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9/19/2018	1	Housing Commission	Approved by the Commission as Amended	Pass

Resolution to Approve the FY 2019 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, including Housing Choice Vouchers (HCV), Veterans Affairs Supportive Housing Vouchers (VASH) and Project Based Vouchers (PBV). FMRs are gross rent estimates representing rent and utility costs in private sector rental housing, pegged at approximately the 40th percentile, not including new construction in the past 2 years and not including subsidized housing.

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 of between 90% and 110% of the HUD 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 rental subsidy housing assistance a family will receive from HUD.

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

Based on the attached review of proposed 2019 Fair Market Rents and HUD's 2-year tool, staff recommend that the Board set the payment standard for Wayne and Monroe Counties at 100% of the FMR. Staff recommend that the Board set the payment standard for Washtenaw County, including the City of Ann Arbor, at 110% of the FMR. Staff are recommending that the entire Washtenaw County payment standard be increased to 110% FMR, and not just the City of Ann Arbor, because

over 1,000 apartments in the County that previously had rent caps through the Low-Income Housing Tax Credit program, have reached or are close to reaching the end of their required affordability period and the owners are increasing the rents. A significant number of AAHC voucher tenants live in these apartments and if the payment standard is increased, it will help tenants to maintain their housing.

According to HUD's 2-year voucher tracking tool, which includes all vouchers used in all 4 geographic areas, the AAHC's successful lease-up rate is only 70%, which shows that there are barriers to leasing up in the community. The annual voucher turn-over rate is 10%, which is low and shows that there are a small number of households successfully leaving the program.

In addition, if AAHC staff is recommending a change to the Administrative Plan regarding the effective date that the updated payment standard will take place. HUD generally publishes the annual payment standards in October of each year, but sometimes it is earlier and sometimes it is later. HUD changed the rules regarding the effective date of the new payment standards. HUD now requires a change to the payment standards to take effect within 90 days of HUD publishing it's notice. As soon as the new payment standard is published by HUD, AAHC staff bring a resolution to the board to update the payment standard in the Administrative Plan. The Administrative Plan needs to updated to reflect this change.

OLD LANGUAGE

Changes to the payment standard amounts will be effective on December 1st of every year unless, based on the proposed FMRs, it appeas that one or more of the PHA's current payment standard amounts will be outside the basic range when the final FMRs are published. In that case, the PHA's payment standards will be effective October 1st instead of December 1st.

NEW LANGUAGE

The PHA may establish the payment standard amount for a unit size at any level between 90 percent and 110 percent of the published FMR for that unit size. The PHA will revise the payment standard amount no later than 3 months following the effective date of the published FMRs if a change is necessary to stay within 90% -110% FMR.

Prepared by: Misty Hendershot, Voucher Program Manager
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 2018 FMRs; and

WHEREAS, HUD has published its FY 2019 FMRs; and

WHEREAS, HUD requires the revised payment standards to be adopted by the AAHC within 90 days of HUD published FMRs, if a change is necessary to stay within the 90% - 100% FMR range.

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 for the rest of Washtenaw County; and a payment standard of 100% of FMR for Western Wayne County and Monroe County to take effect October 2, 2018 for all applicable certifications in accordance with the Ann Arbor Housing Commission's Voucher Administrative Plan.