IMPACT ANALYSIS – 2.b. Payment Standards - FMR

FACTOR 1: Impact on the agency's finances (e.g., how much will the activity cost, any change in the agency's per family contribution)

It is always difficult to predict exactly what will happen when payment standards are increased. Some landlords use these values as the starting point for setting their rents; however, in some cases, rent reasonableness studies will keep the rents lower than payment standards because unassisted tenants are paying lower rents. The following shows the number of units by bedroom size currently in the AHA's portfolio (excluding VASH and EHV households) along with the dollar increase of using 150% of FMRs rather than the current level of 110% where the AHA has its payment standards.

Bdrms	Units on Program	FMRs	Current PS (110%)	150% of FMR	Increase Over 110%	Inc x # units
0	64	$1,538	$1,691	$2,307	$616	$39,424
1	569	$1,854	$2,039	$2,781	$742	$422,198
2	482	$2,274	$2,501	$3,411	$910	$438,620
3	232	$3,006	$3,306	$4,509	$1,203	$279,096
4	52	$3,935	$3,935	$5,367	$1,432	$74,464
5	5	$4,525	$4,525	$6,172	$1,647	$8,235

*Numbers are as of March 2022

Bdrms	Units PBV Program	Units HCV Program	FMRs	Inc x # units
0	60	4	$1,538	$11,704
1	110	459	$1,854	$360,928
2	56	426	$2,274	$400,372
3	58	174	$3,006	226,780
4	28	24	$3,935	$44,392
5	3	2	$4,525	$4,533

If the possible increase in payment standard for each bedroom size is multiplied by the number of units at that bedroom size and added together, the increased costs would be $1,262,037. As not all families would receive the increased payment standard at the bedroom size in which they are residing (over- and under-housed families would be assisted at the lower of the unit or voucher size), an additional analysis of the approximately 1400 vouchers leased as of March 2022 was conducted to provide a range of costs based on differing scenarios.

If all rents were kept at the current level, this activity would cost the AHA approximately $149,068 per month in increased HAP costs. If all landlords raised their rents to 150% of the FMR and rent reasonableness supported that large of an increase, the increased HAP costs would be $1,362,339 per month. In reality, if the FMRs are appropriately set, the rent reasonableness test will not allow all units to increase to 150% of the FMR.

FACTOR 2: Impact on affordability of housing costs for affected families (e.g., any change in how much affected families will pay towards their housing costs)

As the AHA is proposing to raise payment standards to 150% of the Fair Market Rents for all bedroom sizes, this would decrease the family contribution to rent to owner for a large number of households (43% of households) and increase the Housing Assistance Payments (HAP) costs of the AHA. Assuming the landlords do not raise rents for the units, the average percent change in reduced payments by the family is approximately 16% with some families experiencing a 94% reduction in their payments towards gross rent (families with low incomes and units over the current payment standard) while others would not experience a decrease because their owner currently has the rent on the unit below the payment standard.

FACTOR 3: Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)

Most of the applicants drawn off the waitlist are to replace households or to raise lease-up rates due to underspent HAP. There would be fewer HAP dollars to allow for an increase in lease-up, but the number of replacement families would not significantly change.

FACTOR 4: Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)

This will result in a minimally lower number of families losing assistance due to the rule of termination of assistance after 180 days of zero HAP payment. If landlords raise the rent of the unit to the maximum of 150% of FMR, then the six families at zero HAP currently would all receive a HAP payment as the increased rents would be more than their current TTP; however, most families report a change of income prior to the 180-day termination date.

This will also decrease the number of lower-income families in higher rent units that may face termination for non-payment of rent.

FACTOR 5: Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program

This would increase the HAP utilization rate of the AHA as the AHA could pay more in HAP for currently assisted families and this would incentivize landlords to rent new units to voucher participants.

FACTOR 6: Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice

This would increase the housing choice of families as the biggest impediment to families leasing outside the established network of landlords with the AHA is the rent being found reasonable but the family unable to rent unit because the rent is above the affordability rule. This would allow families to afford these higher rent units.

FACTOR 7: Impact on the agency's ability to meet the MTW statutory requirements

a) Very Low-Income Requirement

The agency would still be able to meet this requirement as this activity would not impact the selection of applicants.

b) Reasonable Rent Policy

This activity does not affect the family's calculation of total tenant payment to encourage employment and self-sufficiency. It would decrease the family's share of rent to owner in many cases, allowing the family to have income for other purposes like saving or paying for education classes.

c) Substantially the Same Requirement

The AHA is currently carrying a HAP surplus, so increasing HAP payments on behalf of families is possible. The AHA will need to monitor the increased HAP expenditures to ensure that resources are available to continue to assist the same number of families.

d) Comparable Mix Requirement

This activity would have no effect on the number of household members in families, so would meet this statutory requirement.

e) Housing Quality Standards (HQS)

The units would continue to have to meet the HQS standards, so this statutory requirement would be met. The unit selection may even increase the quality of units available as higher rent units may become affordable.

FACTOR 8: Impact on the rate of hardship requests and the number granted and denied as a result of this activity

This should not result in an increase of hardship requests as the participants should be receiving an increased HAP payment in most cases and, in some, a decreased tenant payment for units were the rents are above the current payment standards.

FACTOR 9: Across the other factors above, the impact on protected classes (and any associated disparate impact)

As there is a statistical relationship between the bedroom size in which families are housed and the protected classes of race, disability, age, and family status, the payment standard will be increased for all bedroom sizes to 150% of FMR to avoid a disparate impact to any protected class.