



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



8

May 13, 1986

Budget and Finance Committee
of the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Authorization for Additional Units Under the Section
8 Existing Housing Assistance Certificate and Voucher
Program - City of Sacramento

SUMMARY

The attached letter is submitted to you for review and
recommendation prior to consideration by the Housing Authority of
the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution which
amends the necessary contracts and authorizes submission of the
application.

Respectfully submitted,

William H. Edgar
WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Solon Wisham, Jr.

SOLON WISHAM, JR.
Assistant City Manager

Attachment

770



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



May 5, 1986

Housing Authority of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Authorization for Additional Units Under the Section 8 Existing Housing Assistance Certificate and Voucher Programs

SUMMARY

The attached resolutions authorize the Executive Director to take necessary action to: (1) Add 76 new Section 8 Housing Assistance Payments Voucher units (Vouchers) to the City inventory; and (2) submit applications to the U. S. Department of Housing and Urban Development (HUD) for additional Section 8 Certificates and Vouchers. The new units are part of a combined City and County award of \$882,236 for 218 new Certificates and Vouchers. Approval is recommended.

BACKGROUND

- A. The Section 8 Existing Housing Assistance Payments Program: The Section 8 Existing Program provides federal rent subsidies to make up the difference between market rents for safe, decent, sanitary housing and the amount a lower income household can afford to pay. Eligible families pay a maximum of 30% of adjusted income for housing which they are free to select. The program is administered by the Leased Housing Division. Under the basic program, which comprises most of the units, applicants are screened and housed in accordance with the same admissions and occupancy policies that apply to public housing. In essence these units are an extension of the Agency's conventional housing stock.

(1)

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In addition to the basic program, the Leased Housing Division administers three variations; State Aftercare, Moderate Rehabilitation and Rental Rehabilitation. Aftercare is funded by the State of California under contract to the County Housing Authority. The program is limited to lower-income handicapped or disabled families who are participating in Independent Living or related training programs. Applicants are screened and referred by local organizations serving the handicapped or disabled. Moderate Rehabilitation differs from the basic program in that the commitment to pay subsidies runs with the unit, not the tenant. Owners are required to select tenants from the Agency's eligibility list as vacancies occur. Under the Rental Rehabilitation program, the occupants of units undergoing rehabilitation receive first priority for available certificates (or vouchers). Unlike Moderate Rehabilitation, the subsidy remains with eligible families when they move, not the dwelling units. If a family loses its subsidy the certificate (or voucher) is reissued under the basic program.

- B. The Section 8 Housing Voucher Program: The Voucher program is new. Although all vouchers currently authorized are designated for use with local housing rehabilitation programs, at the national level vouchers are being considered as a possible replacement for the Section 8 certificate program described above. The major difference between vouchers and certificates is that the rent subsidy is computed as the difference between the renter's payment and a fixed payment standard. The actual market rent of the unit occupied by the family is not considered. The renter's payment to the owner (not the subsidy) will vary depending on the rent of the unit selected. Other differences between vouchers and Section 8 are that there is no maximum rent limit, the Agency's fee for administering the program is less, federal funds are committed for a shorter period (5 years versus 15 years) and the subsidy may be increased only twice in five years, rather than once a year.

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- C. Section 8 "Opt-Out" Projects. Certain project-based Section 8 Housing Assistance Payment Contracts provide for an initial contract term not to exceed five years, renewable at the sole discretion of the owner for additional terms of up to five years. Subject to the availability (as determined by HUD) of sufficient contract and budget authority, Housing Vouchers or Certificates may be made available to eligible families residing in units under those projects when the owner opts not to renew the Contract.

The summary below identifies projects currently known where private owners do not intend to renew their Section 8 Housing Assistance Payment Contracts.

<u>Project Name</u>	<u>Total Units</u>	<u>Section 8 Units</u>
Cordova Gardens	80	47
Hillsdale Gardens	48	25
Marconi-Clark Apts	50	50
San Juan Terrace	116	24
TOTALS	294	146

The attached resolution would authorize the submission of applications for Certificates and Vouchers to replace the units above, and to otherwise meet the needs identified in local Housing Assistance Plans.

- D. Summary of Available Certificates and Vouchers: The following is a breakdown of Section 8 certificates and vouchers before and after the proposed amendments:

<u>SECTION 8 CERTIFICATES</u>	<u>Old</u>	<u>New</u>	<u>Increase</u>
City Certificates	1880	1880	No Change
County Certificates	1746	1780	+34
Moderate Rehab. (Cy & Co.)	100	100	No Change
Aftercare (City & Co.)	92	142	+50
Total Certificates	3818	3902	+84

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VOUCHERS

City	23	99	+76
County	23	81	+58
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Total Vouchers	46	180	+134
GRAND TOTAL	3864	4082	+218
(Certificates and Vouchers)			

The increase in units will be 134 vouchers and 84 certificates or 218 units total.

E. Summary of Approved City and County Projects Included in this Staff Report: The units covered by this report are part of an award of approximately \$882,236 in ACC authority for 218 new City and County units included in four separate applications to HUD. A summary of each follows:

1. **Regular Section 8 units awarded to the County of Sacramento (project CA30-E007-013):** On August 8, 1985 HUD approved this project which provides \$152,484 in Annual Contributions Contract (ACC) authority for 25 one bedroom and 9 two bedroom units (34 units total). This was in response to a November 2, 1984 application by the County Housing Authority for 118 additional units.
2. **City and County Rental Rehabilitation Program (Second & Round Funding (projects CA30-V005-002 and**
3. **CA30-V007-002):** On August 8, 1985 HUD approved funding for an additional 134 City and County vouchers for use in conjunction with the Rental Rehabilitation Demonstration grant program operated by the Rehabilitation Division. The bedroom size of these vouchers is not specified. It will vary according to the bedroom size of units rehabilitated.

