



Legislation Text

File #: 15-0455, **Version:** 1

Resolution to Amend the AAHC ACOP and Housing Policy Regarding Security Deposits

Tenants that move into Ann Arbor Housing Commission properties must pay a security deposit. Landlord/tenant laws limit the security deposit to 1.5 times the rent. The security deposit is held by the landlord until the tenant moves out. The landlord can use the security deposit to cover unpaid rent as well as damages to the unit. If the AAHC set the security deposit at 1.5 times rent, the security deposits would range from \$800 - \$1400 which is out of the price range of our typical tenants.

The ACOP currently sets the security deposit at the same amount as the tenant's portion of one month's rent at the time the tenant is admitted (Total Tenant Payment or TTP). AAHC tenant security deposits typically range from \$50 - \$300. Until recently, the ACOP required a minimum monthly rent of \$50 for all tenants. The AAHC amended the ACOP to enable the AAHC to provide a poverty exemption for indigent homeless tenants so that their portion of the rent is \$0 at the time of admittance. At the tenant's annual income certification, their rent can increase, based on the tenant's income, however, the AAHC does not require the tenant to pay additional funds to their security deposit.

AAHC staff do not believe it is good business practice not to charge a security deposit, in case a tenant does leave owing rent or has excessively damaged an apartment. Security deposits are an eligible expense under the Continuum of Care program, which most of our homeless tenants participate in, and there are a number of charitable organizations that provide security deposit assistance for indigent and homeless households.

Consequently, staff recommend that the security deposit policy be amended to require the tenant to pay the greater of A) the tenants's portion of 1 month's rent (TTP) or B) \$100 for a 1 bedroom apartment, \$200 for a 2-bedroom apartment, \$300 for a 3-bedroom apartment, \$400 for a 4-bedroom apartment or \$500 for a 5-bedroom apartment. AAHC staff recommend that this policy be adopted for all AAHC housing.

Prepared and Approved by Jennifer Hall, Executive Director

WHEREAS, The Ann Arbor Housing Commission's Admissions and Continued Occupancy Policy (ACOP) governs the policies implemented for public housing; and

WHEREAS, the ACOP governs the policies implemented by the AAHC for properties that it owns and manages that are not public housing - until separate policies are adopted; and

WHEREAS, Landlord/tenant laws in Michigan allow landlords to charge up to 1.5 times the contract

rent for a security deposit; and

WHEREAS, Chapter 8, I-E of the ACOP states that:

Residents must pay a security deposit to the PHA at the time of admission. The amount of the security deposit will be equal to the family's total tenant payment at the time of move-in, and must be paid in full prior to occupancy; and

WHEREAS, the ACOP was recently amended to allow a poverty exemption for newly admitted indigent homeless residents which means the tenants have a \$0 total tenant payment and therefore have a \$0 security deposit; and

WHEREAS, it is not a good business practice for the AAHC to waive security deposits; and

WHEREAS, homeless households have the ability to secure a security deposit if they participate in the Continuum of Care or from local charitable organizations; and

RESOLVED, that the Board of the Ann Arbor Housing Commission accept and approve an amendment to the ACOP, Chapter 8 to read as follows:

Residents must pay a security deposit to the PHA at the time of admission. The amount of the security deposit will be the greater of the family's total tenant payment at the time of move-in, or \$100 for a 1 bedroom apartment, \$200 for a 2-bedroom apartment, \$300 for a 3-bedroom apartment, \$400 for a 4-bedroom apartment or \$500 for a 5-bedroom apartment, and it must be paid in full prior to occupancy.

RESOLVED, that this policy will also apply to housing that the AAHC owns and/or manages that is not public housing.