



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

To: Moises Lopez, Michelle Davis, and Jeffrey B. McLaughlin, City of Riverside

From: Farzad Mashhood, Associate, LeSar Development Consultants

Copied: Jessica Ripper, Senior Associate, LeSar Development Consultants

Date: October 9, 2020

Re: Memo on Feasibility of Establishing a City of Riverside HUD-Recognized Public Housing Agency

### Executive Summary

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. This 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.<sup>1</sup> 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 present potentially significant challenges that should be carefully considered.

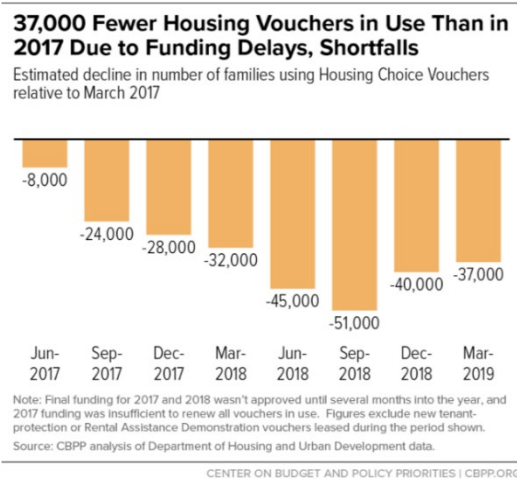
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<sup>1</sup> The process began with City Council action in 1993 and was based on a need identified in the city's housing element and comprehensive housing affordability strategy. For more, see City of Encinitas Agenda Report, January 26, 1994, <https://archive.encinitasca.gov/WebLink8/o/doc/687586/Page1.aspx>

## Current Status of PHA Voucher Administration

Housing Choice Vouchers are created by Congress and allocated through Annual Contributions Contracts (ACC), agreements between HUD and the local housing authority. The number of vouchers available to all 2,300 PHAs is a fixed number dependent on budget appropriations. According to HUD's Housing Choice Voucher database, there are 2,216,855 vouchers under ACCs with PHAs as of July 2020.<sup>2</sup> If the City of Riverside creates a PHA and applies to HUD for vouchers, those vouchers would either be reallocated from other agencies or new vouchers would be created by Congress.

Since 2003, Congress has regularly created new housing vouchers specifically to either replace demolished public housing units or target special populations, such as the people with disabilities, veterans, and families with young children.<sup>3</sup> However, Congressional appropriations are not keeping pace with rising rents. The graph below, from the Center on Budget and Policy Priorities,<sup>4</sup> shows the declining number of households using housing vouchers, which reflects their reduced availability despite modest increases in funding:



Statewide, Housing Choice Vouchers are costing more per unit in recent years, reflecting the rising cost of housing. While the average monthly cost per unit was steady at about \$800 from 2014 to 2016, it grew to \$1,110 by July 2020.<sup>5</sup> HUD's Housing Choice Voucher Dashboard shows the 10 PHAs in

<sup>2</sup> See HUD Housing Choice Voucher (HCV) Data Dashboard:

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/dashboard](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard)

<sup>3</sup> Couch, Linda, 2015, "Housing Choice Vouchers." [https://nlihc.org/sites/default/files/Sec4.12\\_Housing-Choice-Vouchers\\_2015.pdf](https://nlihc.org/sites/default/files/Sec4.12_Housing-Choice-Vouchers_2015.pdf) and Center on Budget and Policy Priorities, May 3, 2017, "Policy Basics: The Housing Choice Voucher Program". <https://www.cbpp.org/research/housing/policy-basics-the-housing-choice-voucher-program>

<sup>4</sup> Rice, Douglas, August 26, 2019, "Strengthening Housing Vouchers Should Be Priority in 2020 Funding Bills." Center on Budget and Policy Priorities. <https://www.cbpp.org/research/housing/strengthening-housing-vouchers-should-be-priority-in-2020-funding-bills>

<sup>5</sup> See HUD Housing Choice Voucher (HCV) Data Dashboard:

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/dashboard](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard)

