

Agenda Report

October 5, 2020

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: William K. Huang, Director of Housing

SUBJECT: PUBLIC HEARING: SUBMITTAL OF PUBLIC HOUSING AGENCY FIVE YEAR PLAN (2020-2025) AND ANNUAL PLAN (2020) TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RECOMMENDATION:

It is recommended that the City of Pasadena (the "City"), as Successor Agency to the Pasadena Community Development Commission, after a public hearing:

- 1) Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA"), pursuant to State CEQA Guidelines per 15061 (b)(3), as it will not have a potentially significant environmental effect, and, therefore, falls under the "general rule" exemption; and
- 2) Approve the City's Public Housing Agency Five-Year Plan (2020-2025) and Annual Plan (2020), collectively known as the PHA Plan 2020, and authorize the City Manager to execute any and all documents regarding its submittal to the U.S. Department of Housing and Urban Development.

BACKGROUND:

The U.S. Department of Housing and Urban Development ("HUD") requires that the Public Housing Agency Plan ("PHA Plan"), consisting of the Five-Year Plan and the Annual Plan, be submitted in order to receive funding for the continued operation of the City's federally funded Housing Choice Voucher ("HCV") Program. The HCV Program, commonly known as Section 8, has a current budget totaling \$14 million, which provides rental assistance to eligible very low-income households in the City and administrative funds to operate the program. The PHA Plan 2020 provides information about the agency's rental assistance programs and services, its operations and management, program participants and their concerns, strategy for handling operational issues, and needs for the upcoming fiscal year. The PHA Plan consists of a HUD template and required attachments, the most significant of which is the Administrative Plan. The

Administrative Plan lays out the policies and procedures of the rental assistance programs.

The rental assistance programs administered by the Housing Department of the City of Pasadena ("City"), consist of the Section 8 HCV Program, the Continuum of Care Rental Assistance Program, and Housing Opportunities for Persons with AIDS. These programs provide housing assistance to approximately 1,400 very low and low-income households. This represents assistance for approximately two and a half percent (2.5%) of the households residing within the City of Pasadena. For the current fiscal year 2021, the total federal appropriation for the rental assistance programs is \$15.5 million, including \$14 million appropriated for the Section 8 HCV Program and \$1.5 million for the other programs indicated above.

The PHA Plan is an overview of PHA policies, programs, operations, and strategies for meeting local housing needs and goals. There are two parts to the PHA Plan: the Five-Year Plan, which each PHA submits to HUD once every fifth PHA fiscal year, and the Annual Plan, which is submitted to HUD every year by all PHAs with more than 550 vouchers or public housing units. The City has approved and submitted its PHA Plans annually beginning in 1999. In addition, the City's Five-Year PHA Plans were approved and submitted in 2000, 2005, 2009 and 2014. (HUD has changed the required Five-Year PHA Plan years, resulting in this next Five-Year plan being due in 2020, rather than 2019.)

The PHA Plan is generally due prior to the start of the PHA's fiscal year, in this case July 1, 2020. However, as a result of the COVID-19 pandemic and associated stay-at-home orders, HUD extended the due date to October 18, 2020. The period covered by the PHA Plan remains the same, July 1, 2020-June 30, 2025.

PHA PLAN OVERVIEW:

The City's Five-Year PHA Plan (2020-2025) lays out the goals and objectives for the rental assistance programs for the five-year period covered by the plan, and the Annual Plan addresses progress on goals set in the prior Five-Year Plan. These goals and objectives include improving the availability of decent, safe, and affordable housing by applying for additional housing vouchers, by project-basing vouchers for permanent supportive housing, and by strengthening outreach to the landlord community; promoting fair housing and equal opportunity through training and outreach to program participants and landlords; and ensuring effective operations through continued high performance on HUD's Section 8 Management Assessment Program and the utilization of technology to improve program access.

It also reports on progress made on prior goals, which include the first electronic opening of the Section 8 waiting list in 2014 and subsequent receipt of over 26,000 applications, the successful application for an additional seven VASH vouchers for homeless veterans, and the implementation of the Homeless Incentive Program to

encourage landlords to rent to rental assistance voucher holders who are experiencing homelessness by paying monetary incentives and security deposits.

ADMINISTRATIVE PLAN UPDATE TO LOCAL PREFERENCES:

The Administrative Plan is the document that contains the policies and procedures for the rental assistance program. It is included as an attachment to the PHA Plan and submitted to HUD for review.

