



Staff Report

File #: 19-115
Version: 1

Date: 3/11/2019
Item #: 3.3a.

TO: Chair and Housing Authority Commissioners

THROUGH: Steve Powers, Executive Director

FROM: Nicole Utz , Administrator AIC

SUBJECT:

Revision of the Section 8 Housing Choice Voucher Payment Standards

Ward(s): All Wards

Commissioners(s): All Commissioners

Neighborhood(s): All Neighborhoods

Result Area(s): Safe, Reliable Welcoming and Livable Community.

ISSUE:

Shall the Commission adopt Resolution No. 2239 increasing the Section 8 Housing Choice Voucher payment standards effective June 1, 2019?

RECOMMENDATION:

Adopt Resolution No. 2239 (Attachment 1) increasing the Section 8 Housing Choice Voucher payment standards effective June 1, 2019.

SUMMARY:

The U.S. Department of Housing and Urban Development (HUD) annually updates Fair Market Rents (FMR's) for each locality by unit size (based on number of bedrooms). The FMR figure represents rent plus tenant-paid utilities (except telephone, cable, and internet) that would be paid in the local market for safe, decent, and affordable rental housing.

The FMR is used to guide housing authorities in the establishment of payment standards for the Section 8 Housing Choice Voucher program. Pursuant to the regulations governing the Housing Choice Voucher program, public housing authorities must set the local payment standards between 90 percent and 110 percent of the FMR. Payment standards determine the highest amount of assistance a public housing authority may pay towards a family's rent and utilities. A monthly housing assistance payment is calculated by deducting the amount payable by the family from the lower of the applicable payment standard or gross rent.

The lower the payment standard, the more difficult it is for low-income families to find affordable housing. The problem is especially acute for extremely low-income families because HUD regulations require rent to be no more than 40 percent of the family's gross income. If the family cannot find a unit within this cost limitation, the family will not be able to utilize their voucher.

Salem Housing Authority's (SHA) current payment standards are set at approximately 100% of the October 2018 HUD FMR's. Under HUD regulations, 24CFR 982.503(b), SHA must establish the payment standard for a unit size at any level between 90 percent and 110 percent of the published FMR for that unit size.

The attached Payment Standard Schedule provides a view of the current payment standards and the proposed payment standards, which remain in compliance with 24 CFR 982.503(b) (Attachment 2).

FACTS AND FINDINGS:

Over the past two years plus, SHA clients have encountered difficulty locating safe and affordable housing within the Salem Urban Growth Boundary (UGB). This situation has increased to such an extent that a significant number of voucher holders will request an extension of their voucher to allow them extended search time to secure a unit. Even after granting extensions for the longest allowable time frame per the Section 8 Administrative Plan, the success rate of clients leasing a unit with their vouchers remains no more than 60 percent.

This problem appears to be directly tied to an inadequate supply of available affordable housing and low vacancy rates. Current units are extremely hard to find; and rents are starting higher than the current payment standard. The current standards are too low for many families to find housing. The biggest impact is to one-bedroom voucher holders. While families seeking other bedroom sizes have difficulty finding units, the FMR's for those bedroom sizes appear to be in-line with current market rents.

In discussing SHA's current leasing issues with HUD Portland Field Office, they have encouraged SHA to increase current payment standards for one-bedroom units to 110 percent of the published FMR and all other bedroom sizes to 105 percent of the published FMR as established by HUD.

SHA proposes to:

1. Increase the voucher payment standard for one-bedroom units to 110 percent of the published FMR's as established by HUD;
2. Increase the voucher payment standards for all other bedroom sizes to 105 percent of the published FMR's as established by HUD; and
3. Make the change in the payment standards effective June 1, 2019.

These measures will increase the payment standards by the amounts shown on the far right column

of Exhibit 1 of Resolution No. 2239 (Attachment 2).

BACKGROUND:

The proposed revisions to the payment standards will allow clients with a voucher to have better success in finding safe, decent, and affordable housing.

Lynette Brown
Section 8 Program Manager

Attachments:

1. Resolution No. 2239
2. Payment Standard Chart