

To: Contra Costa County Housing Authority Board of Commissioners
 From: Joseph Villarreal, Housing Authority
 Date: January 12, 2016



Contra
Costa
County

Subject: Housing Choice Voucher Payment Standards Effective December 11, 2015

RECOMMENDATIONS

RATIFY the Housing Choice Voucher payment standards for the Housing Authority of the County of Contra Costa effective December 11, 2015.

BACKGROUND

Payment standards are used to calculate the housing assistance payment (HAP), or subsidy, that a housing authority (HA) will pay on behalf of families leasing units under the program. Each HA must establish a 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 FMR area within which the HA has jurisdiction. HACCC's payment standards are based on the FMRs for the Oakland-Fremont, CA Metro FMR area which includes all of Alameda and Contra Costa Counties. FMRs are based on the 40th percentile of rents charged for standard housing in the FMR area. This is the dollar amount below which 40 percent of the standard-quality rental housing units are rented. HAs may set their payment standards amounts from 90% to 110% of the published FMRs without HUD approval. Payment standards can be set higher or lower than this basic range in response to market conditions with HUD approval.

Action of Board On: **01/12/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF COMMISSIONERS

AYE: John Gioia,
Commissioner
Candace Andersen,
Commissioner
Mary N. Piepho,
Commissioner
Karen Mitchoff,
Commissioner
Federal D. Glover,
Commissioner

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 12, 2016

Joseph Villarreal, Executive Director

ABSENT: Fay Nathaniel,
Commissioner
Aqueela Bowie,
Commissioner

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

The level at which the payment standards are set directly affects the amount of subsidy a family will receive, and the amount of rent paid by program participants. If the payment standard amount is too low:

- Families may need to pay more for rent than they can afford; or
- Families may have a hard time finding acceptable units or units in more desirable areas; or
- Housing choices will be narrowed and the HA's efforts to affirmatively further fair housing will be undermined.

BACKGROUND (CONT'D)

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If the payment standards amounts are too high, owners may be encouraged to ask for higher than reasonable rents.

As approved by the Board on May 12, 2015 and September 15, 2015, HACCC's payment standards are currently set at 95% of FMR for all areas of the County except for Danville, El Cerrito, Lafayette, Pleasant Hill, San Ramon and Walnut Creek. Payment standards are set at 110% of the FMRs for these cities in order to minimize future loss of vouchers there and also in an effort to minimize voucher concentration in other parts of the County.

As discussed at the Board's September meeting, the FMRs for Alameda and Contra Costa Counties declined for the current federal fiscal year despite significant price increases in the rental market. HACCC and other housing agencies in the two counties have been working with HUD staff on ways to address this disparity. While HUD has determined that the new FMRs cannot be changed at this time due to statutory notice and review requirements, on December 11, 2015, HUD authorized HACCC to implement Exception Payment Standards of up to 125% of the new FMRs as an interim step to address the disparity between the market rents and the HUD published FMRs. HACCC and the other housing agencies in the two counties have funded a rent study that is designed to meet the statutory requirements to update the final FMR amounts for this federal fiscal year. Staff will update the Board on the results of that study and HUD's response to it.

The existing FMRs and payment standards (PS) are shown below.

Bedrooms	0	1	2	3	4	5	6	7
Existing FMR/Month	\$1,039	\$1,260	\$1,585	\$2,213	\$2,716	\$3,123	\$3,531	\$3,938
95% PS	\$987	\$1,197	\$1,506	\$2,102	\$2,580	\$2,967	\$3,354	\$3,741
110% PS	\$ 1,142	\$ 1,386	\$ 1,743	\$ 2,434	\$ 2,987	\$ 3,435	\$ 3,883	\$ 4,331

HUD publishes fair market rents annually. The federal fiscal year 2016 FMRs for HACCC's jurisdiction were published effective December 11, 2015 with slight modifications from the amounts originally proposed by HUD. As expected, they decreased from the previous FMRs. The final FMRs, along with the percent decline for each, are shown below.

Bedrooms	0	1	2	3	4	5	6	7
FMR/Month	\$1,037	\$1,249	\$1,580	\$2,202	\$2,455	\$2,823	\$3,192	\$3,560
Change	-0.19%	-0.87%	-0.32%	-0.50%	-9.6%	-9.6%	-9.6%	-9.6%

The proposed payment standards below implement the HUD-approved 125% exception for every city and area in HACCC's jurisdiction with the exception of the East County cities of Antioch, Bay Point, Bethel Island, Brentwood, Byron, Discovery Bay, Knightsen and Oakley. Payment standards will be set at 125% of the FMRs for every City outside of East

County in order to minimize future loss of vouchers in those areas and also in an effort to minimize voucher concentration in East County. The East County payment standards will remain at their existing values.

Bedrooms	0	1	2	3	4	5	6	7
East County	\$987	\$1,197	\$1,506	\$2,102	\$2,580	\$2,967	\$3,354	\$3,741
125% PS	\$1,296	\$1,561	\$1,975	\$2,752	\$3,068	\$3,528	\$3,990	\$4,450

To minimize the number of cases that will have to be re-adjusted, the new 125% exception payment standards will only apply to new contracts processed with effective dates of December 11, 2015 or later. For all other annual certifications, the new exception payment standards will apply on March 1, 2016

FISCAL IMPACT

Funding for this program is provided by the U.S. Department of Housing and Urban Development (HUD). Funding for the proposed change is provided for in the Housing Authority of the County of Contra Costa's (HACCC) current budget.

CONSEQUENCE OF NEGATIVE ACTION

Should the Board of Commissioners not ratify the proposed exception payment standards, or others that are in a range approved by HUD, then HACCC will not be in compliance with HUD regulations and could be subject to financial sanctions or other penalties.

CLERK'S ADDENDUM