California with the highest increase in per unit costs, nine of which are in the San Francisco Bay Area with cost increases ranging from 54% to 72% over the last five years. Thus, as PHAs are given a fixed dollar amount in housing assistance that can be applied to vouchers, PHAs are increasingly using their entire housing assistance budget without using their full allocation of Housing Choice Vouchers. Voucher holders are also facing the challenge of rising housing costs in Riverside, with many unable to find a unit available at the area's Fair Market Rent (\$1,106 for a 1-bedroom and \$1,390 for a 2-bedroom). In addition, more than 11,000 Riverside residents are on a waitlist for a Housing Choice Voucher.

Further, it is unknown whether HUD would reallocate existing vouchers to a City of Riverside PHA or use vouchers newly created by Congress. The new PHA would have to apply to HUD and vouchers would either come from the pool of existing ones (presumably from the County of Riverside) or new ones would have to be created by Congress.

### **Current Housing Voucher Administrative Arrangement**

Although the City of Riverside has a Housing Authority, that agency is not an approved Public Housing Agency guided by requirements and regulations set forth by HUD. Residents in the City of Riverside can apply for vouchers to the Housing Authority of the County of Riverside, which is a PHA. A housing voucher allows a household to pay only 30% of its income to rent, with the federal government, through a local housing authority, covering the difference between what the household can pay and what the landlord charges. In Riverside, very low-income households earning 50% of Area Median Income (AMI), which is \$37,650 for a family of four, are eligible to apply for a Housing Choice Voucher, also known as Section 8. However, three-quarters of the vouchers are reserved for extremely low-income households, the limit of which for a family of four is \$26,200. Table 1 below shows the 2020 income limits for all household sizes:

*Table 1: Riverside County Housing Choice Voucher Income Limits, 2020*

<b>Household size</b>	<b>Extremely Low-Income Limit</b>	<b>Very Low-Income Limit</b>
1	\$15,850	\$26,400
2	\$18,100	\$30,150
3	\$21,720	\$33,900
4	\$26,200	\$37,650
5	\$30,680	\$40,700
6	\$35,160	\$43,700
7	\$39,640	\$46,700
8	\$44,120	\$49,700

As of October 6, 2020, 2,028 vouchers were being used in the City of Riverside,<sup>6</sup> out of the County Housing Authority’s 8,583 total vouchers currently in use.<sup>7</sup> Table 2 below shows the number of Housing Choice Vouchers used in different communities in Riverside County:

*Table 2: Housing Voucher Use Across Riverside County<sup>8</sup>*

City of residence of voucher holders	Numbers of voucher holders	Percent of county total
Riverside	2,028	24%
Hemet	1,447	17%
Moreno Valley	1,157	13%
Desert Hot Springs	391	5%
Perris	374	4%
Palm Springs	364	4%
Corona	351	4%
Indio	312	4%
San Jacinto	307	4%
Cathedral City	279	3%
Murrieta	220	3%
Lake Elsinore	207	2%

Also, as of October 6, 2020, out of the 49,728 people on the countywide waitlist for Housing Choice Vouchers, there are 11,102 City of Riverside residents, accounting for 22% of the waitlist.

### **Compliance with HUD PHA Regulations**

According to federal regulations, a “PHA must comply with HUD regulations and other HUD requirements” which are “issued by HUD headquarters, as regulations, FEDERAL REGISTER notices or other binding program directives.”<sup>9</sup> The principal requirements include:

<sup>6</sup> The numbers for the City of Riverside reflect slight under and overcounts. There is some overcounting because the Housing Authority counts people with Riverside postal addresses, which extend beyond city limits, as voucher holders in Riverside. There is some undercounting because the Riverside County Housing Authority and City of Riverside have an agreement in which the Authority provides vouchers to graduates of the City’s one-year homeless assistance program; some of the tenants who have received assistance through that program were unhoused and living in Riverside but leased a unit outside of the city limits.

