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PHAC # 2

SEP 21 2015
Chandler



**MEMORANDUM - COMMUNITY AND NEIGHBORHOOD SERVICES DEPARTMENT -
PHAC Memo No. HD15-08**

DATE: SEPTEMBER 21, 2015

TO: PUBLIC HOUSING AUTHORITY COMMISSION

THRU: MARSHA REED, ACTING CITY MANAGER *MR*
NACHIE MARQUEZ, ASSISTANT CITY MANAGER *NM*
JENNIFER MORRISON, COMMUNITY AND NEIGHBORHOOD SERVICES
DIRECTOR *JM*

FROM: KURT KNUTSON, HOUSING AND REDEVELOPMENT MANAGER *KK*

SUBJECT: RESOLUTION NO. H0122 AUTHORIZING AN AMENDMENT TO INCREASE
THE CITY OF CHANDLER HOUSING AND REDEVELOPMENT PAYMENT
STANDARDS FOR THE HOUSING CHOICE VOUCHER PROGRAM (SECTION 8)
PREVIOUSLY ESTABLISHED IN OCTOBER, 2010

RECOMMENDATION: Staff and the Housing and Human Services Commission recommends Public Housing Authority Commission pass and adopt Resolution No. H0122 approving an amendment to increase the City of Chandler Housing and Redevelopment Payment Standards for the Housing Choice Voucher Program (Section 8) previously established in October, 2010.

SUMMARY: The U.S. Department of Housing and Urban Development (HUD) allows Public Housing Authorities (PHA's) to set the Payment Standards for the Housing Choice Voucher Program. Payment Standards are used to calculate the housing assistance payment that the PHA pays to the landlord on behalf of the family leasing the unit. Each PHA has latitude in establishing its schedule of Payment Standard amounts by bedroom size. The range of possible Payment Standard amounts is based on HUD's published Fair Market Rent (FMR) schedule for the area in which the PHA has jurisdiction. A PHA may set its Payment Standard amounts from 90 percent to 110 percent of the published FMR. The Housing Choice Voucher program's Payment Standards are currently set between 90 and 98 percent of the FMR and staff recommend increasing the current Payment Standards from 1.8% to 4.8% to help offset increases in the rental market.

BACKGROUND: Since 1998, Chandler's Payment Standards have varied within the Program, but generally have hovered around 100 percent of the published FMR. The current Payment Standards for Chandler have not changed since October of 2010. Two issues have developed over the past few years which have caused housing staff to recommend to our advisory and governing body an increase in the

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Payment Standards. First, over the past five years utility allowances have generally tended to increase and this adversely impacts the rent affordability formula as utility allowances are a key calculation in the total housing cost of participants. Second, rental rates have increased significantly in the last few months in the Chandler rental market and is hampering our tenants' ability to find reasonably priced rental units within the existing Payment Standards. These factors limit choices for prospective renters in the Housing Choice Voucher Program, increase the time in searching for rental units, and in some cases, eliminates the option to renew a lease where a tenant is currently leasing.

FINANCIAL IMPLICATIONS: The increase in Payment Standards will also increase the housing assistance payments, which is the amount the PHA pays monthly to landlords on behalf of the tenants. There is adequate funding within the remaining Housing Choice Voucher Program budget year to accommodate the increased costs. Alternatively, if we do not increase the Payment Standards, prospective tenants may not be able to find dwelling units to rent and Housing Choice vouchers will go underutilized. Any unutilized Housing Choice Voucher Program funding at the end of the year is returned to HUD and future Housing Choice Voucher Program budgets are adjusted downward based on past performance. All costs associated with the Housing Choice Voucher Program are funded by HUD.

PROPOSED MOTION: Move Public Housing Authority Commission pass and adopt Resolution No. H0122 approving an amendment to increase the City of Chandler Housing and Redevelopment Payment Standards for the Housing Choice Voucher Program (Section 8) previously established in October, 2010.

Attachments: Resolution No. H0122
Exhibit A Proposed Payment Standards

RESOLUTION NO. H0122

A RESOLUTION OF THE PUBLIC HOUSING AUTHORITY COMMISSION OF THE CITY OF CHANDLER, ARIZONA, REVISING AND INCREASING THE PAYMENT STANDARDS FOR THE HOUSING CHOICE VOUCHER PROGRAM (SECTION 8 PROGRAM) THAT WERE PREVIOUSLY ESTABLISHED IN OCTOBER, 2010

WHEREAS, the City of Chandler, Housing and Redevelopment Division (the Housing Authority) administers the Housing Choice Voucher Program contract to provide affordable housing for up to 486 families; and

WHEREAS, the United States Department of Housing and Urban Development (HUD) publishes Fair Market Rents effective October 1, then subsequently each Housing Authority determines Payment Standards as the amount that is needed to support the reasonable cost of a rental unit, based on bedroom size, within the local market;

WHEREAS, HUD has established that Payment Standards must be set between 90 percent to 110 percent of the annually published Fair Market Rents; and

WHEREAS, the current Payment Standard for Chandler is set for each bedroom size between 90% - 98% of Fair Market Rent. Due to improving economic conditions and escalating rents in the Chandler market area the Payment Standard needs to be increased between 1.8% - 4.8%, which results in a 93% to 107% range of October, 2014 published Fair Market Rents; and

WHEREAS, the Housing Authority has not increased the current Payment Standard since October, 2010 and the market and rental conditions now warrant an increase.

NOW THEREFORE, BE IT RESOLVED by the Public Housing Authority Commission of the City of Chandler that, a revised Payment Standard Schedule for the Chandler Housing Authority's Section 8 Housing Choice Voucher Program become effective October 1, 2015, attached hereto as Exhibit A and made a part hereof.

PASSED AND ADOPTED by the Public Housing Authority Commission of the City of Chandler, Arizona, this ___ day of _____, 2015.

CERTIFICATION

I HEREBY CERTIFY that the above foregoing Resolution No. H0122 was duly passed and adopted by the Public Housing Authority Commission of the City of Chandler, Arizona at a regular meeting held on ___ day of _____, 2015 and that a quorum was present thereat.

CITY CLERK

APPROVED TO FORM:

CITY ATTORNEY *SFB*

Exhibit A

CHANDLER HOUSING AND REDEVELOPMENT DIVISION'S HOUSING CHOICE VOUCHER PROGRAM PROPOSED PAYMENT STANDARDS

<i>Current</i> Payment Standards	Bedroom Size	<i>Proposed</i> Payment Standards Effective 10/01/2015	Payment Standards % Increase
\$ 600	0	\$ 611	1.8%
\$ 738	1	\$ 775	4.7%
\$ 890	2	\$ 935	4.8%
\$1,269	3	\$1,333	4.8%
\$1,483	4	\$1,557	4.7%
\$1,705	5	\$1,790	4.7%
\$1,927	6	\$1,985	2.92%

Percent's are approximate.