

**REPORT****DATE ISSUED:** September 11, 2008**REPORT NO:** HCR 08-91**ATTENTION:** Chair and Members of the Housing Commission  
For the Agenda of September 19, 2008**SUBJECT:** Providing Low Income Families Voucher Assistance Using Reserves**REQUESTED ACTION:**

Approve the use of Section 8 program local reserves to pay housing assistance payments for an estimated 137 households.

**STAFF RECOMMENDATION:**

That the Housing Commission Board authorize the use of about \$175,000 in Section 8 program local reserves to pay housing assistance payments for an estimated 137 households currently eligible for and assisted under the Housing Choice Voucher program. These households are considered to be in "over leased" status and therefore housing assistance for these families cannot be paid from HUD allocated funds for the program. The use of Section 8 program local reserves to pay housing assistance payments is an eligible use of the funds and will be reflected in the FY09 Fall budget revision.

**DISCUSSION:**

The Housing Commission's Housing Choice Voucher program funded by the Department of Housing and Urban Development (HUD) supports 13,789 families. Currently we are assisting an additional 137 low income families. In order to continue assisting these families the Housing Commission will pay housing assistance payments for these families using local administrative reserves. The FY09 cost is anticipated to be less than \$175,000 and the estimated amount will be included in the FY09 Fall budget revision.

Each year, HUD notifies housing authorities of the maximum number of vouchers that may be supported along with the maximum funding available to provide housing assistance. Housing Authorities are prohibited from exceeding either of these limits in a calendar year.

Because there are many variables to consider when determining when and how many vouchers to issue, some Housing Authorities use less than 90% of their available vouchers or funding in order to "play it safe." However, the Housing Commission is committed to providing assistance to the maximum number of families by over-issuing vouchers to ensure maximum use of funds and a high lease-up rate.

Historical records, trend analysis and projection tools are used to project costs and the number of vouchers to issue. Two of the main factors considered when projecting the number of families to select from the Housing Commission's waiting list for voucher issuance are: Attrition (the number of families that are expected to leave the voucher program each month) and the Voucher Success Rate (the number of families receiving vouchers that successfully lease a unit in the program). Due to the recent change in the housing and economic climate, both factors changed significantly in FY08 and FY09 resulting in more families being assisted than projected.

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Recent data indicate that the attrition rate has declined from an average of 111 clients per month for the years 2005-2007 to an average of 55 per month in 2008. On the other hand, the voucher success rate has increased from 76% to 85%.

Instead of rescinding vouchers to families already assisted, in FY09, the Housing Commission staff has taken steps to reduce the number of families served. These actions include: No new vouchers were issued to families from the waiting list for several months to allow the attrition rate to "catch up" and the Housing Commission is no longer absorbing vouchers for participants moving to San Diego from another Housing Authority's jurisdiction. If necessary, further actions could include terminating families for minor program violations and/or terminating from the program those families which receive the least financial assistance. At this time, these actions are not recommended.

It is expected that actions taken to date and attrition will bring the number of assisted families to an appropriate level by October 2008.

**FISCAL CONSIDERATIONS:**

None at this time. The use of reserves for this purpose will be identified in the FY09 Fall budget revision.

**ENVIRONMENTAL REVIEW:**

This activity does not fall within the definition of "project" under the CEQA Guidelines Sections 15060(c)(3) and 15378. This activity is exempt from NEPA under §58.34(a)(2) information and financial services and §58.34(a)(3) administrative and management activities.

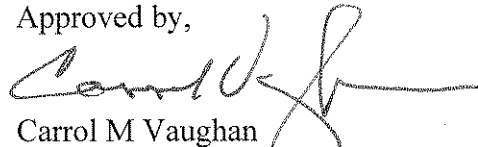
Respectfully submitted,



Jeff Davis

Director of Rental Assistance Programs

Approved by,



Carrol M Vaughan

Interim President & Chief Executive Officer

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