<sup>7</sup> A Riverside County Housing Authority staff member noted in an email that “Based on the average per unit cost of existing units under contract, we have traditionally been able to afford to assist roughly 8500 voucher holders with the funding that we receive from HUD.” The per unit subsidy that Riverside County Housing Authority receives from HUD is \$684 per month, but the average subsidy the local agency is paying is about \$780 per month, so the entire allocation of vouchers cannot be used.

<sup>8</sup> The Riverside County Housing Authorities makes publicly available these statistics on the following webpage: <https://www.harivco.org/Developer/StatisticsbyCity/tabid/111/Default.aspx>. This table shows data as of October 6, 2020 and includes only cities in which more than 200 vouchers are currently being used.

<sup>9</sup> Electronic Code of Federal Regulations, §982.52: HUD requirements. [https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=e3910240909f30d47ac2ec05fef06c8c&mc=true&n=sp24.4.982.b&r=SUBPART&ty=HTML#se24.4.982\\_152](https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=e3910240909f30d47ac2ec05fef06c8c&mc=true&n=sp24.4.982.b&r=SUBPART&ty=HTML#se24.4.982_152)

- Complying with the consolidated Annual Contributions Contract, an agreement between a PHA and HUD that details the funding the local agency receives;
- Applying to HUD for program funding and voucher allocations;
- Producing five-year and annual plans that offer a comprehensive guide to the PHA's policies, programs, operations, and strategies for meeting local housing needs and goals;<sup>10</sup>
- Preparing an annual budget and maintaining budget reserves; and,
- Appointing a board of commissioners, which includes voucher holders, that holds regular public meetings and approves policy, clarifies goals, and delegates responsibility and authority to an executive director.

### PHA Operating Costs

HUD pays PHAs a monthly administrative fee based on the number of units it operates. However, as detailed below, the fee does not cover an agency's full administrative costs, especially for those PHAs that administer fewer units and/or vouchers. These fees, which vary by PHA, are intended to reflect the variation in the costs of operating a public agency in different parts of the country. HUD provides two administrative fee rates, one for the first 7,200 unit-months a PHA administers and a second slightly lower rate for additional unit-months. HUD pays a lower fee for additional unit-months because larger PHAs can reduce average administrative overhead, lowering operating costs.<sup>11</sup>

In practice, HUD reduces the published rate to fit within its budget constraints, an act it calls proration. The proration rate for 2020 is 81%, meaning PHAs are reimbursed for only 81% of HUD's published administrative fee. The proration rate changes annually and has dipped as low as 69% in 2013. In California, factoring in the proration rate, base administrative rates range from \$59.58 per unit-month for the Regional Housing Authority based in Yuba City to \$103.70 per unit-month in most of the state's large coastal city PHAs including many in the San Francisco Bay Area and Los Angeles metro area. The Riverside County Housing Authority's administrative fee is \$82.73 per unit-month for its first 7,200 unit-months and \$77.22 per unit-months for additional unit-months.

However, the administrative fee does not cover PHAs' needs equally. A 2015 study examining's HUD administrative fees found that PHAs that administer fewer units and/or vouchers have higher overhead, and the fee may not cover administrative costs.<sup>12</sup> The HUD-commissioned study led to a

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<sup>10</sup> See HUD, Public Housing Agency (PHA) Plans:

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/pha](https://www.hud.gov/program_offices/public_indian_housing/pha)

<sup>11</sup> Fee rates can be found in HUD's CY 2020 Administrative Fee Rates spreadsheet, available here:

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv)

<sup>12</sup> U.S. Department of Housing and Urban Development, Office of Policy Development and Research, June 2015, "Housing Choice Voucher Program Administrative Fee Study."

