



# REPORT

**DATE:** For the Agenda of March 22, 2002 **Item 102**

**REPORT:** HCR02-022

**SUBJECT:** U.S. Department of Housing and Urban Development Notice of Funding Availability (NOFA); Fair Share Allocation of Incremental Voucher Funding Application

## SUMMARY

**Issue No. 1:** Should the Housing Commission apply to the U.S. Department of Housing and Urban Development (HUD) for additional Housing Choice Vouchers (HCV) in response to HUD's FFY 2002 Notice of Funding Availability (NOFA), and, if successful, recommend that the Housing Commission's FY2003 budget be amended to include these new funds?

**Recommendation No. 2:** Authorize an application for additional vouchers under this NOFA and, if the application is approved, recommend Housing Authority approval to amend the Housing Commission's FY2003 Budget to include the new funds.

**Issue No. 2:** If the application for HCV is successful, should the Housing Commission consider a set aside of HCV for utilization by eligible families currently on the waiting list maintained by the County of San Diego?

**Recommendation No. 2:** Authorize the Chief Executive Officer to determine the feasibility of allocating HCV for use by eligible families in the County of San Diego following discussions with the County of San Diego's Housing & Community Development Department (HCD).

**Fiscal Impact:** In addition to helping eligible families through rental assistance, the administrative fee earned would increase. Each unit under lease generates an administrative fee of \$59.45 per unit, per month.

**Affordable Housing Impact:** Additional vouchers would be available to assist low-income families in the City of San Diego. Currently the Commission's waiting list has 17,293 applicants. Should vouchers be set aside for use in the County of



San Diego, low-income families from the County's waiting list will be served. Currently, the County's waiting list has 10,000 applicants.

**Previous Related Action(s):** The Housing Commission has successfully applied for Housing Choice Voucher funding in previous years under HUD's Super NOFA and NOFA processes.

**Future Related Action(s):** If the application to HUD is approved, Housing Authority approval will be required for the Chief Executive Officer to enter into a contract with HUD and to amend the Housing Commission's FY2003 Budget to include the additional funding. If an agreement is negotiated to administer vouchers in the County's jurisdiction, a Memorandum of Understanding (MOU) will be brought to the Housing Commission for approval.

## **BACKGROUND**

In past years, housing authorities have been invited to apply for additional Housing Choice Vouchers regardless of their success in maintaining an acceptable lease up rate. Beginning in FFY2002, HUD required that a housing authority maintain a lease up rate of 97% in order to be eligible to apply for an additional allocation of vouchers. Based on this criterion, the Housing Commission is eligible to apply for vouchers; however, the County of San Diego is not eligible to submit an application under the FFY2002 NOFA.

## **DISCUSSION**

HUD uses the NOFA process to notify applicants of funding that is available through its competitive grant programs. On February 22, 2002, HUD published the Notice of Funding Availability for Federal Fiscal Year 2002. Under this application, \$103,979,000 in one-year budget authority is being made available nationwide to fund approximately 18,000 new Section 8 Housing Choice Vouchers. The vouchers will be issued to eligible families on the Section 8 Waiting List to help families rent decent, safe, and affordable housing of their choice in the private rental market.

The Housing Commission staff has had preliminary discussions with HCD staff about working together on a regional approach to the affordable housing crisis, including applying for vouchers to be used by eligible families located in the County. In order for the Housing Commission to administer vouchers on behalf of HCD, a Memorandum of Agreement must be developed and approved. Terms to be discussed include outreach, marketing to prospective landlords, waiting list preferences, payment standards, division of work and administrative fees. A cost benefit analysis will also be completed prior to development of an MOU.

## **ALTERNATIVES**

- 1) Do not seek funding under this application. This alternative is not recommended due to the continuing need for additional affordable housing in San Diego.
- 2) Direct the staff to apply for vouchers only for use in the City jurisdiction.

Respectfully submitted,

Approved by,

**Signature on File with Original Document**

Patricia Zamora  
Manager, Rental Assistance Program

Elizabeth C. Morris  
Chief Executive Officer