



Contra  
Costa  
County

To: Contra Costa County Housing Authority Board of Commissioners

From: Joseph Villarreal, Housing Authority

Date: April 9, 2019

Subject: RATIFY THE HOUSING CHOICE VOUCHER PAYMENT STANDARDS EFFECTIVE APRIL 15, 2019

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## **RECOMMENDATIONS**

RATIFY the Housing Choice Voucher payment standards for the Housing Authority of the County of Contra Costa effective April 15, 2019.

## **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 area which includes all of Alameda and Contra Costa Counties. FMRs are based on the 40<sup>th</sup> 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

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Action of Board On: **04/09/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: John Gioia, District I  
Supervisor

Candace Andersen,  
District II Supervisor

Diane Burgis, District III  
Supervisor

Karen Mitchoff, District  
IV Supervisor

Federal D. Glover,  
District V Supervisor

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: April 9, 2019

Joseph Villarreal, Executive Director

By: Stephanie Mello, Deputy

Contact: 925-957-8028

cc:

market conditions with HUD approval.

## BACKGROUND (CONT'D)

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.

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 January 12, 2016, HACCC's payment standards were split into two different amounts. One payment standard was established for all cities located in East County and a second payment standard was established for the rest of the cities in HACCC's jurisdiction. This was done to give families greater access to housing opportunities in low poverty neighborhoods throughout the County and to limit the tendency for families to lease in high poverty areas concentrated in East County

The proposed payment standards are shown below. They are based on the revised FMRs published by HUD on March 14, 2019 and made effective on April 15, 2019. As you may know, HUD published new FMRs on October 1, 2018. At that time, they reflected a significant reduction from the FMRs from October 1, 2017. HACCC and its partner housing authorities and affordable housing providers in Alameda and Contra Costa Counties commissioned a rent survey to challenge the FMRs. The results of the study indicated that FMRs for all bedroom-size units had gone down between 8% and 9%.

The proposed payment standards are based on market data resulting from the rent study that was completed. Since payment standards must be within a range of 90% to 110% of the FMR, HACCC was not required to change the old Payments Standards for East County since they still fell within the range. Last year, the payment standards for the East County cities of Antioch, Bay Point, Bethel Island, Brentwood, Byron, Discovery Bay, Knightsen and Oakley were set between 90 and 93.72% of the FMRs. For this coming year, the East County Payment Standards will be set between 99% and 103% of the newly revised FMRs, but the dollar amount reflects the same amount as last year. For the rest of the County, the decrease in the FMRs for studio to three bedroom units resulted in HACCC's Payment Standards falling below the HUD required range of 90% to 110% of the FMRs. We have set the Payment Standard at 110% of the FMR. This results in the studio to three bedroom-sized unit payments standards having to be reduced between \$19 to \$101. The four to seven bedroom-sized Payment Standards are being increased between \$121 and \$175 to meet the 110% threshold limit.

The proposed payment standards and the new FMRs follow:

**EAST COUNTY - Antioch, Bay Point, Bethel Island, Brentwood, Byron, Discovery Bay, Knightsen, Oakley**

	<b>0-BR</b>	<b>1-BR</b>	<b>2-BR</b>	<b>3-BR</b>	<b>4-BR</b>	<b>5-BR</b>	<b>6-BR</b>	<b>7-BR</b>
<b>PS</b>	<b>\$1,435</b>	<b>\$1,723</b>	<b>\$2,173</b>	<b>\$3,017</b>	<b>\$3,552</b>	<b>\$4,085</b>	<b>\$4,617</b>	<b>\$5,150</b>
FMR	\$1,409	\$1,706	\$2,126	\$2,925	\$3,587	\$4,125	\$4,663	\$5,201
% of FMR	101.85%	101.00%	102.21%	103.15%	99.02%	99.03%	99.01%	99.02%

**All Other Cities Except Pittsburg and Richmond:**

	<b>0-BR</b>	<b>1-BR</b>	<b>2-BR</b>	<b>3-BR</b>	<b>4-BR</b>	<b>5-BR</b>	<b>6-BR</b>	<b>7-BR</b>
<b>PS</b>	<b>\$1,549</b>	<b>\$1,876</b>	<b>\$2,338</b>	<b>\$3,217</b>	<b>\$3,945</b>	<b>\$4,537</b>	<b>\$5,129</b>	<b>\$5,721</b>
FMR	\$1,409	\$1,706	\$2,126	\$2,925	\$3,587	\$4,125	\$4,663	\$5,201
% of FMR	109.94%	109.96%	109.97%	109.98%	109.98%	109.99%	109.99%	110.00%

The changes will be effective April 15, 2019. Families who will experience a reduction in their payment standard will not be affected in their existing tenancies due to changes made to HACCC's Administrative Plan in 2018 as a result of changes implemented in the Housing Opportunities Through Modernization Act of 2016 (HOTMA). However, all new contracts and tenancies will begin to use the new Payment Standards on or after April 15, 2019

**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 adopt and approve the proposed payment standards, HACCC will not be in compliance with HUD regulations and could be subject to financial sanctions or other penalties.