<https://www.huduser.gov/portal/publications/pdf/AdminFeeStudy2015ExecSummary.pdf>

new proposed administrative fee formula, intended to correct shortcomings of the previous formula, by basing the administrative fee off seven variables:

1. Program size,
2. Local government worker wages,
3. Local employer health insurance cost,
4. Share of voucher holders with earned income,
5. Rate of new households being given vouchers,
6. Average voucher holder rent compared with area average rent, and
7. The share of voucher holders who live more than 60 miles away from the PHA's headquarters.<sup>13</sup>

HUD has taken no action on the proposed rule and has not prioritized doing so since 2017.<sup>14</sup>

Therefore, the problems in administrative fee allocation identified in the 2015 study remain.<sup>15</sup> These are detailed and applied to a potential City of Riverside PHA below:

1. Smaller PHAs, those with less than 750 units, have higher costs than what the administrative fee covers. It is unknown how many vouchers a City of Riverside PHA would be assigned, should Congress approve its creation; nonetheless, this analysis applies the current number of vouchers used in the city limits—about 2,000—as a proxy. **This would not be a significant factor leading to administrative costs higher than the HUD fees cover.**
2. Areas with higher local government employee wages will experience higher administrative costs than what is covered by HUD's fee. According to the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages, the average wage for local government workers in Riverside County in 2019 is 15% higher than the national average. **This would be a significant factor leading to higher local administrative costs than the HUD fees would cover.**
3. Employer health care costs in some areas are considerably higher than the national average, thus leading to a higher administrative cost to the PHA. According to a review of the U.S. Department of Health and Human Services' Medical Expenditure Panel Survey (MEPS), California's employer healthcare costs are only 1.3% less than the national average. **This**

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<sup>13</sup> See Federal Register, July 6, 2016, "Housing Choice Voucher Program-New Administrative Fee Formula." <https://www.federalregister.gov/documents/2016/07/06/2016-15682/housing-choice-voucher-program-new-administrative-fee-formula>

<sup>14</sup> Sard, Barbara, Douglas Rice, Alison Bell, and Alicia Mazzara, September 4, 2018, "Federal Policy Changes Can Help More Families with Housing Vouchers Live in Higher-Opportunity Areas." <https://www.cbpp.org/research/housing/federal-policy-changes-can-help-more-families-with-housing-vouchers-live-in-higher>

<sup>15</sup> These cost drivers are detailed in Exhibit ES-5 of the 2015 HUD administrative fee study: <https://www.huduser.gov/portal/publications/pdf/AdminFeeStudy2015ExecSummary.pdf>

would not be a significant factor leading to higher administrative costs than the HUD fees cover.

- 4-6. The next three factors are share of voucher holders with earned income, the rate of new households being given vouchers, and average voucher holder rent compared with area average rent. **The significance of these factors is unknown because they are calculated based on the conditions of an existing PHA.**
- 7. PHAs with large geographic areas also have higher costs than what the HUD fee covers. The Riverside County PHA covers a sizeable geographic area, with one of the county’s major population centers, the Coachella Valley, 70-80 miles driving from downtown Riverside. A City of Riverside PHA would not face this problem, covering a much more compact 82 square mile city rather than a sprawling 7,303 square mile area. **This would not be a significant factor leading to higher administrative costs than the HUD fees cover.**

**Comparable City-Run PHAs**

A review of the PHA arrangements for 42 other cities with a population of about 250,000 to 400,000—cities close in size to Riverside’s 330,000 population— found that 13 of them, nearly a third, do not have their own PHA. Residents in most of these cities receive their vouchers from a county PHA, similar to the arrangement in Riverside. In Table 3 below, cities without a PHA are in italics.

*Table 3: Similarly Sized Cities Nationwide*

<b>City</b>	<b>State</b>	<b>Population</b>
<i>Tulsa</i>	<i>Oklahoma</i>	401,190
<i>Tampa</i>	Florida	399,700
<i>Arlington</i>	<i>Texas</i>	398,854
<i>New Orleans</i>	Louisiana	390,144
<i>Wichita</i>	Kansas	389,938
<i>Bakersfield</i>	<i>California</i>	384,145
<i>Cleveland</i>	<i>Ohio</i>	381,009
<i>Aurora</i>	Colorado	379,289
<i>Anaheim</i>	California	350,365
<i>Honolulu</i>	Hawaii	345,064
<i>Santa Ana</i>	California	332,318
<b>Riverside</b>	<b>California</b>	<b>331,360</b>
<i>Corpus Christi</i>	Texas	326,586
<i>Lexington</i>	Kentucky	323,152
<i>Henderson</i>	<i>Nevada</i>	320,189

