

Activity #4: Institute Tiered Subsidy Table (TST)

A. Description of activity

HACSM is proposing the establishment of a tiered subsidy table (*see Appendix Two*) for all HCV applicants, Project Based participants, and the original 300 MTW program participants, based on their voucher bedroom size and annual adjusted income. This is approximately 750 of our current participants, in addition to about 20 new voucher holders per month due to voucher turnover and approximately 60 relocating HCV participants per month.

The annual adjusted income for the family is determined from the rent calculation, including all deductions and allowances for which the family is eligible (dependent, elderly, child care, medical, and disability assistance). For mixed families (ie: households with ineligible family members), the subsidy will be prorated based on the number of eligible and ineligible family members.

Each Tiered Subsidy Table (one for Project Based Properties and one for Tenant Based Properties), includes HACSM's total contribution to the participant's housing costs, rent, and utilities. As a result of this policy change, HACSM will no longer make Utility Assistance Payments to participants (see Appendix Two for analysis). HACSM will continue to support the participant's total housing costs, rent, and utilities, through the subsidy provided on the TST. The utility cost to participants has been factored into the subsidy amount per bedroom size. (See Appendix Two for HACSM's analysis of the current participant's utility costs and rent burden in relation to the TST).

As a result of this initiative, HACSM will no longer be utilizing Payment Standards, but will use the Fair Market Rent (FMR) schedule and utility usage analysis to establish the subsidy amounts. This initiative will also require HACSM to create an alternative RTA form, HAP contract, and Voucher.

A sample of the Proposed Tiered Subsidy Tables and impact study can be seen in Appendix Two. The Proposed TSTs in this document are for informational purposes only. HACSM has rigorously researched operating costs, fair market rents, utility costs based on local usage, current participant costs, and the resulting housing cost burden for existing participants in order to determine the most streamlined and equitable conversion. The final determination will be made prior to implementation January 1, 2010.

B. Relationship to a statutory objective

In an effort to streamline the administrative processes, simplify the program structure for clarity and transparency, and remove the barriers for families seeking rental units, HACSM is proposing the implementation of a TST, based on current fair market rents per unit size, and utility costs.

C. Anticipated impact on stated objective

The calculation of a participant's annual adjusted income and subsequent portion of rent is highly complicated, confusing for the families, prone to unintentional error and potential fraud, extremely time-consuming, and often a hindrance for families in securing a rental unit. As such, HACSM anticipates that the TST will increase productivity, decrease errors in the participant's rent portion calculation, remove the barriers for participants securing rental units and increase participants ability to take personal responsibility in their choice of rental unit. HACSM is also aware that the implementation of this activity could result in an increase in the participant's rent portion for some households. As such, HACSM is developing a hardship policy to address cases of significant increased rent burden for a participant.

D. Baselines, benchmarks, metrics and schedules

Baselines: (established July 1, 2008 – June 30, 2009)

1. The number of families residing in each city within San Mateo County. See Appendix Two for the specific statistics per city
2. On average, HACSM requires 56 days from initial eligibility appointment to voucher issuance
3. On average, HACSM requires 60 days for a new HCV voucher holders to complete the activities from voucher issuance to lease up (this does not include new Project Based participants)
4. Annually, each HACSM staff member spends an average of 184 hours to calculate and determine the participants' rent portions

Benchmarks

1. HACSM expects a 5% (approximately 175 HCV participants) migration to cities with lower poverty levels due to the TST, the participants' increased understanding of their subsidies, and subsequent increased housing choices. (Note: Due to longstanding Project Based rules, Project Based participants are unable to relocate and continue to receive housing subsidy, therefore they are not included in this benchmark.)
2. HACSM expects a 40% reduction (approximately 23 less days) in the number of days required to determine initial eligibility and voucher issuance
3. HACSM expects a 15% reduction (approximately 9 less days) in the number of days required for a new HCV participant to complete the lease up process (this does not include new Project Based participants)
4. HACSM expects at least a 10% reduction (approximately 18.5 hours less) in the number of hours required to determine the participants' rent portions

Metrics and Schedules

1. Comparison of number of families in each locality within San Mateo County before and after implementation of the TSTs
2. Comparison of the average number of days needed for the initial eligibility determination and voucher issuance before and after implementation

3. Comparison of the average number of days required for participants to find and secure a rental unit
4. Comparison of the number of hours required to determine the participant's rent portion

E. Data collection process

HACSM will track, via the leasing statistics, whether the new initiatives shorten the length of time needed for applicants to be reviewed for eligibility and issued a voucher and whether the initiatives encourage participants to find and secure housing in more diverse areas of San Mateo County.

F. Authorizations based on Attachment C

The proposed activity is authorized in HACSM's MTW Agreement, Attachment C, Paragraph D (1)(a) and D(2)(a) and waives certain provisions of Section 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(7), 8(o)(10), and 8(o)(13)(H)-(I) of the US Housing Act of 1937 and 24 CFR 982.162, 982.508, 982.503, and 982.518

G. Processes for rent reform initiatives

1. Agency's Board approval of policy
(See Appendix Four)

2. Impact Analysis;

Several factors were analyzed to establish the tiered subsidy amounts, including the following: actual per unit operating costs, Section 8 Program Fair Market rents, comparable rents, and the total housing costs, including utilities, for existing participants at various rent levels.

While there was discussion and research regarding different rents and/or payment standards to be based on different locations within San Mateo County, it was determined that this practice would actually increase the administrative complexities and therefore be contrary to the goal of lowering administrative burdens.

To more accurately ascertain the true rental costs in San Mateo County, HACSM has paid particular attention to the increased rent and utility costs for larger unit sizes as compared to studio, one, and two bedroom units. As can be seen in Appendix Two, HACSM has adjusted the subsidy tiers accordingly, to more closely match the San Mateo County rental market.

HACSM has also determined that Project Based Properties are a unique sub-set of the rental market in San Mateo County. Since the Project Based Programs were established many years ago, the contract rents are lower than the market at large and cannot, due to Project Based rules, be raised substantially. No one TST could adequately cover such a wide range of contract rents and tenant incomes and still be equitable and cost neutral. Therefore, to address this situation and create a system that most closely matches the current Housing Authority HAP costs and participant rent burden, HACSM has created a second TST for Project Based Properties specifically. See Appendix Two.

3. Annual reevaluation;

HACSM plans to review, at least annually, the impact of the proposed TST initiative, including the following factors: Fair Market rents, comparable rents, the rent burden on the participants, utility costs, and per unit operating costs.

4. Hardship case criteria;

HACSM is currently developing a hardship policy and panel to establish the guidelines and processes for participants who may experience unforeseen “hardship” due to this initiative. See Appendix Eight for HACSM’s draft hardship policy.

5. Transition period;

HACSM is planning to implement this initiative January 1, 2010. It will become effective for all HCV applicants, Project Based participants, and the original MTW program 300 voucher participants at their initial, next interim or annual recertification appointment or relocation (including all current HCV participants), whichever ever comes first. HACSM expects the initial transition period to last approximately two years due to the biennial recertification schedule for Elderly/Disabled households. Due to this implementation process, HACSM expects that over time, the TST will expand to most of the voucher program participants. Within this transition period, HACSM will continue to analyze any impacts to both the current participants and HACSM and determine, at that time, whether or not the TST initiative will be expanded to all HCV participants.

All current participants will be notified prior to their next scheduled appointment as to the impact of this initiative, giving them due time to make any adjustments they deem necessary.

6. Documentation of public hearing (may be same as Annual Plan hearing).

See Appendix III