Good Neighbors
San Diego
Housing Commission

REPORT

DATE ISSUED: March 17, 2004

REPORT NO.: HAR04-009
For the Agenda of March 24, 2004

SUBJECT: FY05-FY09 Five Year Agency Plan (Citywide)

SUMMARY

Issue No. 1: Should the Land Use and Housing Committee recommend Housing Authority approval of the FY05-FY09 Five Year Agency Plan as required by the Department of Housing and Urban Development (HUD)?

Recommendation No. 1: That the Land Use and Housing Committee recommend Housing Authority approval of the FY05-FY09 Five Year Agency Plan (Attachment 2) and authorize its transmittal to HUD by the Chief Executive Officer.

Issue No. 2: Should the Land Use and Housing Committee recommend Housing Authority approval of the proposed revisions to the Section 8 Administrative Plan?

Recommendation No. 2: That the Land Use and Housing Committee recommend Housing Authority approval of the proposed revisions to the Administrative Plan that details operation of the Section 8 program, to include the changes described in Attachment 3.

Fiscal Impact: None with this action. However, Component 7 of the Agency Plan includes information required for HUD's award of FY05 Capital Funds for public housing physical improvements. HUD's release of Capital Funds is contingent on their review and approval of the FY05 Annual Agency Plan, which is incorporated into the Five Year Plan.

Affordable Housing Impact: None with this action. However, the majority of residents in public housing and participants in the Section 8 program are extremely low-income (0-30% of Median Area Income (MAI), or $20,550 for a family of four) and very low-income (31-50% MAI, or $34,450 for a family of four) households.

Previous Related Action(s): On December 7, 1999, the Housing Authority delegated authority to the Housing Commission to approve all future revisions and updates to the Admissions and Continued Occupancy Policy and the Section 8 Administrative Plan, except when changes concerning selection preferences were to be considered. This item was approved by the Housing Commission on February 27, 2004.

BACKGROUND

Section 511 of the Quality Housing and Work Responsibility Act (QHWRA) of 1998 created the public housing agency Five Year and Annual Agency Plan requirement. An Agency Plan is a guide to a Public Housing Agency's (PHA) policies, programs, operations, and strategies for meeting local housing needs and goals for the public housing and Section 8 programs only. The FY05-FY09 Five Year Agency Plan under consideration describes the mission of the agency and the agency's long-range goals and objectives for achieving its mission over a five year period. The Annual Plan, for which HUD provides a required electronic format, describes the agency's planned approach, during the next fiscal year, for managing the two programs and for providing services in support of the goals and objectives established in the Five Year Plan.

The Agency Plan also serves as the annual application for the Capital Fund Program to support physical and management improvements in public housing.

As part of the plan development process, Public Housing Authorities (PHA) are required to establish a Resident Advisory Board (RAB) to advise the PHA in Agency Plan development, by providing input on any initial activity or modifications to the public housing or Section 8 programs. The RAB membership consists of individuals who reflect and represent the residents assisted by the agency.

DISCUSSION

Beginning in October 2003 and continuing through January 2004, Housing Commission staff met with the RAB to receive input and discuss the development of the FY05-FY09 Five Year Agency Plan. The draft Five Year Plan was noticed for a public review and comment period from December 23, 2003 through February 4, 2004.

The draft Plan, with attachments, was available for review at three Housing Commission offices, three public housing sites, and the City Clerk's office in the City Administration Building. In addition, the Housing Commission hosted a public hearing on February 4, 2004 at the Housing Commission's Newton facility to formally receive comments from the RAB membership and the public. Attachment 5 contains a summary of those comments received during the comment period and at the February 4th public hearing. In addition, all comments received will be incorporated into the Five Year Agency Plan to be submitted to HUD by April 17, 2004.

As a high performer under the Public Housing Assessment System Program (PHAS), the Housing Commission is allowed to submit a streamlined Five Year Plan and Annual Plan. Attachment 1 provides a brief description of the information provided under the required components and Attachment 2 is copy of the proposed Plan utilizing the HUD template.

