



INFORMATIONAL REPORT

DATE: November 9, 2001 **Item 108**

REPORT NO.: HCR01-131

SUBJECT: Update on Section 8 Rental Assistance Program Lease-Up Efforts (Citywide)

SUMMARY

This report presents an update on the Rental Assistance Program's efforts to use the nearly 2,400 new vouchers awarded by HUD to the San Diego Housing Commission in FY01 and FY02.

From June 1, the approximate date a re-engineered lease-up program began, to October 26, 2001, 3,550 vouchers were issued. Significantly, 1,315 families and individuals have been able to use (lease up) those vouchers. This represents the largest and most successful lease-up effort in the Commission's history. In four and a half months, about three times the number of vouchers were used than had ever been used in any previous 12-month period - all at a time when the rental market has been the most challenging for those seeking rental homes.

BACKGROUND

Last July, the San Diego Housing Commission revised its annual budget to approve the expenditure of \$937,650 to enable the agency to proceed through December 2001 with an innovative plan to re-engineer and market the Rental Assistance Program. This effort was deemed necessary in order to be able to utilize the almost 2,400 additional vouchers received within the previous 12 months and to help those who received the vouchers find and lease apartments in the City of San



Diego. The goal was to have 1,265 of the new vouchers leased up by September 2001.

In order to achieve this goal, the Commission used the additional budget allocation to hire temporary staff to assist permanent employees to contact about 7,000 persons on the Section 8 waiting list, screen them, determine eligibility and amount of subsidy, and issue 3,550 vouchers. Additional office space was leased to house the additional staff, and equipment was purchased for their use.

A re-engineering effort accompanied this increased workload. Processes were streamlined considerably, and "leasing fairs" were held to determine eligibility and issue vouchers to hundreds of families at a time. Classes in how families should best approach the task of looking for units were offered, and leasing in place was encouraged.

At the same time, the agency made a massive effort to attract new rental property owners into the program and to retain those already accepting Section 8. Approximately 10,000 brochures were mailed to landlords, advertisements were placed in newspapers and magazines, media relations efforts resulted in lease-up effort stories on television and in newspapers, and two salespeople were hired on a temporary basis to telemarket the program.

DISCUSSION

When the budget amendment was approved in July 2001, the Commission expected to have sufficient data by autumn to determine if the re-engineered process was succeeding. There was concern that the current market would not bear the high number of newly assisted renters looking for units or that landlords might not make a sufficient number of units available to assisted households. If unsuccessful, the Commission might have to return the unused vouchers to HUD, lose the administrative fees that could be earned (almost \$60 per month per used voucher), and, most importantly, be unable to help the additional families, seniors, and persons with disabilities who could have received rental assistance.

The effort has been extremely challenging. There have been a high number of voucher holders leaving the program (moving outside of the city, no longer needing help, etc.). Hundreds of those who were issued vouchers through the Housing Commission exercised the portability option and used them in the county or in other jurisdictions, thereby making it more difficult for the Commission to meet its lease-up goal. Hundreds more have had to return the vouchers because they have been unable to find units to rent. And thousands on the waiting list who were contacted have not yet responded to agency letters.

Despite these serious challenges, the Housing Commission has achieved remarkable success. In order to continue this effort and meet the HUD deadline of leasing all currently allocated vouchers by September 2002, additional funding, primarily for temporary employees, will be needed through June 2002. This will be discussed in a future budget amendment report to the Commissioners.

In the meantime, the agency will continue its efforts to lease up families. Its goal is to lease up 10,000 households by January 2002, and 11,000 by September 2002.

Respectfully submitted,

Bobbie Christensen
Acting Director, Rental Assistance Program

**Signature on File
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Approved by,

Elizabeth C. Morris
Chief Executive Officer