

THE CITY OF OKLAHOMA CITY  
OFFICE OF  
THE MUNICIPAL COUNSELOR

Council Agenda  
Item No. V. A  
November 21, 1972

777  
attached to case # 2076  
NOV 21 1972  
C.S.H.A.

TO: Mayor and Council  
  
FROM: Roy H. Semtner  
Municipal Counselor

DATE: November 16, 1972

RE: Eligibility of existing private  
housing projects for the federal  
rent subsidy program under 12  
U.S.C.A. 1701s.

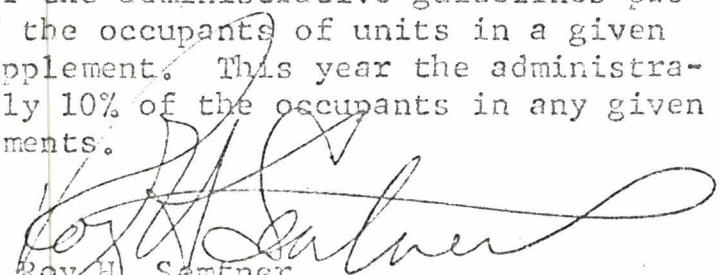
APPROVED  
NOV 22 1972  
BY THE CITY COUNCIL  
CITY CLERK

You have asked whether housing complexes which have been constructed with private financing may be converted to rent subsidy projects.

According to 12 U.S.C.A. section 1701s(b), as amended, the only housing owners who are eligible for rent supplement payments are those owners whose housing project has been constructed or rehabilitated with an FHA insured loan and mortgage. All FHA loans might be considered as private financing except for the insurance and interest rate provided by the federal government.

In answer to your question, it is conceivable that some existing FHA financed project might in the future apply for and receive approval for the rent supplement program. However, legal counsel for the Department of Housing and Urban Development doubts that the amount of money appropriated will be sufficient to extend the rent supplement program to anything other than new construction. Since this is a matter of administrative policy, no definite legal opinion can be given.

It may also be pertinent to note that under 12 U.S.C.A. section 1701s, as amended, the Secretary of Housing and Urban Development has the authority to establish criteria regarding the percentage of units eligible to receive rent supplement within each project. For example, last year the administrative guidelines provided that not more than 40% of the occupants of units in a given project could receive a rent supplement. This year the administrative guidelines provide that only 10% of the occupants in any given project may receive rent supplements.

  
Roy H. Semtner  
Municipal Counselor

RHS:TBM:bg

Council Agenda #777 #3076  
Item No. V.A.  
11/14/72  
NOV 14 1972  
O.C.P.H.A.

REVISED COUNCIL MEMO NO. 1802-72

November 9, 1972

TO: Mayor and City Council  
FROM: City Manager  
SUBJECT: Approval of Participation by Local Housing Owners  
in the Federal Rent Supplement Program

APPROVED  
And. Res.  
NOV 14 1972  
BY THE CITY COUNCIL  
CITY CLERK

This item has been deferred from the agendas of October 10 and 31 and November 7, 1972.

The Federal Government has a program entitled Federal Rent Supplement Program which enables low income families to live in moderate income housing projects. The Federal Rent Supplement Program allows owners of 221(d)3 and 236 housing projects to admit low income families by making rent subsidy payments to the project owner. The rental assistance covers the difference between the low income tenant's payment and the market rental.

The Federal Rent Supplement Program is separate from the 221(d)3 and 236 moderate income, rental housing programs. Under the 221(d)3 and 236 programs HUD insures or subsidizes the construction of housing projects. The Federal Rent Supplement Program subsidizes the rental payments of low income families who live within completed 221(d)3 and 235 housing projects. The only relationship is that low income persons who benefit from the rent supplement program live in 221(d)3 or 236 moderate income housing projects which receive subsidies under the Federal Rent Supplement Program.

Potential sponsors of 221(d)3 and 236 housing apply directly to HUD for approval of their projects. Local City Council approval of the location or development of these moderate income housing projects is not required or solicited by HUD. Each project must meet the local zoning and building regulations as a requirement for approval by HUD.

