



## CITY OF GLENDALE, CALIFORNIA REPORT TO THE GLENDALE HOUSING AUTHORITY

### AGENDA ITEM

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Report: Public Hearing and Approval of the Section 8 Public Housing Agency Annual Plan FY 2024-2025

1. Resolution Adopting and Authorizing the Submission of the Public Housing Agency Annual Plan for FY 2024-2025.

### COUNCIL ACTION

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**Item Type:** Public Hearing

**Approved for** April 2, 2024 **calendar**

### EXECUTIVE SUMMARY

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The Section 8 Public Housing Agency Annual (PHA) Plan is a ready source of information for interested parties to locate basic policies, rules, and requirements concerning the PHA's operations, programs and services for the Section 8 program. It also provides a progress report on the goals and objectives that were included in the Section 8 PHA 5-Year Plan FY 2020-2025. The U.S. Department of Housing and Urban Development (HUD), requires that a 45-day public comment period and public hearing be held before the submittal deadline of the Section 8 Annual Plan FY 2024-2025 to HUD.

## RECOMMENDATION

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That the Housing Authority of the City of Glendale conduct a public hearing and adopt a resolution authorizing the submission of the Section 8 PHA Annual Plan for FY 2024-2025 to HUD.

## BACKGROUND

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The PHA Plan is a comprehensive guide to PHA's Section 8 policies, programs, operations, and strategies for meeting local housing needs and goals. There are two parts to the PHA Plan: the 5-Year plan, which each PHA submits to HUD once every 5<sup>th</sup> PHA fiscal year, and the Annual Plan, which is submitted to HUD every year.

The PHA 5-Year Plan outlines goals and objectives that are measured in a progress report included in the Annual Plan. In 2020, the Housing Authority approved the PHA 5-Year Plan for FY2020-2025.

Federal law requires the Housing Authority to submit a PHA Annual Plan to HUD. Since the Housing Authority has been designated a high-performing agency, the PHA is eligible to submit a streamlined Annual Plan.

## ANALYSIS

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The Glendale Section 8 Program, as described in the Annual Plan, currently consists of an allocation of approximately 2883 vouchers (locally authorized and portables) and will require a budget of approximately \$49.1 million to continue to provide this level of service.

Although the Housing Authority is authorized to provide a maximum of 1,666 Glendale housing choice vouchers, the ability to lease these Glendale vouchers is limited by the amount of overall funding HUD provides to the PHA. Approximately 1,454 Glendale vouchers are currently leased as of March 1, 2024. Another 992 households are served under "portability" in which Housing Choice Vouchers are issued by other agencies and the Housing Authority administers these vouchers for households who elect to live in Glendale. In addition, a total of 218 households leased up under the Emergency Housing Voucher program, including 44 households that ported out to other agencies and were absorbed. Finally, another 14 in Mainstream and 6 in VASH special vouchers are leased up in Glendale. In 2023, a total of 105 families were pulled from the Glendale Section 8 waiting list with more families expected to be pulled in 2024.

### Plan Summary:

This year's Annual Plan (**Exhibit 1**) focuses on four categories: deconcentration, financial resources, rent determination and significant policy amendments. It also provides a progress report on the mission and goals that were adopted as part of the PHA 5-Year Plan in 2020.

### Deconcentration:

This year, as mandated by HUD, the GHA will implement payment standards based on Small Area Fair Market Rents (SAFMRs).

On November 16, 2016, HUD published the SAFMR Final Rule. The rule provides that in lieu of determining Housing Choice Voucher (HCV) payment standards using a metropolitan area-wide FMR, payment standards will use FMRs calculated for ZIP codes within metropolitan areas. The metropolitan areas identified to use ZIP code-based FMRs are those metropolitan areas with both significant voucher concentration challenges and market conditions where establishing FMRs by ZIP codes has the potential to significantly increase opportunities for voucher families. The use of SAFMRs is expected to give HCV tenants access to areas of high opportunity and lower poverty by providing a subsidy that is adequate to cover rents in those areas, thereby reducing the number of voucher families that reside in areas of high poverty concentration.

Furthermore, implementing SAFMRs will reduce barriers and create better opportunities for families we serve. SAFMRs allow PHAs to establish payment standards that better reflect local market variations at the zip code-level, and they ensure a percentage of units in each neighborhood is affordable with a voucher. This helps families lease homes in neighborhoods with higher median rents, well-performing schools, and other life-enriching opportunities that are otherwise out of reach. Moving to these neighborhoods can often have positive, long-term effects.

In addition, SAFMRs can also help an agency boost its performance under the Section Eight Management Assessment Program (SEMAP) by making it easier to earn “Deconcentration Bonus” points for enabling voucher holders to move to low-poverty neighborhoods, meet its obligation to affirmatively further fair housing by providing families access to more racially integrated neighborhoods, and help avoid excessive concentration of voucher holders in a small number of neighborhoods, which in some cases may reduce community support for the agency and the voucher program. At the time the Final Rule was published, only 24 metropolitan areas were mandated to implement SAFMRs. The City of Glendale was outside that jurisdiction and exercised its discretion and continued using traditional FMRs to establish payment standards.

In 2023, GHA was mandated to implement SAFMRs by October 1, 2024. Staff is currently working on the adoption of the new rules in the Section 8 Administrative Plan and will bring it to the Housing Authority for approval later this year.

#### Financial Resources:

The financial resources list a total budget of \$49.1 million to cover six planned voucher uses and their respective administrative fees: 1) Glendale HCV Vouchers, 2) VASH Vouchers (Veterans Affairs Supportive Housing), 3) Mainstream Vouchers, 4) Fair Share Vouchers, 5) EHV Vouchers (Emergency Housing Voucher), and 6) Portable Vouchers..

