



Legislation Text

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Resolution to Approve the FY 2018 Payment Standard for the Ann Arbor Housing Commission Voucher Program

The Department of Housing and Urban Development (HUD) annually sets Fair Market Rents (FMRs), for determining eligibility of rental costs in Section 8 programs. FMRs are gross rent estimates representing rent and utility costs in private sector rental housing, pegged at approximately the 40th percentile. The AAHC must review its payment standards schedule annually and amend it as needed to ensure that the payment standards remain within the HUD-required range (between 90% and 110% of the approved FMRs). A payment standard, in general terms, is the amount generally needed to rent a moderately-priced dwelling unit in the local housing market and that is used to calculate the maximum amount of housing assistance a family will receive.

The Commission’s jurisdiction includes two counties (Washtenaw and Monroe as well as grandfathered units in Western Wayne County) and the City of Ann Arbor has its own payment standard within Washtenaw County.

Based on the attached review of proposed 2018 Fair Market Rents and HUD’s 2-year tool, it is recommended to set the payment standard for Wayne and Monroe Counties at 95% - 97% of the FMR, Washtenaw County at 95% of the FMR and to set the Ann Arbor payment standard to 110% of the FMR because housing costs are much higher in the City of Ann Arbor.

According to HUD’s 2-year voucher tracking tool, which includes all vouchers used in all 4 geographic areas and includes HCV, VASH and PBV. The AAHC’s successful lease-up rate is 70%, which shows that there are barriers to leasing up in the community. The annual turn-over rate is 9% which is low showing that there are a small number of households successfully leaving the program. It takes an average of 2.28 months to lease up between the date of voucher issuance to the effective lease-up date which is also an indicator that there are barriers to leasing up in the community. However, because the AAHC is currently in short-fall status, the AAHC does not have enough HAP funding to increase the payment standards any higher than proposed or the AAHC will be in shortfall again in 2018.

	Washtenaw	Monroe	Wayne	Overall
Avg HAP	\$611	\$437	\$630	581
Avg PS	\$969	\$968	\$858	736
Avg Voucher Size	2	3	2	1
Avg Tenant Rent	262	368	152	258

Avg. Rent to Owner	872	804	782	837
Avg. Bed Size	2	3	2	2

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Approved by: Jennifer Hall, Executive Director

WHEREAS, the Department of Housing & Urban Development (HUD) annually establishes and publishes Fair Market Rents (FMRs) by locale; and

WHEREAS, the Ann Arbor Housing Commission's (AAHC) payment standards are currently set at 90 -110% of the published FY 2017 FMRs; and

WHEREAS, HUD has published its FY 2018 FMRs; and

NOW THEREFORE BE IT RESOLVED, that the Ann Arbor Housing Commission Board approves a payment standard of 110% of FMR for the City of Ann Arbor and a payment standard of 95% of the FMR for the rest of Washtenaw County; and a payment standard of 95% - 97% of FMR for Western Wayne County and Monroe County to take effect December 1, 2017 for all applicable certifications in accordance with the Ann Arbor Housing Commission's Voucher Administrative Plan.