



Legislation Text

File #: 17-1046, **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. (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 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.

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.

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

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.

Approve recommendation.

KELLY COLOPY
ASSISTANT EXECUTIVE DIRECTOR

APPROVED:

PATRICK H. WEST
CITY MANAGER