



Administrative Report

H.20., File # 20-1577

Meeting Date: 10/20/2020

To: MAYOR AND CITY COUNCIL

From: JOHN LA ROCK, COMMUNITY SERVICES DIRECTOR

TITLE

APPROVE LICENSE AGREEMENT WITH HOUSING NETWORK, LLC D/B/A GOSECTION8.COM FOR A WEB-BASED RENT REASONABLE SYSTEM TO SUPPORT HOUSING AUTHORITY OPERATIONS IN THE AMOUNT NOT TO EXCEED \$3,000 PER YEAR AND A FIVE-YEAR TOTAL OF \$15,000 ALLOCATED FROM RESTRICTED SECTION 8 CARES ACT HOUSING ADMINISTRATION FUNDS FOR THE TERM OCTOBER 20, 2020 THROUGH JUNE 30, 2025

EXECUTIVE SUMMARY

HUD regulations require Housing Authorities to ensure rents charged by owners to the Housing Choice Voucher (HCV) program participants are reasonable. Housing Authorities must compare the rent for a voucher unit to rents for similar unassisted units in the marketplace. Ensuring rent reasonableness is a required critical analysis for effective program operations. HUD has provided the Redondo Beach Housing Authority (RBHA) \$242,925 in CARES Act administrative funding. This funding is restricted to the administrative expenses of the Housing Authority and its response to the coronavirus (COVID-19) pandemic. Specifically, expenditures that improve the administration of the program and increase the digitization of records, online services, and informational outreach by the RBHA are eligible expenses. The Section 8 HUD CARES Act administrative funding is not eligible for general City expenses or other special City programs in response to the pandemic.

The GoSection8 software streamlines the rent reasonable analysis by automatically integrating comparable data and generating HUD compliant rent reasonableness reports needed before executing a new housing contract, for each certification, and before approving any rent increase requested by a landlord. The GoSection8 software is successfully utilized by housing authorities including, but not limited to, Anaheim, Carlsbad, National City, Compton, Culver City, Hawthorne, Baldwin Park, Burbank, Calexico, Encinitas, Garden Grove, Glendale, Hawaiian Gardens, Inglewood, Norwalk, Pasadena, Pomona, Santa Monica, Torrance, Long Beach, City of Los Angeles, Los Angeles County, Oceanside, Orange County, Pico Rivera, Riverside County, San Bernardino County, San Diego County, San Diego, Santa Ana and South Gate.

The Redondo Beach Housing Authority does not currently have access to software which can analyze reliable rent reasonableness. RBHA staff conducts rent comparables manually using several websites at the risk of gathering inaccurate data and compiling data that is not current. The use of the GoSection8 platform will streamline operations and accelerate the processing of Section 8 applications and recertifications.

BACKGROUND

HUD's rent reasonableness standard is designed to ensure that rents being paid by Section 8 clients are reasonable in relation to rents being charged for comparable unassisted units within the same jurisdiction. In determining comparability, the Housing Authority must consider the following factors: location (South or North Redondo Beach), unit type, age of the contract unit, amenities, housing services, maintenance, and utilities the owner/landlord must provide under the lease. RBHA currently does not have an automated system to analyze rent comparables. Staff relies on anecdotal information found online to determine if the rent charged for a unit is reasonable. Mining for this data is time consuming, includes inaccuracies and outdated information.

The GoSection8.com rent reasonable program uses an automated valuation model to identify and compare the program subject unit to the most similar private market rental property units within a specific geographic radius. It addresses key HUD requirements for the administration of the Housing Choice Voucher program and is fully compliant with the following HUD provisions:

- 24 CFR 982.507
- 24 CFR 985.3(b) as it pertains to SEMAP
- Notice PIH 2003-12
- HCV Program Guidebook, Chapter 9 Rent Reasonableness

Hundreds of Housing Authorities are utilizing the GoSection8.com software system across the country. Amongst these agencies in Southern California are the Housing Authority of the City of Los Angeles and the Los Angeles County Development Authority. The proposed contract with GoSection8 is for a period of five (5) years at the cost of \$3,000 annually paid from restricted HUD Section 8 CARES funding.

It should be noted that the City Attorney's office is concerned that this contractor is not registered with California Secretary of State. However, it has granted a limited exception since the Housing Authorities of other CA agencies use the GoSection8 vendor and their proprietary software including, but not limited to: Anaheim, Carlsbad, National City, Compton, Culver City, Hawthorne, Baldwin Park, Burbank, Calexico, Encinitas, Garden Grove, Glendale, Hawaiian Gardens, Inglewood, Norwalk, Pasadena, Pomona, Santa Monica, Torrance, Long Beach, City of Los Angeles, Los Angeles County, Oceanside, Orange County, Pico Rivera, Riverside County, San Bernardino County, San Diego County, San Diego, Santa Ana, South Gate.

COORDINATION

The City Attorney's office has reviewed the agreement and provided a limited exception for its approval by the City Council.

FISCAL IMPACT

The purchase of the GoSection8 software program will be funded with restricted Section 8 CARES Act funding received from HUD. The annual cost of the GoSection8 agreement is \$3,000 for a 5-year term total cost of \$15,000.

ATTACHMENTS

1. GoSection8 agreement