Stockton	California	312,697
Saint Paul	Minnesota	308,096
Cincinnati	Ohio	303,940
St. Louis	Missouri	300,576
Pittsburgh	Pennsylvania	300,286
Greensboro	North Carolina	296,710
Lincoln	Nebraska	289,102
Anchorage	Alaska	288,000
Plano	Texas	287,677
Orlando	Florida	287,442
Irvine	California	287,401
Newark	New Jersey	282,011
Durham	North Carolina	278,993
Chula Vista	California	274,492
Toledo	Ohio	272,779
Fort Wayne	Indiana	270,402
St. Petersburg	Florida	265,351
Laredo	Texas	262,491
Jersey City	New Jersey	262,075
Chandler	Arizona	261,165
Madison	Wisconsin	259,680
Lubbock	Texas	258,862
Scottsdale	Arizona	258,069
Reno	Nevada	255,601
Buffalo	New York	255,284
Gilbert	Arizona	254,114
Glendale	Arizona	252,381
North Las Vegas	Nevada	251,974

Source: U.S. Census 2019 estimates

Research has shown that federal policy trends are moving away from supporting smaller, more local PHAs in federal policy. In fact, academic researchers as well as both the Barack Obama and George W. Bush administrations discouraged city-level PHAs and encouraged PHA consolidation to cover broader regions.<sup>16</sup> The benefits of larger, consolidated PHAs are outlined later in this memo.

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<sup>16</sup> McCarty, Maggie, January 3, 2014, "Introduction to Public Housing." Congressional Research Service. <https://fas.org/sgp/crs/misc/R41654.pdf>



Four PHAs operate in Orange County—one operated by the County and three by individual cities (Anaheim, Santa Ana, and Garden Grove). These agencies have been in place for some time, but their websites do not indicate their year of formation. Table 4 below shows the number of Housing Choice Vouchers each of the PHAs in Orange County have been allocated and compares them by total population as well as the number of households earning up to 50% AMI, the eligibility threshold for a voucher.

*Table 4: Orange County Public Housing Agencies*

<b>Jurisdiction</b>	<b>Vouchers</b>	<b>Total population</b>	<b>Households earning up to 50% AMI</b>
Orange County	11,206	2,325,536	194,095
Anaheim	6,652	332,318	35,785
Santa Ana	3,160	332,318	33,045
Garden Grove	2,337	174,010	17,930
Riverside County	9,744	2,383,286	159,430
City of Riverside	N/A	323,935	20,450

Source: HUD HA Profiles, 2014–2018 ACS 5-Year Data, 2013-2017 CHAS Data

The four housing authorities have an agreement to administer the movement of voucher holders across jurisdictions. The agreement appears to date back to 1993 and has been regularly renewed with all agencies remaining party except for a few years when Santa Ana withdrew.<sup>17</sup>

The households assisted by Orange County’s four housing authorities have similar demographic makeups and incomes. For instance, the average household income is roughly \$20,000, about 2 people live in each unit, and about half of voucher holders are 62 years or older.<sup>18</sup> However, one of the biggest differences across the four is the period of time voucher recipients spend on the waitlist. Garden Grove voucher holders spend an average of 8 years and 7 months on the waitlist compared to 6 years and three months in Anaheim, 5 years and 2 months in Orange County and only 1 year and 1 month in Santa Ana. This compares to an average wait of 4 years on Riverside County’s waitlist.

Elsewhere in California, the cities of Bakersfield and Stockton are comparable in population size to Riverside, are the largest cities in their respective counties and do not have a PHA. Residents in those cities receive housing vouchers from their county’s PHA.