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4. **Section 8 Aftercare program units awarded to the County of Sacramento (project CA30-E112-090):** On August 27, 1985, the State Department of Housing and Community Development notified this Agency of HUD approval of 40 one bedroom and 10 two bedroom Aftercare units (50 units total).

These changes are summarized in the following section.

FINANCIAL DATA

Increases in City and County ACC authority resulting from the proposed amendments are summarized in the following table:

	<u>CITY</u>		<u>COUNTY</u>	
	<u>ACC Amount</u>	<u>Units</u>	<u>ACC Amount</u>	<u>Units</u>
<u>Vouchers</u>				
Rental Rehab. (2nd round)	\$288,268	76	\$219,844	58
<u>Certificates</u>				
Basic Units			\$152,484	34
Aftercare Units			\$221,640	50
Subtotal (Certificates)			\$374,124	84
TOTAL (by Jurisdiction) (Certificates & Vouchers)	\$288,268	76	\$593,968	142
GRAND TOTAL (Both Jurisdictions)			\$882,236	218

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Approval of the resolutions included with this report will increase the City ACC for the City voucher program by \$288,268 from \$81,075 to \$300,919. The ACC total for the City certificate program will remain unchanged at \$5,429,504. The ACC amount is the maximum that can be expended by the Agency during one year for direct subsidies and administrative expenses. Ongoing administrative expenses are charged at a flat monthly rate per unit month under lease. The current rate is \$32.36 per unit month for certificates and \$27.50 for vouchers. Assuming an average monthly rent subsidy of \$220 per unit the estimated monthly cost for rent and administrative fees at full lease-up would be \$18,810 distributed as follows:

	<u>No. Units</u>	<u>Dollars</u>	<u>Total</u>
Subsidy	76	\$220.00	\$16,720
Admin. Fee	76	27.50	<u>2,090</u>
TOTAL			\$18,810

Of the above only the estimated subsidy payments (\$16,720/mo.) would constitute additional expenditures under the Agency budget since projected administrative costs have been incorporated in the current budget. Earned administrative fees would accrue as reserves.

A one time preliminary administrative fee of up to \$250 per unit for certificates and \$215 for vouchers is also authorized. The amount chargeable in this case is 58 units X \$215 or \$12,470. Preliminary administrative fees will be offset by amounts currently budgeted for ongoing administration in the Housing Management and Leased Housing Divisions. No budget increase is anticipated at this time.

ENVIRONMENTAL REVIEW

Environmental review is not required.

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POLICY IMPLICATIONS

The action proposed in this staff report is consistent with previously approved policy and there are no policy changes being recommended.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of May 5, 1986, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Amundson, Glud, Lopez, Moose, Pettit, Wooley

NOES: None

ABSENT: Angelides, Lopez, Sanchez

RECOMMENDATIONThe staff recommends approval of the attached three resolutions authorizing the Executive Director to:

- A. Amend Annual Contributions Contract number SF-474V for the Section 8 Existing Housing Voucher Program to include project number CA30-V005-002.
- B. Amend the Agency budget and take other actions necessary to add these units to the Leased Housing Inventory.

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- C. Submit applications to HUD for additional Certificates and Vouchers to replace units lost when private owners opt out of project-based Section 8 Contracts, and otherwise address needs identified in local Housing Assistance Plans.

Respectfully submitted,

William H. Edgar
WILLIAM H. EDGAR
EXECUTIVE DIRECTOR

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: John Bridges, Director of Housing

RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

May 13, 1986

RESOLUTION APPROVING NEW PART I AND PART II
OF SECTION 8 HOUSING VOUCHER PROGRAM
ANNUAL CONTRIBUTIONS CONTRACT NO. SF-474V
AND AUTHORIZING EXECUTION

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF
SACRAMENTO:

Section 1: The New Part I and Part II of the Annual Contribution Contract (ACC) for the Section 8 Existing Housing Voucher Program are hereby approved and accepted. The Chair or Acting Chair is hereby authorized and directed to execute the counterparts of the ACC on behalf of the Housing Authority of the City of Sacramento (PHA), and the Clerk is hereby authorized to impress the official seal of the PHA on each such counterpart and to forward such executed counterparts to the Department of Housing and Urban Development (DHUD) together with such other documents evidencing the approval and authorizing the execution of as many be required by DHUD.

Section 2: The Executive Director is hereby authorized to amend the Agency Budget to reflect increased revenues from the United States Department of Housing and Urban Development (HUD) for Housing Assistance Payments (HAPs) and program administrative fees in connection with Section 8 Housing Voucher Project CA30-V005-0022.

Section 3: The Executive Director is hereby authorized to amend the Agency Budget to reflect increased expenditures for Housing Assistance Payments in conjunction with the project identified in #1 above.

Section 4: The Executive Director is hereby authorized to submit applications to HUD for additional Section 8 Certificates and Vouchers to replace units lost when private owners opt out of project-based Section 8 Contracts, and to otherwise address housing needs identified in local Housing Assistance Plans.

Section 5: This resolution shall take effect immediately.

CHAIR

ATTEST:

SECRETARY

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