



Meeting Date: June 12, 2007

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent <input checked="" type="checkbox"/>
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Carrie Sabatini *Carrie Sabatini* Agenda Item No. I-4
 Reviewed By: City Manager *[Signature]* City Attorney *[Signature]* Finance *[Signature]* Other _____

DATE: June 1, 2007
TO: Housing Authority Commission
FROM: Salvador Gonzalez, Housing Director
 Housing Department *[Signature]*

SUBJECT: Request for Appropriation from the Section 8 and Housing Central Fund Reserves

RECOMMENDATION

That the Board of Commissioners of the Housing Authority of the City of Oxnard approve and authorize 1) the use of Section 8 administrative fee reserves in the amount of \$191,000 to fund a portion of the fiscal year 2007 deficit in the Section 8 program and 2) the use of Housing Central Fund reserves in the amount of \$191,000 to fund the remainder of the Section 8 deficit for fiscal year 2007.

DISCUSSION

The Oxnard Housing Authority (OHA) operates the Section 8 Housing Choice Voucher program to assist low income individuals and families obtain housing in the private rental market by providing rental assistance. The OHA is currently authorized to assist 1659 families. The Department of Housing and Urban Development (HUD) provides separate funding for rental subsidies under the program and for the administrative costs of the program. Over the past few years HUD, at the direction of Congress, has changed the funding methodology for the program several times, as well as the manner in which the program is to be operated.

In calendar year 2004, the program became a budget based program. In other words, HUD would fund the housing authority with a fixed amount of money and the housing authority was to lease up as many families as possible within those funds, without going over the maximum number of units. The administrative funding also became fixed at a significantly lower level than past administrative funding. HUD prohibits the use of rental subsidy funds for administrative costs.

Since that time, HUD has maintained this funding methodology with only minor increases, particularly on the administrative fee side. The administrative funding, overall, has actually decreased by over 7% since 2003. Over the past year (from 2005 to 2006), the OHA only saw a .3% increase in funding for administering the program. When that is taken into consideration with the fact that salaries and wages already exceed the total administrative fee funding, it is clear that our annual cost increases far outpace any increase in funding from HUD.

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Section 8 funding request

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In an effort to preserve the level of service and program compliance that the program requires, staff has closely scrutinized the expenditures of the program in an effort to trim the budget as much as possible. The following changes have been implemented during the current fiscal year to achieve cost savings: the staff assignments in the eligibility division have been rearranged, reducing the cost to the Section 8 program by the equivalent of .50 full-time equivalent; upon retirement of a Housing Specialist in the Section 8 program, the position was not filled; upon retirement of an Administrative Secretary III, the position was replaced by an Administrative Secretary I/II; an Accountant that was primarily assigned to Section 8 was released; and the assignment of approximately 10% of the Section 8 Inspectors time has been shifted to the Public Housing program. Even given the cost savings from the above measures, it is still anticipated that the program will result in a deficit of approximately \$382,000.

In the new year, additional consideration will continue to be given to all other aspects of the budget including investigating the possibility of direct deposit for the landlords, supporting regulatory reform for the program, and other options as they arise.

On May 10, 2007, the City Fiscal Policy Task Force considered various alternatives for addressing the deficit in the Section 8 program. The recommendation contained in this report was proposed as the best solution.

While this appropriation will address the immediate need in the program, it will not solve the problem going forward. The federal funding forecast for 2008, while still uncertain, appears to include an 8% increase at best effective in January 2008 (for half the upcoming fiscal year). This would not resolve the deficit, and additional draws from Section 8 program reserves would deplete all remaining reserves in the program. Additionally, the Housing Central Fund was established to fund one-time needs within the department. Since we will need to access it for the current year deficit, it will not be available for use in the upcoming year. Staff is therefore considering additional reductions in staffing and other potential revenue enhancements which will be part of the recommended budget for fiscal year 2008.

FINANCIAL IMPACT

The Housing Authority Section 8 program reserves are approximately \$420,000. After this draw, they will be reduced to \$229,000.

The Housing Central Fund reserves are approximately \$580,000. After this draw, they will be reduced to \$389,000.

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