



REPORT

DATE ISSUED: May 30, 2003

ITEM 102

REPORT NO.: HCR03-035
For the Agenda of June 6, 2003

SUBJECT: FY2003 Budget Revision for the Rental Assistance Program (Citywide)

SUMMARY

Issue: Should the Housing Commission recommend authorization by the Housing Authority of a budget revision of \$11,229,441 for the additional Section 8 vouchers resulting from the lease up efforts and higher average rents?

Recommendation: That the Housing Commission recommend approval of the revision to the FY2003 budget as presented in the Attachment.

Fiscal Impact: Approval of this amendment would increase the Housing Commission's FY2003 budget from \$150,166,270 to \$161,395,711. Revenue for this revision has been approved by the Department of Housing and Urban Development (HUD).

Previous Related Actions: The FY2003 budget was originally approved by the Housing Commission and the Housing Authority on March 22, 2002 and May 14, 2002, respectively.

BACKGROUND

The San Diego Housing Commission's largest program is the HUD-funded Rental Assistance Program. This program enables low-income families to pay a minimum of 30 percent of their net income for housing expenses (rent plus utilities). The Housing Commission pays the balance of rent due directly to the rental property owner / manager.

The Housing Commission's Rental Assistance program has continued to grow over the years. The current Rental Assistance allocation provides assistance for 12,296 low-income families, individuals, and persons with disabilities.



DISCUSSION

Due to the significant award of units to the Housing Commission in FY2002 and FY2003, the Rental Assistance Department embarked on a massive “lease-up push” designed to fully utilize all of the Section 8 Vouchers available to the Housing Commission. This lease-up push was so successful that full lease-up of authorized units was achieved and there was an over lease above the allocated unit count. In order to continue rental assistance payments without interruption, the Housing Commission sought additional HUD funding.

In addition, the tight San Diego rental market placed significant upward pressure on the average monthly rent subsidies. The original FY2003 budget estimate of the average monthly rent subsidy was \$587, the current projected average monthly rent subsidy is \$650 based on actual rents paid.

Both of these situations required the Housing Commission to expend significantly more funds to administer the program than was allocated in the original budget and the fall budget revision. The Housing Commission applied to HUD for additional funding and was granted additional revenue of \$11,229,441. This revision is designed to incorporate the additional revenue and corresponding expenses into the FY2003 budget.

Respectfully submitted,

Approved by,

Signature on File with Original Document

Edward P. Mauk
Manager, Financial Services

for Elizabeth C. Morris
Chief Executive Officer

Attachment: FY2003 Budget Revision