### **Santa Ana’s PHA administration**

<sup>17</sup> See City of Anaheim Housing Authority Agenda Report item 2, November 20, 2012, [http://local.anaheim.net/docs\\_agend/questys\\_pub/MG38570/AS38591/AS38594/A140793/DO40794/1.pdf](http://local.anaheim.net/docs_agend/questys_pub/MG38570/AS38591/AS38594/A140793/DO40794/1.pdf), and Memorandum of Agreement, [http://local.anaheim.net/docs\\_agend/questys\\_pub/13539/13565/13566/13802/13804/1.%20Agreement13804.pdf](http://local.anaheim.net/docs_agend/questys_pub/13539/13565/13566/13802/13804/1.%20Agreement13804.pdf)

<sup>18</sup> See HUD Picture of Subsidized Households database, <https://www.huduser.gov/portal/datasets/assthsg.html>

The Housing Authority of the City of Santa Ana (SAHA) is a nearby PHA for a similarly sized city with the most similarity to the City of Riverside. SAHA receives 3,160 Housing Choice Vouchers and is using 2,979.<sup>19</sup> The Housing Authority is part of the city’s Community Development Agency, overseen by an executive director, with authority delegated to the housing division manager and six full time positions dedicated to housing voucher administration.

- The City Council acts as SAHA’s board of commissioners.<sup>20</sup>
- According to the most recent city budget documents, SAHA has 11 full-time staff positions, including the division manager; earlier year’s budget documents indicate that several other staff members also dedicate a portion of their time to supporting the Housing Authority.
- The administrative staff directly related to housing voucher administration includes six Housing Specialist II positions<sup>21</sup>—SAHA’s website currently lists five Housing Specialist IIs who each work with a share of HCV recipients.<sup>22</sup> These are specific positions that a City of Riverside PHA should expect to add.<sup>23</sup>
- HUD pays SAHA an administrative fee rate of about 25% more than what it pays Riverside County. In addition, there are annual shortfalls between what HUD pays and how much SAHA spends ranging from \$60,000 to \$296,000 for the last five years for which actuals were available (2014-2015 to 2018-2019).

### Key Considerations of Establishing and Operating a City-Run PHA

Our research and analysis detailed above suggests that the City of Riverside consider several key points related to establishing and operating its own Public Housing Agency that issues housing vouchers directly to its residents.

- **Voucher Authority:** A City-run PHA would give the City Council a more direct role in determining how housing vouchers are used across city limits, ensuring that the limited rental assistance is used to address the city’s unique affordability challenges.
- **Administrative arrangement:** PHAs are generally more independently functioning than a city department located within an existing bureaucracy. The City Council would need to establish

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<sup>19</sup> HUD Picture of Subsidized Households database, <https://www.huduser.gov/portal/datasets/assthsg.html>

<sup>20</sup> Administrative Plan for the Housing Authority of the City of Santa Ana, April 1, 2016. [https://www.santa-ana.org/sites/default/files/HCVAdministrativePlan%20\(1\).pdf](https://www.santa-ana.org/sites/default/files/HCVAdministrativePlan%20(1).pdf)

<sup>21</sup> City of Santa Ana, City Budget Detail, Fiscal Year 2020-2021. [https://www.santa-ana.org/sites/default/files/finance/budget/2020-2021/June%2016/COMBINED\\_DETAIL%20BUDGET%20BOOK.pdf](https://www.santa-ana.org/sites/default/files/finance/budget/2020-2021/June%2016/COMBINED_DETAIL%20BUDGET%20BOOK.pdf)

<sup>22</sup> See SAHA contact list: <https://www.santa-ana.org/sites/default/files/housing/Housing%20Authority/HCV%20Caseload%20Distribution%20Effective%202-1-2020.pdf>

<sup>23</sup> According to Transparent California, most Housing Specialist II staff earned about \$70,000 in base pay in 2019.

a board of commissioners, including representation from among the people served by the PHA. The board oversees the agency, delegating authority to an executive director.

