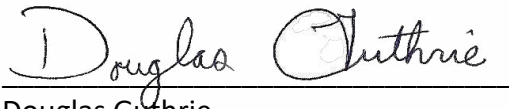


RESOLUTION AUTHORIZING ADDITIONS TO THE SECTION 8 ADMINISTRATIVE PLAN SECTION 16.42 REGARDING USE OF SMALL AREA FAIR MARKET RENTS FOR THE PROJECT BASED VOUCHER PROGRAM



Douglas Guthrie
President & Chief Executive Officer



Carlos Van Natter
Director of Section 8

Purpose: To allow use of Small Area Fair Markets in the Project Based Voucher program.

Issues: Small Area Fair Market Rents (SAFMRs) only apply to tenant-based assistance under the Housing Choice Voucher (HCV) program. However, a Housing Authority may elect to apply SAFMRs to Project Based Voucher (PBV) units (24CFR 888.113(c)(5)).

On January 17, 2018, HUD issued PIH Notice 2018-01 outlining the requirements for a Housing Authority that administers vouchers in a metropolitan area where the adoption of SAFMRs is not required. A Housing Authority that chooses to adopt SAFMRs must submit a written request to its local HUD Office of Public Housing.

On October 7, 2022 HACL A submitted a request to HUD to implement SAFMRs effective January 1, 2023 for its Housing Choice Voucher (HCV) program.

For PBV, HUD requires that the Section 8 Administrative Plan include HACL A's policies concerning application of SAFMRs (24CFR 982.54(d)(23)).

This action will align the PBV program with the other HCV tenant based programs in the use of SAFMRs and provide support to developers in siting PBV buildings in higher opportunity areas that will benefits tenants.

Procurement: Not Applicable.

Current Request: To address the requirement for the implementation of SAFMRs to HACL A's PBV program, Section 8 will codify policies on how to apply SAFMRs to the PBV program in the Section 8 Administrative Plan.

Vision Plan: **PLACE Strategy No. 3, Improve and expand Section 8 program, policies, and efficiencies.**

The enormous need for affordable housing compels HACLA to increase the number of vouchers available in the Los Angeles market for all affordability levels and programs. It is expected that the implementation of Small Area Fair Market Rents for the PBV program will increase affordable housing opportunities.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: Applying SAFMRs to HACLA's PBV program is covered by existing budget authority. PBV projects are subject to a rent reasonableness determination.

Budget and Program Impact: The necessary funds will be available and included in the corresponding HACLA budget year.

Environmental Review: Not Applicable.

Section 3: Not Applicable.

Attachments:

1. Resolution
2. Section 8 Administrative Plan Revisions

RESOLUTION NO. _____

RESOLUTION AUTHORIZING ADDITIONS TO THE SECTION 8 ADMINISTRATIVE PLAN SECTION 16.42 REGARDING USE OF SMALL AREA FAIR MARKET RENTS FOR THE PROJECT BASED VOUCHER PROGRAM

WHEREAS, Small Area Fair Market Rents (SAFMRs) only apply to tenant-based assistance under the Housing Choice Voucher (HCV) program;

WHEREAS, a Housing Authority may elect to apply SAFMRs to Project Based Voucher (PBV) units (24CFR 888.113(c)(5));

WHEREAS, On January 17, 2018, HUD issued PIH Notice 2018-01 outlining the requirements for a Housing Authority that administers vouchers in a metropolitan area where the adoption of SAFMRs is not required. A Housing Authority that chooses to adopt SAFMRs must submit a written request to its local HUD Office of Public Housing;

WHEREAS, On October 7, 2022 HACL A submitted a request to HUD to implement SAFMRs effective January 1, 2023 for its Housing Choice Voucher program;

WHEREAS, For PBV, HUD requires that the Section 8 Administrative Plan includes HACL A's policies concerning application of SAFMRs (24CFR 982.54(d)(23));

WHEREAS, to address this requirement for the implementation of SAFMRs to HACL A's PBV program, Section 8 will codify policies on how to apply Small Area Fair Market Rents to the Project Based Voucher program in the Section 8 Administrative Plan; and

WHEREAS, this action will align the PBV program with the other HCV tenant based programs in the use of SAFMRs and provide support to developers in siting PBV buildings in higher opportunity areas that will benefits tenants.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners approves the attached additions to Section 16.42 regarding use of Small Area Fair Market Rents for the Project Based Voucher program to the Section 8 Administrative Plan.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
James Johnson, General Counsel

By: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____

Attachment No. 2: Section 8 Administrative Plan Revisions

Add new Sections 16.42.1 Small Area Fair Market Rents and 16.42.2 Decrease in Small Area Fair Market Rent to read as follows:

(Strikeout = deleted text. ***Bold italics*** = added text)

16.42.1 Small Area Fair Market Rents

Small Area FMRs do not apply to Project-based vouchers regardless of whether HUD designates the metropolitan area or approves HACLA for Small Area Fair Market Rents (SAFMRs). The following exceptions apply:

(1) Where the Housing Authority notice of owner selection under 24 CFR 983.51(d) was made on or before the effective dates of both the Small Area FMR designation and HACLA's administrative policy, HACLA and the owner may mutually agree to apply the Small Area FMR. The application of the Small Area FMRs must be prospective and consistent with HACLA's S8 Administrative Plan. The owner and HACLA may not subsequently choose to revert back to the use of the metropolitan wide FMRs for the PBV project. If the rent to owner will increase as a result of the mutual agreement to apply the Small Area FMRs to the PBV project, the rent increase shall not be effective until the first annual anniversary of the HAP contract in accordance with 24 CFR 983.302(b).

(2) Where the Housing Authority notice of owner selection under 24 CFR 983.51(d) was made after the effective dates of both the Small Area FMR designation and HACLA's administrative policy, the Small Area FMRs shall apply to the PBV project if HACLA's S8 Administrative Plan provides that Small Area FMRs are used for all future PBV projects. If HACLA chooses to implement this administrative policy, the policy must apply to all future PBV projects and the HACLA's entire jurisdiction. The owner and HACLA may not subsequently choose to apply the metropolitan area FMR to the project, regardless of whether HACLA subsequently changes its Administrative Plan to revert to the use of metropolitan-wide FMR for future PBV projects.

(3) For purposes of this section, the term "effective date of the Small Area FMR designation" means:

(i) The date that HUD designated a metropolitan area as a Small Area FMR area;
or

(ii) The date that HUD approved HACLA's request to voluntarily opt to use Small Area FMRs for its HCV program, as applicable.

(4) For purposes of this section, the term "effective date of HACLA's administrative policy" means the date the administrative policy was formally adopted as part of HACLA's S8 Administrative Plan by HACLA's Board of Commissioners or other authorized HACLA officials in accordance with § 982.54(a).

On October 7, 2022 HACLA submitted a request to HUD to implement SAFMRs effective January 1, 2023 for its HCV program. For all current and future PBV projects, HACLA will apply SAFMRs to its PBV program.

16.42.2 Decrease in the Small Area Fair Market Rent

If as a result of a reduction in the SAFMR, the Housing Authority is required to adjust any of its payment standards to remain within the limits of the “basic range” established by HUD, at the discretion of the Housing Authority the decreased payment standard will not be applied to a participant family continuing to reside in an assisted unit. The Housing Authority may choose to continue to use the higher voucher payment standard for as long as the participant family continues to receive housing assistance in that assisted unit.