A significant change to the Administrative Plan 2020 is an update to the local preferences applied to applicants to the HCV Program waiting list. Local preferences are used to prioritize assistance to applicants and rank the waiting list.

For any HCV Program waiting list established in 2020 or later, the proposed local preferences are as follows:

- **Residency preference** for applicants in which the family lives in Pasadena or the head of household or spouse is working or who has been notified that they are hired to work in Pasadena.
- **Substandard housing preference** for applicants who are currently residing in substandard housing or experiencing homelessness.
- **Disabled preference** for applicants in which the head of household or spouse is disabled.
- **Veteran preference** for applicants in which the head of household or spouse is a current member of the U S Armed Forces, a U S Armed Forces veteran, or the surviving spouse of a U S Armed Forces veteran.

This update removes two preferences that were applied to the current and prior waitlists. The preferences that are proposed to be removed are:

- **Working preference** for applicants in which the head of household or spouse works at least 15 hours a week within the City's jurisdiction or attends school full-time within the City's jurisdiction. This also applies to applicants who are reporting self-employment within the City's jurisdiction. This preference also applies to residents with disabilities and senior citizens; and
- **Involuntarily Displaced preference** for applicants who have been involuntarily displaced by government action or actual or threatened violence within the last 120 days, and have not found standard replacement housing.

The proposed removal of the Working preference is because it places at a disadvantage applicants who are not working and not disabled. Households with a head of household

who is working in Pasadena are given the Residency preference, and so would not be disadvantaged by the removal of this preference. Furthermore, during a pandemic and a potential economic downturn, the Working preference could inadvertently serve to hurt households most in need of rental assistance.

The proposed removal of the Involuntarily Displaced preference is because this preference is very seldom used, and, with the 120-day time line from loss of housing to qualify, is impractical to administer given the length of the HCV Program waiting list.

WAITING LIST STATUS:

The HCV Program last opened its waiting list for applications from households in need of rental assistance in October, 2014 for a two-week period. At that time, over 26,000 households applied for assistance. PHAs may not restrict applications to households living within the PHA's jurisdiction, and most of the households who applied neither live nor work in Pasadena, but live in other areas of Los Angeles County or beyond. HUD allows PHAs to give local preference for residents living in their jurisdiction. Approximately 5,000 households who applied in October, 2014 claimed the live/work Pasadena preference. Those households with a Pasadena preference are assisted before households who do not have a Pasadena preference. There are 22,322 households remaining on the waiting list as of September, 2020.

COUNCIL POLICY CONSIDERATION:

The PHA Plan 2020 advances Policy HE-3.6 in the City's Housing Element (2014-2021), which calls for the City to "support the provision of rental assistance for residents earning lower incomes, including persons with special needs consistent with City preference and priority categories and fair housing law."

The PHA Plan 2020 is also in agreement with the following City-approved program plans and documents:

- Five-Year Consolidated Plan (2020-2024)
- Rental Assistance Program Policies & Procedures

PUBLIC REVIEW AND COMMENTS:

The PHA Plan 2020 was reviewed by the Resident Advisory Board (RAB) at its meeting of February 20, 2020. The RAB, which is comprised of Section 8 HCV Program participants, recommended that the PHA Plan 2020 be approved by the City.

Copies of the PHA Plan 2020 have been made available to the general public on the Housing Department website for a public review and comment period beginning February 21, 2020 through the present, as required by HUD. Public notices of the review and comment period, and the City public hearing, were posted on the Housing

Department website on September 1, 2020, and published in the Pasadena Star News on September 3, 2020.

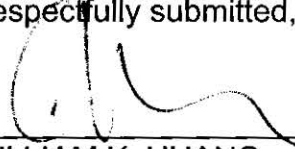
ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "General Rule" provision of CEQA, as it will not have a potentially significant environmental effect and therefore falls under the "general rule" exemption.

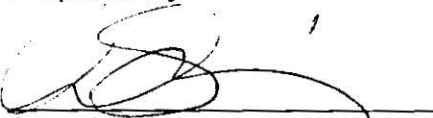
FISCAL IMPACT:

Submission of the PHA Plan 2020 will have no direct fiscal impact on the General Fund. Its submission will ensure compliance with HUD-stipulated regulations for the City's receipt of federal funds in excess of \$14 million to administer and provide HCV rental subsidies.

Respectfully submitted,


WILLIAM K. HUANG
Director of Housing
Department of Housing

Prepared by:


Anne Lansing
Housing Assistance Officer

Approved by:


STEVE MERMELL
City Manager

ATTACHMENT: PHA Annual Plan (2020)
Administrative Plan