

RESOLUTION APPROVING HACLA'S SECTION EIGHT MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION FOR FISCAL YEAR ENDING DECEMBER 31, 2022



Douglas Guthrie
President & Chief Executive Officer



Carlos Van Natter
Director of Section 8

Purpose: To comply with HUD Regulations requiring submittal of SEMAP certification within 60 days of the fiscal year-end.

Issues: HACLA projects an overall score of 125 out of 145 points for FY 2022, which at 86% equates to a "Standard" designation.

SEMAP includes 14 program indicators and one bonus indicator to measure Public Housing Agency (PHA) Management Performance in the Section 8 Housing Choice Voucher Program. HACLA will not certify for the Deconcentration bonus indicator.

Of the 14 indicators, five are scored automatically by HUD using data transmitted from HACLA to HUD's Multifamily Tenant Characteristics System (MTCS). The MTCS provides monthly management reports that update the SEMAP score for these five metrics.

The HUD SEMAP webform requires that HACLA formally certify its performance. The HACLA Board of Commissioners must approve the certification, after which the Board Chairperson and HACLA President & CEO authorize certification for transmission. The submission must be electronically transmitted to HUD on or before March 1, 2023.

Procurement: Not Applicable.

Vision Plan: **PATHWAYS Strategy No. 6: Use data and analysis performance measurement tools across platforms and programs.**

The Section 8 Management Assessment Program (SEMAP) is designed to assess whether the Section 8 tenant-based assistance programs operate to help eligible families afford decent rental units at the correct subsidy cost. SEMAP also establishes a system for HUD to measure the Housing Authority performance in key Section 8 program areas. SEMAP provides procedures for HUD to identify management capabilities and deficiencies in order to target monitoring and

program assistance more effectively. The Housing Authority uses the SEMAP performance analysis to assess and improve its own program operations.

Funding: This approval requires no funds.

Environmental Review: Not Applicable.

Section 3: Not Applicable.

Attachments:

- I. SEMAP Assessment Summary
- II. Discussion of SEMAP Indicators
- III. Resolution

ATTACHMENT I

**HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
SECTION 8 MANAGEMENT ASSESSMENT PROGRAM
As of December 31, 2022**

| INDICATORS | TOTAL Possible Points | FY 2022 Projected Points |
|---|----------------------------------|-------------------------------------|
| 1. Selection from Waiting List | 15 | 15 |
| 2. Reasonable Rent | 20 | 20 |
| 3. Determination of Adjusted Income | 20 | 20 |
| 4. Utility Allowance Schedule | 5 | 5 |
| 5. HQS Quality Control Inspections | 5 | 5 |
| 6. HQS Enforcement | 10 | 10 |
| 7. Expanding Housing Opportunities | 5 | 5 |
| 8. FMR Limit and Payment Standards | 5 | 5 |
| 9. Annual Reexaminations | 10 | 5 |
| 10. Correct Tenant Rent Calculations | 5 | 5 |
| 11. Pre-contract HQS Inspections | 5 | 5 |
| 12. Continuing HQS Inspection | 10 | 0 |
| 13. Lease-up | 20 | 15 |
| 14. Family Self-Sufficiency Enrollment and Escrow Accounts Success Rate | 10 | 10 |
| Deconcentration Bonus (bonus)* | N/A | N/A |
| Total Points | 145 | 125 |
| Projected Score | | 86% |

(*) Deconcentration Bonus is not a required indicator

Scores for indicators 9 – 12 and 14 are as of December 31, 2022 as reported by HUD MTCS SEMAP and detail reports.

ATTACHMENT II

DISCUSSION OF SEMAP INDICATORS

HUD verifies SEMAP Indicators in the following ways:

- HUD verifies the following five indicators through the Multi-Family Tenant Characteristics System (MTCS):
 - Annual Re-Examinations
 - Correct Tenant Calculations
 - Pre-contract HQS
 - Continuing HQS Inspections
 - Family Self-Sufficiency (FSS) Enrollment & Escrow Accounts

- HUD requires HACLA to verify the following five indicators by internal audit:
 - Selection from the Waiting List
 - Reasonable Rent
 - Determination of Adjusted Income
 - HQS Enforcement
 - FMR Limit and Payment Standard

- HUD requires the HACLA to verify the remaining five indicators by internal documents review:
 - Utility Allowance Schedule
 - HQS Quality Control Inspections
 - Expanding Housing Opportunities
 - Lease-up
 - Deconcentration Bonus

Indicator 1. SELECTION FROM THE WAITING LIST

This indicator measures whether the Public Housing Agency (PHA) has written policies in its S8 Administrative Plan for selecting applicants from the waiting list and follows those policies. To receive a maximum of 15 points, HACLA must have supporting documentation in at least 98% of the audited cases.

