:

1. That the attached resolution is a true and correct copy of a resolution as finally adopted by a duly called meeting of the Housing Authority of the City of Long Beach, California held on _____, 2017 and duly recorded in the official records of the Governing Body; that the resolution has not been amended, modified, or rescinded, and is now in full force and effect;

2. That the meeting was duly convened and held in all respects in accordance with law; that to the extent required by law, due and proper notice of the meeting was given; that a legal quorum was present throughout the meeting and that a legally sufficient number of members of the Housing Authority of the City of Long Beach, California voted in the proper manner for adoption of the resolution; that all other requirements and proceedings under the law incident to the proper adoption or passage of the resolution, including publication, if required, have been duly fulfilled, carried out, and otherwise observed; that I am authorized to execute this Certificate; and that the seal affixed below constitutes the official seal of the Housing Authority of the City of Long Beach, California and this Certificate is executed under that official seal.

IN WITNESS WHEREOF, I have set my hand on _____, 2017.

(Signature)
CITY CLERK

PROPOSED FY2018 PAYMENT STANDARDS

	0	1	2	3	4	5	6	7
	Bdrm	Bdrm	Bdrm	Bdrm	Bdrm	Bdrm	Bdrm	Bdrm
90802	\$1,243	\$1,496	\$1,936	\$2,596	\$2,871	\$3,302	\$3,732	\$4,163
90803	\$1,540	\$1,859	\$2,398	\$3,223	\$3,564	\$4,099	\$4,633	\$5,168
*90804	\$1,199	\$1,441	\$1,870	\$2,508	\$2,772	\$2,898	\$3,276	\$3,654
*90805	\$1,144	\$1,364	\$1,771	\$2,376	\$2,629	\$2,748	\$3,107	\$3,465
*90806	\$1,155	\$1,386	\$1,804	\$2,409	\$2,673	\$2,794	\$3,159	\$3,523
90807	\$1,265	\$1,529	\$1,980	\$2,651	\$2,926	\$3,365	\$3,804	\$4,243
90808	\$1,375	\$1,650	\$2,134	\$2,860	\$3,168	\$3,643	\$4,118	\$4,594
90809	\$1,177	\$1,408	\$1,826	\$2,453	\$2,717	\$3,125	\$3,532	\$3,940
90810	\$1,001	\$1,199	\$1,551	\$2,090	\$2,310	\$2,657	\$3,003	\$3,350
*90813	\$1,111	\$1,331	\$1,727	\$2,321	\$2,574	\$2,691	\$3,042	\$3,393
90814	\$1,232	\$1,474	\$1,914	\$2,563	\$2,838	\$3,264	\$3,689	\$4,115
90815	\$1,441	\$1,738	\$2,244	\$3,014	\$3,333	\$3,833	\$4,333	\$4,833

Payment Standard for 2018 represents 100% of the FY18 Small Area FMR's. For Zip codes 90804, 90805, 90806 and 90813- Effective October 2017, the HACLB has been approved for Success Rate Payment Standards, based on 110% of 50th Percentile Rents. HACLB Residents experienced the greatest rent burden in the aforementioned zip codes. These Payment Standards will be effective immediately, pending Housing Commission approval on November 14, 2017 for new contracts. For continuing residents, rents will be effective on December 1, 2017.