The owners of 221(d)3 and 236 projects may also apply to HUD for participation in the separate Federal Rent Supplement Program. There are presently three projects in Oklahoma City which participate in the Federal Rent Supplement Program. They are Prince Hall Village,

November 9, 1972

Page 2

2400 North Kelley; Wilshire Apartments, 700 East Wilshire, and London Square Village, N. W. 6th and Flamingo. These apartments were all built by private non-profit sponsors (fraternal organizations and churches). The percentage of tenants who benefit from rent supplements varies from twenty percent (20%) to one-hundred percent (100%) depending on the project.

The area HUD office publishes a weekly status report on all multi-family projects which are proposed or under construction. The attached excerpt lists the status of all moderate income projects (221(d)3 and 236) which could potentially be eligible for participation in the Federal Rent Supplement Program as of October 6, 1972. The projects within Oklahoma City are indicated as follows:

- X - proposed
- XX - approved or under construction
- XXX - near completion

Additional projects may be under discussion which have not been officially submitted as proposals. At this time, one project, College Apartments at Southwestern College, N. W. 10th and Rockwell, is the only project near completion which is awaiting use of the Federal Rent Supplement Program.

A new Department of Housing and Urban Development (HUD) regulation requires that the local government acknowledge its approval of the future use of the Federal Rent Supplement Program within the community.

Pursuant to requests from the City Council, City staff members held a meeting with HUD officials to determine if the City could approve the rent supplement program on a project by project basis, rather than blanket approval for all development for the entire year. While the Federal regulations do not speak directly to this issue, it was the interpretation of the area HUD office that such project by project approval would not be in accordance with HUD's intent. As the area HUD office has not had the opportunity to thoroughly research this subject, it may be that such arrangements could be worked out.

At this time it would appear that the following options may be available to the City Council:

1. Approve the attached resolution authorizing participation by local housing owners in the Federal Rent Supplement Program;

Revised Council Memo No. 1802-72  
November 9, 1972  
Page 3

2. Not approve the attached resolution, which would deny use of the rent supplement program by local housing owners;

3. Authorize a resolution approving the rent supplement program in general, conditional upon each project applying for such program to receive City Council approval prior to implementation of the program in each instance. While this alternative may be unacceptable to HUD based on our earlier meeting, it may offer the possibility for further research to determine if such arrangement may be feasible in accordance with Federal requirements.

The staff requests guidance from the City Council on which alternative would be the public policy for the City.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'N. Ross', with a stylized flourish extending to the right.

N. Ross  
City Manager

Attachment

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF OKLAHOMA CITY APPROVING PARTICIPATION BY  
LOCAL HOUSING OWNERS IN THE FEDERAL RENT  
SUPPLEMENT PROGRAM

WHEREAS, under the provisions of Section 101 of the Housing and Urban Development Act of 1965, the Secretary of Housing and Urban Development is authorized to enter into contracts to make rent supplement payments to certain qualified housing owners on behalf of qualified low-income families who are elderly, handicapped, displaced, victims of natural disaster, or occupants of substandard housing; and

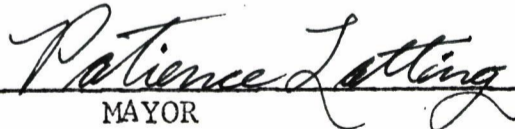
WHEREAS, the provisions of said Section 101 cannot be made available to housing owners in certain localities unless the governing body of the locality has by Resolution given approval for such participation in the Federal Rent Supplement Program.

WHEREAS, the City Council has heretofore reserved the right to approve the location and size of each public Housing Project.

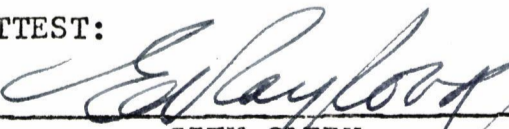
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Oklahoma City as follows:

Approval is hereby granted for participation in the Federal Rent Supplement Program by qualified housing owners of property located in the City of Oklahoma City subject to City Council approval of the location and size of each participating project prior to its final authorization from the Secretary of Housing and Urban Development.

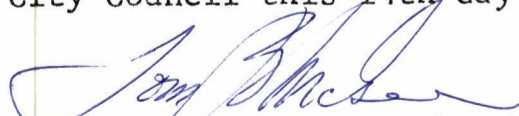
ADOPTED by the City of Oklahoma City Council this 14th day of November, 1972.

  
MAYOR

ATTEST:

  
CITY CLERK

ADOPTED by the City of Oklahoma City Council this 14th day of November, 1972.

  
Assistant Municipal Counselor

#  
Reso. 2076