

# Agenda Report

January 12, 2026

**TO:** HONORABLE MAYOR AND CITY COUNCIL

**FROM:** James Wong, Director of Housing

**SUBJECT: PUBLIC HEARING: APPROVE THE PUBLIC HOUSING AGENCY ADMINISTRATIVE PLAN UPDATES**

## **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), the "common sense" provision that CEQA only applies to projects that may have a significant effect on the environment; and
- 2) Approve certain updates to the City's Public Housing Agency Administrative Plan, as described in this report.

## **BACKGROUND:**

The City of Pasadena Housing Department ("CoPHD", the name used by HUD to identify the City's public housing agency) serves as the Public Housing Agency ("PHA") for Pasadena. As the PHA, the CoPHD administers the U.S. Department of Housing & Urban Development ("HUD")-funded Housing Choice Voucher ("HCV") Program, commonly known as Section 8, and other related rental assistance programs.

The HCV program provides 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 2026, the total federal appropriation for the HCV Program is approximately \$20.5 million. The CoPHD is required to have an Administrative Plan that outlines the policies and procedures for operating these programs, and to update the Administrative Plan as policies and procedures change. Updates to the Administrative Plan was last approved by City Council on April 15, 2024, as part of the submittal of the PHA Annual Plan (2024).

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Two (2) updates are recommended to the current Administrative Plan:

- Alternate subsidy standards that would be utilized if necessary if HCV funding for a program year is inadequate to serve program participants without reductions to total households served.
- A waiting list preference for Emergency Housing Voucher (EHV) Program participants who will be placed on the HCV Waiting list without needing to apply.

Details on each of these proposed updates follow.

### **Alternate Subsidy Standards**

Funding for the HCV Program is divided into two pots. The administrative funding pot is based on a HUD per unit cost calculation which is then multiplied by an adjustment factor, which can be less than 100%. Program funding for rental subsidy is based on the amount spent the prior year, multiplied by an inflation factor and an adjustment factor, which can also be less than 100%. Recent uncertainty about federal funding means that the CoPHD needs to be nimble about adapting to changes in funding level quickly and smartly.

PHAs are required to set subsidy standards based on household size which determine the voucher bedroom size, and thus the maximum subsidy, for which program participant households are eligible.

Table A illustrates the current subsidy standards used by the CoPHD. If the CoPHD determines or is informed by HUD that it is at risk of needing to terminate program participants due to a shortfall in Housing Assistance Payments (HAP) funding, the CoPHD proposes to apply the subsidy standards illustrated in Table B to all newly issued vouchers and moves beginning the first of the month after funding shortfall is determined, and for all other program participants on their lease anniversary.

**TABLE A: CURRENT HOUSING SUBSIDY STANDARDS**

<b>Number of Bedrooms</b>	<b>Persons in Household</b>	<b>Persons in Household</b>
	(Minimum #)	(Maximum #)
Single Room Occupancy	1	1
0 Bedroom	1	2
1 Bedroom	1	4
2 Bedrooms	3	6
3 Bedrooms	6	8
4 Bedrooms	8	10
5 Bedrooms	10	12

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**TABLE B: PROPOSED SHORTFALL FUNDING HOUSING SUBSIDY STANDARDS**

<b>Number of Bedrooms</b>	<b>Persons in Household</b>	<b>Persons in Household</b>
	(Minimum #)	(Maximum #)
Single Room Occupancy	1	1
0 Bedroom	1	2
1 Bedroom	2	4
2 Bedrooms	4	6
3 Bedrooms	6	8
4 Bedrooms	8	10
5 Bedrooms	10	12

Households that include a person with a disability may request a reasonable accommodation to the subsidy standard that applies to their household size when appropriate.

The CoPHD would revert to the original subsidy standards once it is determined that the annual funding allocation from HUD will support the higher rate of subsidy without the need to terminate program participants.

**Waiting List Preference for Emergency Housing Voucher Participants**

The CoPHD was awarded Emergency Housing Vouchers (“EHV”) from HUD under the American Rescue Plan of 2021. Rental assistance for EHV participants was expected to continue through 2030. However, on March 6, 2025, PHAs across the country, including the CoPHD, were informed by HUD that funding for the program would end in 2026.

HUD encouraged PHAs in PIH Notice 2025-19 to transition EHV households whose assistance is ending to the HCV program so that EHV families do not lose assistance and potentially face homelessness. PHAs who wish to transition EHV participants to HCV must provide a preference for EHV participants in the Administrative Plan in accordance with HUD guidance.

The CoPHD requested a waiver from HUD to place all EHV participants on the HCV waiting list rather than require them to apply individually. That waiver was approved on September 23, 2025.

The CoPHD proposes to provide preference for up to 85 EHV households and will place these households on the HCV waiting list. The CoPHD must have a voucher available and adequate funding to support it before admitting an EHV participant into the HCV program.



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### **Potential Impact Due to Changes in Federal Funding**

The HCV program provides funding for tenant-based and project-based rental subsidies, both through HAP contracts with landlords on behalf of low-income households, as well as funding support for program administration. There are currently no anticipated cuts to HAP rent subsidies in FY 2027. Administrative funding in FY 2027 is expected to be slightly reduced, from approximately \$2.1 million (91% of CoPHD's calculated need) to \$2.0 million (88% of CoPHD's calculated need).

On December 22, 2025, the City along with other PHAs across the country received an email from HUD regarding budget management in 2026. It instructed PHAs to stop issuing new vouchers. It also stated that PHAs that have received "shortfall funding" over the past years may not be prioritized for future shortfall funding. This has not been HUD policy under prior administrations. Shortfall funding is end-of-year funding awarded by HUD to fill rent subsidy gaps due to cost increases during the calendar year. Shortfall occurs when the actual subsidy cost of an HCV participant's rental unit increases over the calendar year at a rate higher than anticipated by HUD. This can happen if participant income decreases or, more commonly, if area rents increase. The City recently received shortfall funding for calendar year 2025 in the amount of \$205,886.

Staff have previously informed Council that funding for the EHV program is ending in 2026, four years earlier than HUD originally stated. The CoPHD has identified alternate federal and county funding to continue to assist approximately half of the 85 EHV program participants. However, options to assist the remaining participants are limited.

### **COUNCIL POLICY CONSIDERATION:**

Approval of the updates to the Administrative Plan advance Policy HE-3.6 in the City's Housing Element (2021-2029), 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."

Approval of the updates to the Administrative Plan is also in agreement with the Five-Year Consolidated Plan (2025-2030).

### **PUBLIC REVIEW AND COMMENTS:**

Copies of the draft updated Administrative Plan have been made available to the general public on the Housing Department website for a public review and comment period beginning November 24, 2025, through the present, as required by HUD. Public notices of the City public hearing were published in the Pasadena Press in English, Armenian, and Spanish on November 24, 2025.

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**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 "common sense" provision of CEQA which applies to activities which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The approval of the updated

Administrative Plan will not have a significant effect on the environment and, hence, is not subject to CEQA.

**FISCAL IMPACT:**

Approval of the updated PHA Administrative Plan will have no direct fiscal impact on the General Fund.

Respectfully submitted,

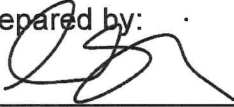


JAMES WONG

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ATTACHMENT: Administrative Plan