

Ann Arbor Housing Commission – Resident Advisory Board Meeting
Moving To Work Demonstration Program Discussion - November 9th, 2022

This annual, public, meeting of the Resident Advisory Board focused on AAHC's participation in HUD's Moving To Work (MTW) Demonstration Program as a member of Cohort #4— Landlord Incentives. Below is a summary of the discussion:

Attendees: Weneshia Brand (AAHC), Bryce Allmacher (AAHC), Beth Yaroch (AAHC), Terrence Williams, Melanie, Leo, Hugh Goodman, Nicole Harris, Ambrose Rivers, Sarah Teare, Timothy Haremza, John Stacy, Morgan Borchardt, Dory Boston, Mary Doyle, Kimmeka Pipkins, and Jason Pope

Brand: AAHC staff can be reached for additional comments and questions at wrbrand@a2gov.org.

The Ann Arbor Housing Commission (AAHC) is a Public Housing Authority, one of three in Washtenaw County including the Michigan State Housing Development Authority and the Ypsilanti Housing Commission. AAHC owns and operates 18 affordable housing properties across the City of Ann Arbor. AAHC also operates a Section 8 Voucher program, in which recipients may use their voucher to subsidize their rent in the private market.

Part of AAHC's mission is to increase the number of affordable housing units available throughout the county. To help achieve this mission, AAHC applied for and was awarded the Moving To Work designation in 2022 by the Department of Housing and Urban Development (HUD). As part of AAHC's participation in the MTW program, AAHC is required to complete a Moving To Work supplement in addition its Annual Agency Plan, much of the discussion today will revolve around the MTW program.

2022 Policy Updates, Amendments, and Announcements:

AAHC recently increased the amount of time Section 8 Voucher recipients have to secure housing from 60 days to 180 days. AAHC recently adjusted policy to allow voucher recipients to sign an initial lease of less than 1 year with their property management company. AAHC has revised policy to restrict residents from moving to a new unit with their voucher until after outstanding debts with their previous landlord have been resolved. AAHC recently amended policy to allow voucher recipients to rent units designated as a group home or a shared house. AAHC recently amended policy to restrict former Section 8 participants who voluntarily left the program from requesting an appeal hearing. AAHC recently amended its Violence Against Women Act policies to clarify who qualifies for an emergency transfer request under the act. Lastly, AAHC amended policies that govern its Family Self Sufficiency (FSS) Program to clarify the procedures for when a family underreports its income.

HUD recently rewrote the regulations that govern the FSS program. As a result of those changes, AAHC had to update its policies and software to support the administration of the program. AAHC submitted its policy changes for the program to HUD and those changes were approved

in November 2022. Pending approval from AAHC's board, those policy changes will be implemented via AAHC's Annual Agency Plan submission.

AAHC also plans to amend policies governing its Homeownership Program pending approval from AAHC board. Policy changes clarify the agencies protections against predatory lending practices for its participants. Policy changes also clarify that participating families must spend 1% of total sales price in order to qualify for Housing Assistance Payments under the Homeownership program. Additionally, AAHC policy will no longer preclude participants from securing 0% down payment loans.

AAHC is currently in development processes at 10 sites surrounding the downtown Ann Arbor Area. Visit the housing commission website for more information about those projects.

AAHC will be posting a Request For Proposal for additional Project Based Vouchers within the jurisdiction. Local landlords are encouraged to respond.

AAHC was recently awarded 16 new Section 8 Housing Choice Vouchers by HUD. In recent years AAHC has been awarded additional vouchers under the Emergency Housing Voucher and Non-Elderly Disabled voucher programs.

While AAHC is thankful for all additional vouchers, recent increases in funding have been insufficient to keep pace with the rapid increases in rent in the private market. AAHC will be increasing its payment standards to 120% of the area Fair Market Rent pending board approval. This allows AAHC to provide greater amounts of subsidy to its families in an effort to keep pace with increases in rent across the area.

