

**City of Wichita
City Council Meeting
July 19, 2016**

TO: Mayor and City Council
SUBJECT: Wichita Housing Authority Semi-Annual Report
INITIATED BY: Housing and Community Services Department
AGENDA: New Business

Recommendation: Approve the Wichita Housing Authority semi-annual report and authorize submission to the U.S. Department of Housing and Urban Development (HUD).

Background: On January 23, 2001, City Council created Charter Ordinance Number 189 that established the Housing Advisory Board to oversee the Wichita Housing Authority. The membership of the Wichita Housing Authority Board shall consist of the members of the governing body of the City of Wichita, and one additional member who shall be a tenant receiving public housing or Section 8 assistance from the City of Wichita. Such additional member shall be appointed by the mayor with approval of the city council.

Since the Wichita Housing Authority does not have existing bylaws outlining reporting requirements, quarterly programmatic reports to the Housing Advisory Board have been requested by HUD so that City Council remains engaged in the public housing authority's service delivery.

Analysis: The Wichita Housing Authority (Authority) consists of two program divisions: (1) Public Housing and; (2) Section 8 Housing Choice Voucher (HCV). Public Housing manages 578 apartment units while HCV administers 2,636 tenant based rental assistance. The Authority receives its funding wholly from HUD. Public Housing receives \$3,917,126 for operating purposes and \$810,174 restricted to the Capital Fund Program each year. HUD also provides nearly \$13 million annually to the HCV for administration of its voucher program.

On June 27, 2016, the Authority's Public Housing program received a Public Housing Assessment (PHAS) of 72 out of 100 possible points and was designated as Sub-Standard by HUD for Fiscal Year 2015. This label marks the fifth time since 2011 that the Authority has been Sub-Standard. Key deficiencies were in property management and financial management.

Public Housing has a severe vacancy issue. On average, there are nearly 40 units that remain vacant each month resulting in a vacancy rate of 7 percent. The Authority must maintain no greater than a 3 percent vacancy in order to receive its full administration fee from HUD. The previous years' performance yield a net loss of approximately \$109,000 annually. Consequently, the Authority has been depleting its operating reserve so that program's expenditures are fully funded. As of May 31, 2016, Public Housing only has \$545,553 in reserves to last through December 31, 2016. Historically, the Authority has needed \$778,748 from reserves annually to cover shortfalls. Public Housing only has six months, to increase its PHAS and revenue or there will be insufficient funds to cover all expenses and the Sub-Standard designation will occur again in Fiscal Year 2016.

On the other hand, the HCV program was designated by HUD on April 15, 2018, as a High Performer for Fiscal Year Ended December 31, 2015. A 97 percent rating was attained based upon 140 of 145 points on the Section 8 Management Assessment Program.

The HCV program endeavors to increase its voucher utilization and has processed 2,374 voucher applications to date this year. The goal is to issue 500 new vouchers due to program attrition.

HUD also awarded HCV with 10 additional vouchers for veterans in its Veterans' Affairs Supportive Housing Program. The additional rental assistance helps to fulfill the Mayor's Challenge of Ending Homelessness among Veterans.

The Authority contacted HUD for technical assistance in order to improve its program management. HUD will assist the Authority to address weaknesses in admissions and leasing, succession planning, financial systems, and the design of a web-based portal so that program participants can receive and update information without having to physically complete paperwork.

OUTLINE NEXT STEPS

Financial Consideration: There is no impact to the General Fund as a result of this action.

Legal Consideration: The Law Department will review and approve as to form.

Recommendation/Actions: It is recommended that the City Council approve the Request for Proposal, grant funding upon receipt, and authorize the necessary signatures.

Attachments: Semi-Annual Report