Planned Use	# of vouchers	Amount
Glendale HCV Vouchers (HAP)	1666	\$26,489,400.00
Administrative Fees		\$2,198,012.00
	subtotal	<b>\$28,687,412.00</b>
EHV Vouchers (HAP)	225	\$4,085,100.00
Administrative Fees		\$405,135.00
	subtotal	<b>\$4,490,235.00</b>
Port Vouchers (HAP)	992	\$14,915,712.00
Administrative Fees		\$1,066,979.00
	subtotal	<b>\$15,982,691.00</b>
	<b>GRAND TOTAL</b>	<b>\$49,160,338.00</b>

#### Rent Determination:

In November 2024, the Housing Authority revised its payment standard based on the finalized FY 2023 Fair Market Rents (FMRs) which resulted in a higher payment standard for all five-bedroom categories listed below. The new payment standards went into effect on December 1, 2023, but will be implemented for each individual household at their respective annual recertification. The total projected estimated cost of this payment standard increase to the Section 8 program will be approximately \$9.2 million over 12 months.

<b><u>BR</u></b>	<b><u>HCV (\$8)</u></b>	<b><u>EHV</u></b>	<b><u>VASH</u></b>	<b><u>FMR</u></b>
0	\$1,955	\$2,132	\$2,132	\$1,777
1	\$2,207	\$2,407	\$2,407	\$2,006
2	\$2,798	\$3,053	\$3,053	\$2,544
3	\$3,589	\$3,916	\$3,916	\$3,263
4	\$3,960	\$4,320	\$4,320	\$3,600
5	-	\$4,968	\$4,968	\$4,140

Significant Amendment/Modification:

HUD requires that significant changes made by the PHA that result in changes to the Section 8 Administrative Plan also be included in the PHA plan. The definition of a significant amendment is any change to rent and income determination, fair housing requirements, admissions and screening policies or organization of the waiting list.

On July 29, 2016, the Housing Opportunity Through Modernization Act (HOTMA) was signed into law. HOTMA introduced a massive set of changes and reforms to various federal housing programs, including the Section 8 Housing Choice Voucher Program. In February of 2023, HUD published the final rule regarding HOTMA. The final rule is set to go into effect on January 1, 2025.

The intent of the law was to ease the burden on public housing authorities by streamlining the rules governing the administration of federally subsidized programs. Some of the major changes include changes in the requirements related to income reviews and the establishment of maximum asset limits for program eligibility and continued assistance.

Other changes include changes to the Section 8 inspection protocol. The new protocol, called the National Standards for the Physical Inspection of Real Estate (NSPIRE) is set to go into effect on October 1, 2024. The new protocol will focus on the health, safety

and functional defects over appearance in order to produce inspection results that better reflect the true physical condition of a property.

Staff is currently working on the adoption of the new rules in the Section 8 Administrative Plan and will bring it to the Housing Authority for approval later this year.

#### Plan Submittal:

As required by HUD, the PHA Plan was made available to all members of the Section 8 Resident Advisory Board (RAB). Staff met with the RAB in February to present the Plan and obtain comments/feedback. Twenty Board members attended the meeting. Those comments/feedback are included as minutes and are part of the PHA Plan. **(Exhibit 2)**

Along with the required public review, hearing and Resident Advisory Board comments, HUD requires that two certifications be submitted along with the Plan.

- 1) Certification of Compliance with PHA Plans and Related Regulations which certifies the Plan is in compliance with 22 listed HUD agreements relating to civil rights protections. **(Exhibit 3)**
- 2) Certification by State or Local Official of PHA Plans consistency with the Consolidated Plan or State Consolidated Plan which certifies that the Plan is consistent with the FY 2020-2025 Community Needs Assessment that was used in the Consolidated Plan and Analysis of Impediment to Fair Housing Choice 2020-2025. **(Exhibit 4)**

### **STAKEHOLDERS/OUTREACH**

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In accordance with Section 5A of the United States Housing Act of 1937 (USHA), as amended by Section 511 of the Quality Housing and Work Responsibility Act of 1998, a Notice of Public Hearing, for this Public Hearing, was published in the Glendale Independent.

In addition to meeting with the Resident Advisory Board, the PHA plan was made available online on the Housing webpage and available to interested parties via email, fax or by mail.

### **FISCAL IMPACT**

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There is currently no Fiscal Impact, however the anticipated \$49.1 million in Section 8 Voucher funding, subject to HUD's final award amounts, will be appropriated via the FY 2024-25 budget process.

### **ENVIRONMENTAL REVIEW (CEQA/NEPA)**

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### **CAMPAIGN DISCLOSURE**

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This item is exempt from campaign disclosure requirements.

## **ALTERNATIVES NOT RECOMMENDED BY STAFF**

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1. The Housing Authority may determine they do not wish to adopt the plan; however due to strict HUD regulations regarding funding requirements, if the Housing Authority does not adopt and submit an Annual Plan for Fiscal Year 2024-2025, HUD may impose sanctions against the Housing Authority and will not approve continued funding until an approved PHA Plan is submitted.
2. The Housing Authority may consider any other alternatives not presented by staff.

## **ADMINISTRATIVE ACTION**

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**Prepared by:**

Peter Zovak, Assistant Director of Community Development

**Approved by:**

Roubik R. Golanian, P.E., City Manager

## **EXHIBITS/ATTACHMENTS**

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| Exhibit 1: | Section 8 PHA Annual Plan FY 2024-2025  |
| Exhibit 2: | Resident Advisory Board Meeting Minutes   |
| Exhibit 3: | Certification of Compliance with PHA Plans and Related Regulations  |
| Exhibit 4: | Certification by State or Local Official of PHA Plans consistency with the Consolidated Plan or State Consolidated Plan |