HACLA has the required policies in its S8 Administrative Plan for selecting applicants from the waiting list. All applicant draw-downs met audited standards. HACLA is eligible to receive 15 points for this indicator.

TOTAL POSSIBLE POINTS: 15

PROJECTED POINTS: 15

Indicator 2. REASONABLE RENT

This indicator measures whether the PHA has a reasonable written methodology to determine and document that each leased unit has a reasonable rent. To receive 20 points, HACLA must provide supporting documentation in 98% of audited cases. To receive 15 points, the agency must provide supporting documentation in 80% to 97% of audited cases. Performance below 80% receives 0 points.

HACLA has implemented a written method to determine and document rent reasonableness. Our SEMAP audit found 97% of the units met the criteria. HACLA is eligible to receive 15 points for this indicator.

TOTAL POSSIBLE POINTS: 20

PROJECTED POINTS: 20

Indicator 3. DETERMINATION OF ADJUSTED INCOME (DAI)

This indicator measures whether, at the time of admission and annual reexamination, the PHA verifies and correctly determines annual adjusted income and, as applicable, uses the correct utility allowance. To receive a score of 20 points, 90% to 100% of the files audited must contain third party verification or an explanation of why it is unavailable, accurately calculate adjusted annual income, accurately calculate allowances and deductions, and accurately assign utility allowances. To receive 15 points, HACLA's accuracy rate must fall between 80% and 89%. An accuracy rate below 80% earns zero points.

Internal audit results on 600 files sampled show that at the time of admission and annual reexamination the HACLA staff performed all of the above four functions accurately for 93% of the households. HACLA is eligible to receive 20 points for this indicator.

TOTAL POSSIBLE POINTS: 20

PROJECTED POINTS: 20

Indicator 4. UTILITY ALLOWANCE SCHEDULE

This indicator measures whether the PHA maintains an up-to-date utility allowance. A total of 5 points are available for this indicator.

The utility allowance schedule was reviewed during 2019 and appropriate adjustments have been made effective December 15, 2022. HACLA is eligible to receive 5 points for this indicator.

TOTAL POSSIBLE POINTS: 5

PROJECTED POINTS: 5

Indicator 5. HOUSING QUALITY STANDARDS (HQS) QUALITY CONTROL INSPECTIONS

This indicator measures whether the PHA’s supervisors re-inspected a sample of units under contract during the fiscal year. A total of 5 points are available for this indicator.

SEMAP requires HACLA to conduct HQS QC inspections of a minimum of 250 units under contract. The re-inspected sample must be drawn from recently completed HQS inspections (i.e., performed during the 3 months preceding re-inspection) and it is to be drawn to represent a cross section of neighborhoods and the work of a cross section of inspectors. HQS Supervisors conducted 321 quality control inspections for Calendar Year 2022. HACLA is eligible to receive 5 points for this indicator.

TOTAL POSSIBLE POINTS: 5

PROJECTED POINTS: 5

Indicator 6. HQS ENFORCEMENT

This indicator measures whether the PHA followed up on those units failing to meet HQS standards at the time of annual inspection, and abated the payment to the owner or canceled the contract where deficiencies were not corrected in a timely manner.

In order to obtain 10 points for this indicator any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and, for at least 98 percent of cases sampled, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection or any PHA-approved extension.

The audit sample indicates that HACLA abated payments or cancelled the HAP contract within the required time frame 99% of the time. HACLA is eligible to receive 10 points for this indicator.

