



City of Arts & Innovation

Housing and Homelessness Committee Memorandum

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TO: HOUSING AND HOMELESSNESS COMMITTEE MEMBERS **DATE: OCTOBER 26, 2020**

FROM: OFFICE OF HOMELESS SOLUTIONS **WARD: ALL**

SUBJECT: ESTABLISHMENT OF A CITY OF RIVERSIDE PUBLIC HOUSING AGENCY RECOGNIZED BY THE U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT TO RECEIVE AND ADMINISTER SECTION 8 HOUSING CHOICE VOUCHERS - DIRECT SUBMITTAL

ISSUE:

Provide direction on whether to begin the process of establishing a City of Riverside Public Housing Agency recognized by the U.S. Department of Housing & Urban Development to receive and administer Section 8 Housing Choice Vouchers.

RECOMMENDATION:

That the Housing and Homelessness Committee provide direction on whether to begin the process of establishing a City of Riverside Public Housing Agency recognized by the U.S. Department of Housing & Urban Development to receive and administer Section 8 Housing Choice Vouchers.

BACKGROUND:

At a previous Committee meeting, staff was directed to research the cost and process of establishing a Public Housing Agency that is recognized by the U.S. Department of Housing & Urban Development to receive and administer Section 8 Housing Choice Vouchers.

DISCUSSION:

The Housing Authority of the City of Riverside hired LeSar Development Consultants to prepare a memo providing information on the feasibility of the City forming its own Public Housing Agency (PHA) with the goal of receiving and administering U.S. Department of Housing and Urban Development Housing Choice Vouchers (HUD HCVs). About 2,300 housing authorities around the country are certified to issue HUD HCVs, a major source of rental assistance for 2.1 million low-income households. For voucher applicants and recipients in the City of Riverside, the process is currently overseen by the County of Riverside’s Housing Authority. The attached memo provides an overview of the process the City would need to follow to establish and operate a PHA.

PHA formation requires an act of Congress. Housing Choice Vouchers, a federal rental subsidy that allows a low-income household to pay only 30% of its income to rent, can only be distributed to residents by a PHA that has an agreement with HUD and an allocation of vouchers by Congress. It is unclear the last time a city formed its own PHA, but the formation of the City of Encinitas PHA in 1995 appears to be the most recent example in California; the agency, covering a city with about 63,000 residents, currently administers 136 Housing Choice Vouchers. While a City-run PHA would allow the City to better meet the housing needs of residents with very low and low household incomes, the complexity of establishing, funding, and operating a HUD-certified PHA presents potentially significant challenges that should be carefully considered as identified in the attached memo.

FISCAL IMPACT:

To estimate the cost of operating a City of Riverside Public Housing Authority, staff used the Santa Ana Housing Authority's administration costs, a nearby city of similar size, which has an annual budget of \$3 million to administer 3,160 vouchers. They have 13 fulltime staff and two part time staff that administer their program.

Since fiscal year 2014/2015, Santa Ana has averaged an annual shortfall of \$78,000. They have healthy administration reserves that covers their annual budget shortfall.

During the first program year, the City would have to fund the administration costs for the program set-up and ongoing operations. HUD would provide administration funds to the City based on its proration rate of HUD's published administration fee. For example, in 2020 PHA's were reimbursed 81% of HUD's published administrative fee. The proration rate changes annually.

Cost analysis for the establishment of a City of Riverside PHA is ongoing and more specific estimates will be presented in future Committee meetings and to Council.

Prepared by: Michelle Davis, Housing Authority Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Moises Lopez, Deputy City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachment: City of Riverside Feasibility Memo on Establishing a Public Housing Agency Research Report