Notable Changes in Agency Plan

(Section 8 Program)

Ranking Local Preferences:
The State of California Health and Safety Code 34322.2 mandates that "priority" be given to applicants who are veterans and active-duty servicemen within each ranking category, for project based assisted housing (Public Housing). Although this statute only applies to the Public Housing Program, historically, the Housing Commission has applied the same criteria to the Section 8 Program. The impact of the current policy of providing veterans "priority" is that veterans always go to the front of the list within their ranking category, regardless of when they applied. A veteran who applies today at the Housing Commission is placed ahead of applicants who are disabled, age 62 or older and families. Currently applicants who are not veterans wait at least five years for their Section 8 vouchers, while veterans receive immediate assistance. Staff is recommending that veterans and active-duty servicemen be given a "preference" rather than a "priority" on the Section 8 waiting list, thereby giving veterans "preference" status equal with applicants who are disabled, age 62 or older and families. This change is not recommended for the Public Housing program, and results in a policy that balances rewarding the service and sacrifices of our veterans and active-duty servicemen with meeting the housing needs of other low income groups in our community.

Restriction on Portability When Participant Owes the Housing Commission Money

Portability allows Housing Choice Voucher Program participants the ability to move anywhere in the United States and take their Section 8 assistance with them. Currently the Housing Commission's policy is to not permit families to exercise portability if:

- ✓ The family is within the first term of their lease
- ✓ The family is in violation of a family obligation
- ✓ The family owes money to the Housing Commission and is not in good standing with their repayment agreement
- ✓ The family has moved within the last 12 months.

The recommended policy change will require participants to repay money owed to the Housing Commission prior to moving to another jurisdiction. Delaying a participant's ability to move to another jurisdiction provides a good incentive for repayment of money owed to the Housing Commission.

Increasing Owner Late Fees to $50
When Housing Agencies fail to make timely HAP payments due to their own administrative delays, they are obligated to pay a late fee. The recommendation to increase the late fee from $25 to $50 not only brings the amount of the late fee into alignment with late fees being charged in the open market, but is a marketing incentive for owners who have tight cash flows and are concerned about potential mortgage penalties when a late payment from the Housing Commission causes them to be late making their mortgage payments. To date, in FY04, the Housing Commission has paid 30 late fees to owners.

(Public Housing Program)

Pre move-out inspection
This change will incorporate the California State law that now requires that residents be given notice of their right to a pre-move-out inspection no earlier than two weeks prior to their intended move date.

Define “Other Good Cause" re: Termination of Lease
The terms of the Public Housing Lease with each resident specifies that the Housing Commission shall not terminate or refuse to renew the lease other than for serious or repeated failures by a resident to meet his or her obligations under this lease or for failure to comply with any rules or laws pertaining to program eligibility. There are additional reasons that are out of the Housing Commission’s and the resident’s control which fall under ”other good cause" (e.g., fire, flood, eminent domain) and this change specifies what would determine “other good cause” reasons for termination of the lease.

Liability for Damage to Resident's Personal Property
Specifies that the Housing Commission does not cover or carry insurance to cover loss of, damage to, or diminution in value of a resident's personal property.

CONCLUSION

The FY05-FY09 Five Year Agency Plan and Annual Agency Plan will be docketed for Land Use and Housing consideration on March 24, 2004 and for Housing Authority deliberation on April 13, 2004. Upon Housing Authority approval, the Plan(s) will be electronically transmitted to HUD on April 17, 2004. HUD’s review of the Plan(s) during the subsequent 75 days will be based on completeness of information included, consistency with the City’s Consolidated Plan, and compliance with QHWRA, the U.S. Housing Act of 1937 and any other applicable Federal laws.

Any deficiencies identified by HUD will be immediately brought to the Housing Commission's attention to allow for additional information to be provided and reviewed by HUD within the 75-day review period. The Plan(s) will be automatically approved if HUD does not disapprove it within the 75-day time frame.

Respectfully submitted,	Approved by,
Steve Snyder Manager, Asset Management	Elizabeth C. Morris Chief Executive Officer

Attachments:
1. Description of Agency Plan Components
2. Draft FY05-FY09 Five Year Agency Plan
3. Summary of Public Comments

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