

# Agenda Report

December 14, 2015

**TO:** City of Pasadena as Successor Agency to the Pasadena Community Development Commission

**THROUGH:** Finance Committee

**FROM:** William K. Huang, Director of Housing and Career Services

**SUBJECT: TRANSFER OF NON-ELDERLY DISABLED CATEGORY 2 VOUCHER PROGRAM TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

## **RECOMMENDATION:**

It is recommended that the City of Pasadena as Successor Agency to the Pasadena Community Development Commission (the "City") take the following actions:

1. Find that the action proposed herein is exempt from the California Environmental Quality Act pursuant to State CEQA Guidelines Section 15061(b)(3) as it will not have a potentially significant environmental effect and therefore falls under the "general rule" exemption;
2. Approve a journal voucher amending the FY 2016 operating budget of the Housing and Career Services Department by removing the Non-Elderly Disabled Category 2 Voucher program ("NED 2") revenues and expenditures (Account No. 8105-220-684215-50129), resulting in a reduction in the Department's budget of \$331,608;
3. Approve the transfer of the NED 2 program to the U.S. Department of Housing and Urban Development ("HUD"); and
4. Authorize the City Manager to execute and the City Clerk to attest any and all documents to implement the transfer of the NED 2 program to HUD.

## **BACKGROUND**

The rental assistance programs funded by the U. S. Department of Housing and Urban

Development (“HUD”) and administered by the Housing and Career Services Department (the “Department”) of the City of Pasadena (“City”) consist of the Section 8 Housing Choice Voucher (HCV) Program, the Shelter Plus Care Program, Housing Opportunities for Persons with AIDS, VASH and the Non-Elderly Disabled Category 1 and Category 2 Voucher program (“NED 1” and “NED 2”). These programs combined, with a total budget of approximately \$16 million, provide affordable, safe, sanitary and decent housing to approximately 1,542 very low- and low-income households in Pasadena.

NED 1 vouchers enable non-elderly persons or families with disabilities to access affordable housing on the private market. The City began participating in the NED 1 program in 2010 with 60 vouchers. The City’s administration of NED 1 has been successful, with a lease-up rate in the range of 98% to 100%. The NED 2 program serves non-elderly disabled clients who are transitioning from a nursing home or other healthcare institution, and who are provided the services needed to live independently in the community. The City’s participation in the NED 2 program commenced in 2011 with a HUD award of 40 vouchers.

After nearly four years of operating the NED 2 program, it is clear that these vouchers would be better administered by the Housing Authority of the City of Los Angeles which has tentatively agreed with HUD to take over the program. The vast majority of the over 400 NED 2 clients processed by staff have elected to be housed outside of the City of Pasadena which required staff to “port” (i.e., transfer) the vouchers to other housing authorities, primarily the Housing Authority of the City of Los Angeles where most of NED 2 clients currently live and have their support systems. When the NED 2 vouchers are “ported” to and “absorbed” by another housing authority HUD considers Pasadena to have not leased up those vouchers. As a result, those unutilized vouchers lower Pasadena’s lease up rate which is a critical component in the City’s HUD rating and administrative funding levels as HUD ties administration funding to the lease up rate.

Staff desires to transfer the NED 2 vouchers back to HUD which will then award them to the Housing Authority of the City of Los Angeles. The 16 current NED 2 clients residing in Pasadena will be able to continue to receive their normal rental subsidy. In the future, if there are NED 2 eligible persons living in Pasadena they would be eligible to apply to the Housing of Authority of the City of Los Angeles for a NED 2 voucher and ask to be “ported” to Pasadena if they so desire.

Transferring the NED 2 program back to HUD will: 1) allow the City’s HCV Program lease-up rate to reach its previous high level; 2) safeguard against program funding reductions resulting from a lower lease-up rate; and 3) enhance the City’s compliance with the Section 8 Management Assessment Program.

### **COUNCIL POLICY CONSIDERATION**

The proposed action supports the City Council strategic objectives to maintain fiscal responsibility.

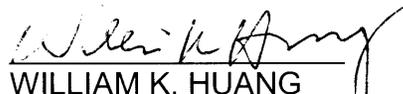
**ENVIRONMENTAL ANALYSIS**

The proposed action entails a programmatic change in the federal rental voucher programs administered by the City which will not have a potentially significant environmental effect. Therefore, the proposed action falls under the "general rule" exemption per California Environmental Quality Act ("CEQA") Guidelines Section 15061(b) (3) for projects that will not have a potentially significant environmental effect and is exempt from environmental review under CEQA.

**FISCAL IMPACT**

Approval of the staff recommendation will result in a reduction in the Department's FY 2016 operating budget in the amount of \$331,608 which is the current budgeted amount for the NED 2 program.

Respectfully submitted,

  
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