TOTAL POSSIBLE POINTS: 10

PROJECTED POINTS: 10

Indicator 7. EXPANDING HOUSING OPPORTUNITIES

This indicator measures whether the PHA has a written policy in its S8 Administrative Plan to encourage participation by owners of units outside areas of poverty or minority concentration; informs voucher and certificate holders of the full range of areas where they may lease units; and provides other information and assistance. HACLA is eligible to receive 5 points for this indicator.

TOTAL POSSIBLE POINTS: 5

PROJECTED POINTS: 5

Indicator 8. FAIR MARKET RENT (FMR) LIMIT AND PAYMENT STANDARDS

This indicator measures whether a PHA has adopted payment standards by unit size for each FMR area in the PHA jurisdiction that do not exceed 110% of the current applicable FMR and are not less than 90% of the published FMR (unless a higher or lower payment standard has been approved by HUD).

During Calendar Year 2022, the HACLA payment standards were within the required range. Per PIH Notice 2021-34 issued December 9, 2021, HUD approved an expedited waiver request for Section 8 to set the Voucher Payment Standard (VPS) at 120% of the published FY2022 Final Fair Market Rents (FMR). HACLA is eligible to receive 5 points for this indicator.

TOTAL POSSIBLE POINTS: 5

PROJECTED POINTS: 5

Indicator 9. ANNUAL REEXAMINATIONS

This indicator measures whether the PHA completed a reexamination for each participating family at least every 12 months. In order to obtain 10 points for this indicator, fewer than 5% of all Housing Authority reexaminations may be more than two months overdue. In order to obtain 5 points for this indicator, 5% to 10% of all Housing Authority reexaminations may be more than two months overdue.

According to the HUD MTCS detail report of December 31, 2022, the Authority has 5% delinquency rate in annual reexaminations. HACLA is eligible to receive 5 points for this indicator.

TOTAL POSSIBLE POINTS: 10

PROJECTED POINTS: 5

Indicator 10. CORRECT TENANT RENT CALCULATIONS

This indicator measures whether the PHA correctly calculates the tenant rent in the certificate program and the family's share of rent in the voucher program. A minimum of 98% accuracy in rent calculations is required to obtain the maximum of 5 points.

According to the HUD MTCS report of December 31, 2022, tenant rent was calculated correctly 100% of the time. HACLA is eligible to receive 5 points for this indicator.

TOTAL POSSIBLE POINTS: 5

PROJECTED POINTS: 5

Indicator 11. PRE-CONTRACT HOUSING QUALITY STANDARDS (HQS INSPECTIONS)

This indicator measures whether newly leased units pass HQS inspections on or before the beginning date of the assisted lease and HAP contract. A minimum of 98% is required for maximum of 5 points.

According to the HUD MTCS report of December 31, 2022, 100% of newly leased units passed HQS inspections on or before the effective date of the HAP contract and the assisted lease. HACLA is eligible to receive 5 points for this indicator.

TOTAL POSSIBLE POINTS: 5

PROJECTED POINTS: 5

Indicator 12. CONTINUING HOUSING QUALITY STANDARDS (HQS) INSPECTIONS

This indicator measures whether the PHA inspects each unit under contract at least biennially. In order to obtain 10 points for this indicator, less than 5% of all Housing Authority HQS inspections may be overdue. In order to obtain 5 points for this indicator, 5% to 10% of all Housing Authority HQS inspections may be overdue.

According to the HUD MTCS detail report of December 31, 2022, 10% of continuing HQS inspections were overdue. HACLA is eligible to receive 0 points for this indicator.

TOTAL POSSIBLE POINTS: 10

PROJECTED POINTS: 0

Indicator 13. LEASE-UP

This indicator measures whether the PHA enters into HAP contracts for the full number of units allocated or utilizes its full budget authority for the given time period. A 98% rate of lease-up or use of budget authority is required for 20 points; 95% - 97% is required for 15 points; less than 95% equals 0 points.

HACLA is at 87% cumulative unit utilization and has expended 97% of its budgeted authority as of December 31, 2022. HACLA is eligible to receive 15 points for this indicator.

TOTAL POSSIBLE POINTS: 20

PROJECTED POINTS: 15

Indicator 14. FAMILY SELF-SUFFICIENCY (FSS) ENROLLMENT AND ESCROW ACCOUNTS

The Family Self-Sufficiency (FSS) indicator consists of two components which show (1) whether HACLA has enrolled families in the FSS program as required and, (2) the extent to which HACLA has supported FSS by measuring the percentage of enrolled FSS participants with progress report and escrow account balances. HUD verifies this indicator directly through MTCS.

