

Section 8 Deposit Assistance Program (SDAP)

City Council - April 6, 2021
Sarah Darr, Housing Director





Reminder of How Voucher Programs Work



City of Flagstaff administers 480+ voucher

Section 8 (including new Mainstream Vouchers)

Veterans Administration Supportive Housing (VASH)

Foster Youth to Independence (FYI)

- Voucher is issued to income eligible household
- Household is responsible for identifying a unit to rent in the market
- Household pays 30% of income towards rent, remainder is payed by Housing Authority with funding from HUD





Overview of SDAP

- Developed to overcome the barrier that high security deposits create for some voucher holder households
- Program will assist voucher holders in securing affordable rental housing by providing up-front funding for refundable deposits and up to two application fees per adult household member
- Participating households will repay the loan over six to twelve months, depending on household income.





More on the “why”

- The award of a loan to cover these costs enables the household to participate in the programs quickly
- Expands housing opportunity by increasing the number of units available to the household
- Enhances household ability to budget for the security deposit by providing monthly repayment option instead of needing all the money up front



Funding Details

- This program can be funded by administrative fees provided by HUD for voucher programs
- CARES Act provided \$144,009 in additional funds to be used for eligible voucher administrative costs and for additional COVID related expenses. This funding frees up standard administrative fee funding, allowing for this program related expenditure
- **The \$75,000 loan fund is fully covered by HUD funding**





Area Median Income - AMI

- Annually adjusted by HUD (2021 limits not yet published)
- Applies to the entire Metropolitan Statistical Area (MSA)
- Adjusted for household size – example below is for a 3 person household

HUD Area Median Income (AMI) Limits		
Income Category	AMI %	AMI Income Ranges*
Extremely Low	0 - 30%	\$0 - \$21,720
Very Low	30 - 50%	\$21,720 - \$33,850
Low	50 - 80%	\$33,850 - \$40,620
Low to Moderate	80 - 120%	\$40,620 - \$64,980
Moderate to High	120% >	\$64,980 >

* Income ranges based on three person household



SDAP Details



Available for all voucher types issued by CFHA and for use within the Flagstaff, Arizona jurisdiction

- **0% interest loans to voucher holders for the security deposit and application fees at the time of unit lease up**
- Loans will have a **term of 6 to 12 months**, based on household income
- For **new move-ins and unit transfers** in limited circumstances





SDAP Details



- Eligible costs shall include **up to one month's rent on the new unit plus up to two application fees per adult family member.**
 - Only refundable portions of the security deposit will be covered.
 - Households with income *below* 30% of AMI are eligible for loan amount up to 100% of eligible costs.
 - Households with income *between* 30% and 50% of AMI will be eligible for loans of half of eligible costs.





SDAP Details



- 0% interest loans will be documented by a Promissory Note
 - The loan term will be twelve months households with income below 30% of AMI and six months for households with income between 30% and 50% of AMI.
- SDAP loans will be due in full if the household moves out of the unit. Failure to repay will be grounds for termination from the program.





Eligibility

Initial lease-up and unit transfers meeting the following criteria will be eligible:

- **Unit is within City of Flagstaff jurisdiction;**
- **Sale of property** and resulting lease non-renewal;
- **Change in family size** requiring a change in needed bedrooms;
- **Change in employment where access to place of employment is limited by location of current unit;**
- Circumstances covered by the **Violence Against Women Act;**
- **Non-renewal of lease by landlord for causes beyond the household's control;**
- Moves approved as a **reasonable accommodation;**
- **Relocation due to major unit repairs** or incidents such as flooding or fire damage (non-tenant caused)



Public Comment

- December 14, 2020 - a description of the proposed program and request for comments was sent to all voucher holders.
- More than 30 calls/emails in support of the program were received.
 - Many asked for more details and/or to apply for the program. Support of the program was strong; **no negative comments were received.**
- The **Housing Authority Board of Commissioners unanimously approved** forwarding the program for City Council's consideration at the January 21, 2021 meeting



Requested Action



Options:

- Approve the program as proposed
- Approve the program with amendments as directed during the meeting
- Request that alternate policy be written
- Disapprove the program