- **Administrative expenses:** HUD’s administrative fee does not truly account for a PHA’s costs and a city-run PHA may end up shouldering some of those costs. The Santa Ana Housing Authority, for example, has received less administrative fees from HUD than it spends for each of the last five years. As one study noted about PHAs working together to cover larger geographic areas, “mergers and consortia are meant to reduce administrative costs—for example, by requiring only one executive director for the consortia instead of one for each PHA—and to achieve efficiencies of scale”<sup>24</sup>
- **Voucher portability:** HUD regulations allow voucher holders to move with their voucher outside of the jurisdiction that issued the voucher, a complicated process that increases staff time and costs; the advantage of having a PHA cover a large geography is that voucher holders who want that mobility do not create the administrative burden associated with reallocating that voucher to another PHA. This can be overcome by creating agreements with nearby PHAs for voucher mobility, such as the one created by the four PHAs in Orange County.
- **Planning and governance:** As evidenced by recent trends, housing affordability has increasingly been viewed as a regional issue that requires significant investment in planning and governance to create economies of scale. Academic researchers as well as the Barack Obama and George W. Bush administrations discouraged city-level PHAs and encouraged greater consolidation of housing agencies.
- **Uncertainty:** It is not known whether Congress would authorize a City of Riverside PHA through allocating the agency new vouchers; it is possible that a new PHA would be allocated fewer vouchers than the number currently used within the city. Another unknown is potentially higher administrative cost of a smaller city-run PHA.
- **Potential for federal legislative and policy change:** It is possible that the 117<sup>th</sup> Congress (2021-2022) would significantly expand Housing Choice Vouchers, particularly given the great attention to the challenges experienced by low-income households in light of the COVID-19 pandemic. Moreover, one major presidential candidate has proposed a universal expansion of vouchers to support the additional 17 million eligible households<sup>26</sup> for whom there are not enough vouchers.<sup>27</sup> Regardless of whether legislation is passed, the proposal

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<sup>24</sup> McCarty, Maggie, January 3, 2014, “Introduction to Public Housing.” *Congressional Research Service*. <https://fas.org/sgp/crs/misc/R41654.pdf>

<sup>26</sup> Center on Budget and Policy Priorities, “Three Out of Four Low-Income At-Risk Renters Do Not Receive Federal Rental Assistance.” [http://apps.cbpp.org/shareables\\_housing\\_unmet/chart.html](http://apps.cbpp.org/shareables_housing_unmet/chart.html)

<sup>27</sup> Nguyen, Janet, September 18, 2020, “Comparing Biden’s and Trump’s economic policies.” *Marketplace*. <https://www.marketplace.org/2020/09/18/comparing-bidens-and-trumps-economic-policies/>

suggests that such a presidential administration will operate a HUD agency that is more supportive of the needs of low-income households.

### **Steps to Forming PHA**

There are high barriers to forming a PHA, but the following initial steps can be taken. HUD has provided guidance that the agency does not authorize the creation of a new PHA. Rather, Congress would have to authorize new Annual Contributions Contract (ACC) units. Therefore, the first step in creating a PHA would be to consult U.S. Rep. Mark Takano, who represents California 41<sup>st</sup> district, which includes the City of Riverside. City officials would need to speak with Rep. Takano about the process of creating and passing the legislation to allocate housing vouchers to a new City of Riverside PHA. As noted above, in recent years Congress has regularly created new housing vouchers only to replace demolished public housing units or to target special populations.

Administratively, the City of Riverside Housing Authority could be modified to function as a PHA. The Housing Authority is currently a City department, but PHAs are generally more independently functioning, with an executive director who reports to a board of directors or commissioners. The city council itself can act as a board, or some of its members can sit on the board, but at least two board members must be PHA tenants or voucher holders, and one of those two must be at least 62 years old.<sup>28</sup> The board is responsible for approving policy, clarifying goals, and delegating responsibility and authority to the executive director, who acts on its behalf.<sup>29</sup> The PHA would also be responsible to HUD to prepare annual and five year plans, and it must form a Resident Advisory Board to consult on those plans.

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<sup>28</sup> While federal regulations require at least one board member to benefit from the PHA's services in 49 CFR 42 U.S.C. 1437(b), California state law requires two in §34270.

<sup>29</sup> McCarty, Maggie, January 3, 2014, "Introduction to Public Housing." *Congressional Research Service*. <https://fas.org/sgp/crs/misc/R41654.pdf>