



MEMORANDUM - Neighborhood Resources Division – PHAC Memo No. HD13-12

DATE: SEPTEMBER 9, 2013
TO: PUBLIC HOUSING AUTHORITY COMMISSION
THRU: RICH DLUGAS, CITY MANAGER *RD*
 JEFF CLARK, FIRE CHIEF *JC*
 JENNIFER MORRISON, NEIGHBORHOOD RESOURCES DIRECTOR *JM*
FROM: KURT KNUTSON, HOUSING AND REDEVELOPMENT MANAGER *KK*
SUBJECT: REQUEST APPROVAL OF REVISED PAYMENT STANDARDS FOR 3-BEDROOM AND LARGER UNITS FOR THE HOUSING CHOICE VOUCHER PROGRAM EFFECTIVE OCTOBER 1, 2013.

BACKGROUND: The Housing and Redevelopment Division operates programs designed to make housing affordable. The Housing Choice Voucher Program (known as the Section 8 Program) is designed to assist families to rent private, "market rate" housing by subsidizing the cost of the rent to an affordable level. The United States Department of Housing and Urban Development (HUD) provides the Housing Division an ongoing annual grant to help offset the cost of what a family can afford for rent (approximately 30% of their income) and the market rent amount. The difference between the market rent and the family's payment is called a Housing Assistance Payment. The Housing Division receives a funding allocation from HUD each year for Housing Assistance Payments that must be budgeted to serve 486 families (the current size of the Housing Voucher Program).

DISCUSSION: In October of each year, HUD establishes and publishes new Fair Market Rents (FMR) for each Metropolitan Area. The range of possible Payment Standard amounts is based on HUD's published FMRs for the Phoenix-Mesa-Glendale, Arizona Metro area which includes Chandler. Housing Authorities must set Payment Standards for each bedroom size between 90% and 110% of the published FMRs. These Payment Standards establish the maximum rental subsidy allowed for families participating in the program for each bedroom size.

Since 2010, Chandler's Payment Standards have been set between 90% and 101% of the HUD published FMRs to maximize the amount of subsidy available to serve all 486 families on our program. This year HUD is proposing to raise the FMRs for the Phoenix

area by approximately 3.5%. This increase in the FMR will cause some of Chandler's existing Payment Standards to be outside the 90% - 110% range.

If left unchanged, on October 1st, Chandler's Payment Standards for 3-bedroom and larger units will be less than 90% of the new FMRs. According to Federal Regulations, Payment Standard amounts may not be outside of the 90% to 110% range when the final FMRs are published. Therefore, staff with the support of the Housing and Human Services Commission, is proposing to increase the Payment Standards by approximately 3% for three, four, five and six bedroom dwelling units effective October 1, 2013. The Payment Standards for zero, one and two bedroom dwelling units will remain unchanged.

FINANCIAL IMPLICATIONS: Adjusting the Payment Standards will allow the Housing Choice Voucher Program to continue to provide housing assistance to the City's 486 Housing Voucher holders. All funding is derived from the United States Department of Housing and Urban Development. The funding is a grant and does not require repayment.

PROPOSED MOTION: Move to approve the proposed increase in Payment Standards for 3-bedroom and larger units for the Housing Choice Voucher Program effective October 1, 2013.

Attachments: Payment Standards

Bdrm	Current Payment Standard			Payment Standard compared to new FMRs			PROPOSED Payment Standard		
	FMR 2013	10/01/2012 FMR	% based on	FMR 2014	new FMRs	% based on	FMR 2014	10/01/2013 FMR	% based on
1	593	600	101%	614	600	98%	614	600	98%
2	748	738	99%	774	738	95%	774	738	95%
3	925	890	96%	957	890	93%	957	890	93%
4	1,363	1227	90%	1,410	1227	87%	1,410	1269	90%
5	1,592	1437	90%	1,647	1437	87%	1,647	1483	90%
6	1,831	1653	90%	1,894	1653	87%	1,894	1705	90%
7	2,070	1868	90%	2,141	1868	87%	2,141	1927	90%
	FMR			published FMR			FMR		