Indicators 14 (a) and 14 (b) are calculated for a potential 10 points available.

| FSS Enrollment | FSS Escrow Accounts | Points |
|-----------------------|----------------------------|---------------|
| 80% or more | 30% or more | 10 |
| 60% - 79% | 30% or more | 8 |
| 80% or more | Less than 30% | 5 |
| Less than 60% | 30% or more | 5 |
| 60% - 79% | Less than 30% | 3 |
| Less than 60% | Less than 30% | 0 |

Indicator 14(a). FSS Enrollment. The first part of the indicator assesses whether the HACLA filled the required percentage of its mandatory FSS slots. In a letter dated July 17, 2020, the HACLA received approval from the HUD Field Office to reset its baseline of mandatory enrollment to 525 families based on administrative funding received to operate this program. HACLA’s total mandatory FSS enrollment is therefore 525. This approval expires three years from January 25, 2021. The SEMAP metric for enrollment requires 80% of total mandatory enrollment (at least 420 families) to score maximum points. According to the HUD MTCS report of November 30, 2022, HACLA’s total FSS enrollment is 461 families or 88% of the total mandatory enrollment.

Indicator 14(b). FSS Escrow Accounts. This part of the indicator assesses how HACLA supports FSS. It measures the percentage of FSS participants with increases in earned income that result in escrow account balances. The SEMAP metric for escrow account balances of enrolled families requires 30% escrow balances to score maximum points. According to the HUD MTCS report of November 30, 2022, HACLA's total FSS participants with progress report is 442, of which 281 or 64% have escrow accounts.

TOTAL POSSIBLE POINTS: 10

PROJECTED POINTS: 10

Indicator (15). DECONCENTRATION BONUS

To receive bonus points on this indicator, HACLA must either:

A. Document that the percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area during the last completed Fiscal Year (FY) is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the last completed PHA FY; or

B. Document that the percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area over the last two completed FYs is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the second to last completed PHA FY;

C. Document that half or more of all Section 8 families with children assisted by the PHA in its principal operating area at the end of the last completed PHA FY reside in low poverty census tracts.

Due to the rental market and economic characteristics of the City of Los Angeles this indicator has not been achieved, since other variables outside of HACLA's control intervene such as participant's residency preference, housing market conditions and federal budget constraints. HACLA did not meet any of the three criteria and would receive 0 points for this indicator.

TOTAL POSSIBLE (BONUS) POINTS: 5

PROJECTED POINTS: 0

RESOLUTION NO. _____

RESOLUTION APPROVING HACLA'S SECTION EIGHT MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION FOR FISCAL YEAR ENDING DECEMBER 31, 2022

WHEREAS, on October 13, 1998 the U.S. Department of Housing and Urban Development (HUD) published a final rule adopting the Section 8 Management Assessment Program (SEMAP);

WHEREAS, the SEMAP has established 14 indicators to measure public housing agency (PHA) management performance;

WHEREAS, the 14 SEMAP Indicators are:

1. Selection from the Waiting List
2. Reasonable Rent
3. Determination of Adjusted Income
4. Utility Allowance Schedule
5. Housing Quality Standards (HQS) quality control inspection
6. HQS enforcement
7. Expanding housing opportunities;
8. Fair market rent limit and payment standards
9. Annual reexaminations
10. Correct tenant rent calculations
11. Pre-contract HQS inspections
12. Continuing HQS inspections
13. Lease-up
14. Family Self-Sufficiency enrollment and escrow account

WHEREAS, HACLA has completed the SEMAP Certification for fiscal year ending December 31, 2022 for electronic submission to HUD by the submission deadline of March 1, 2023; and

WHEREAS, HACLA projects a score of 125 points out of a possible 145 points, which equates to 86%, and a "Standard" designation.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners approves HACLA's Section 8 Management Assessment Program (SEMAP) 2022 certification for submission to the U.S. Department of Housing and Urban Development (HUD) and authorizes the President and CEO to submit the certification electronically by March 1, 2023.

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: _____