



HHSC Memorandum Neighborhood Resources - Memo No. HD22-14

Date: Oct. 12, 2022

To: Housing and Human Service Commission

Thru: Leah Powell, Neighborhood Resources Director
Amy Jacobson, Housing and Redevelopment Manager

From: Deborah Cooke, Housing Administration Supervisor

Subject: Revising and Increasing the Payment Standards for the Housing Choice Voucher Program (Section 8 Program).

Background: The U.S. Department of Housing and Urban Development (HUD) allows Public Housing Authorities (PHAs) 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. Family contribution to rent is set at 30 to 40 percent of the family's adjusted income. 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. Ordinarily a PHA may set its Payment Standard amounts from 90 to 110 percent of the Published FMRs. However, due to the challenging housing market, HUD has approved Chandler Housing Public Housing Authority pursuant to Notice PIH 2021-34, "Expedited Regulatory Waivers for the Public Housing and Housing Choice Voucher (including Mainstream and Mod Rehab) Programs" continued use of specific regulatory waiver for establishment of payment standard from 111 to 120 percent of the FMR.

Discussion: Staff provides a briefing item to the Housing and Human Services Commission (HHSC) members for their recommendation to PHAC of the City of Chandler Housing and Redevelopment Payment Standards for the Housing Choice Voucher Program (Section 8 Program) effective Jan. 1, 2023.

The 2022 FMR increased Oct. 1, 2022; therefore, staff wishes to increase the current Payment Standards effective Jan. 1, 2023. The Housing Choice Voucher Program's Payment Standards

are currently set at 119 percent of the FMR (with a waiver) and staff wishes to increase the current Payment Standards by an average of 32 percent to help offset the continued increases in market rents. Without the increase, Bedroom sizes for efficiency to two-bedroom would fall below the 90 percent minimum.

Since 1998, Chandler's Payment Standards have varied within the Program, but generally have hovered around an average of 99 percent of the published FMR. The current Payment Standard for Chandler was changed April 1, 2022 in response to the rising costs in the rental market and HUD's waiver to make the program competitive with market rents. Rental rates have increased significantly in the last few years in the Chandler rental market and are hampering the City's voucher participants' 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 searching for rental units, and, in some cases, eliminate the option to renew a lease where a tenant is currently leasing. Currently, there are 80 voucher holders searching.

The proposed Payment Standards will 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 the Payment Standards are not increased, prospective tenants may not be able to find dwelling units to rent and Housing Choice Vouchers will go underutilized. Any underutilized 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.

Financial Implications: All costs associated with the Housing Choice Voucher Program are funded by HUD.

Attachments: Resolution No. HO171

Exhibit A: Payment Standards

Exhibit A

Chandler Housing and Redevelopment Division
Housing Choice Voucher Program
Proposed Payment Standards
Effective 01/01/2023

Bedroom Size	Current Payment Standards 04/01/2022	Proposed Payment Standards Effective 01/01/2023 (119%)	Payment Standards % of Increase*
0	\$ 1,196	\$ 1,599	34%
1	\$ 1,298	\$ 1,746	34%
2	\$ 1,560	\$ 2,071	33%
3	\$ 2,172	\$ 2,839	31%
4	\$ 2,473	\$ 3,232	31%
5	\$ 2,844	\$ 3,717	31%
6	\$ 3,215	\$ 4,202	31%

*Percentages are approximate and average 32 percent increase for overall bedroom sizes.