Landlord Incentives

AAHC is a participant in Moving To Work Cohort #4— Landlord Incentives. Participation in this cohort provides AAHC the opportunity to adopt policies that incentivize landlord participation in the Section 8 Voucher program. AAHC plans to provide damage loss payments, signing bonuses, and vacancy loss payments to landlords that rent to Section 8 Voucher participants. AAHC also plans to assist participants with providing security deposits and paying application fees.

Reasonable Rent Policy: Tiered Rent

As an MTW activity, AAHC is considering a tiered rent system. The tiered rent program would group rents together based on income. Calculation: monthly income based on the bottom of a participant's income tier X 25% + \$50. Example: those with an annual income of \$10,000-14,999 would all pay \$258.33 per month in rent ($\$10,000/12 \times 25\% + \50), as opposed to the current rent calculation in which all participants pay 30% of their monthly income towards rent (plus any amount that exceeds the voucher payment standard). Participants would not experience an increase in rent if their income rises within their own tier. Example: if a participant's income increases from \$11,000 to \$13,000 per year, their rent contribution does not increase. If however, their income were to increase beyond \$14,999, their rent contribution would increase to that of the next income tier upon their next income certification. Participants experiencing a hardship as defined by AAHC policy would be allowed to request an interim reexamination of income if

they experience a decrease in income below their current tier in order to reduce their rent contribution.

Alternative Reexamination Schedule

In addition to the tiered rent policy, AAHC is considering a policy that would stipulate that income recertifications take place every 3 years rather than annually. This would allow participants to pocket increases in income for longer rather than having their rent raised more quickly upon recertification. Example: elderly families experience increases in Social Security income almost annually. The alternative schedule would allow these families to keep that increase rather than contributing it toward rent until their next recertification.

Alternative Income Inclusion and Exclusion

AAHC is also considering implementing alternative income exclusions and inclusions which would allow families to deduct income from additional sources in making rent determinations. AAHC is considering excluding income from adult children ages 18-24 in making rent determinations.

Attendee Comments:

Rivers: How long do you have to find housing once you receive your Section 8 Voucher?

Brand: 180 days

Rivers: Can Homeownership voucher assistance be used in Combination with Neighborhood Assistance Corporation of America (NACA) mortgage products?

Brand: Yes.

Haremza: What is the procedure when a person has a Section 8 Voucher and the individual gets married, how is their income adjusted? Will their rent change?

Brand: A lot of landlords require families to add additional people to the lease. It is the family's responsibility to accurately report their income to AAHC. There is a strong possibility that their rent will change.

Haremza: Is there any relationship between Ann Arbor Housing Commission and Avalon Housing?

Brand: Yes, Avalon are partners of AAHC. Suggest that Haremza call to further explain the relationship.

Pipkins: Question about Platt Rd. property (Creekside Court): that property is not available to Section 8 participants, only AAHC participants?

Brand: The new AAHC developments plan to be mostly mixed. Example: with a 30 unit building, we might make 10 Project-Based Vouchers (subsidy is attached to the unit, does not

follow the family), 10 available to the market, and 10 based on tax credit requirements. As long as the landlord accepts the voucher, and you are not “doubling up” on assistance (i.e. using a Section 8 Voucher in a Project-Based unit), you can live there.

For Creekside specifically, that property is Project-Based Vouchers only, so people with Section 8 vouchers can’t apply there. You as a voucher holder would have to withdraw from Section 8 assistance to qualify.

Pipkins: When do you plan to implement the policies regarding security deposit assistance?

Brand: Possibly in this upcoming fiscal year, inquire with your caseworker to see if funding is currently available.

Pipkins: Inquired about a Habitat For Humanity program— Habitat required an income of at least \$70,000 to qualify for their Homeownership program, that doesn’t seem like it would qualify as low-income.

Brand: You can always google Area Median Income (AMI) to determine what is low-income, in Washtenaw County, because incomes and cost of living are generally so high, that number makes sense as low-income. With the AAHC Homeownership Program, the voucher itself is counted as income towards your loan. This allows our participants to get approved for larger loans than what their income would typically dictate. The voucher doesn’t help with down payment or closing costs, but it does provide monthly Housing Assistance Payments to assist with your mortgage principal, interest, taxes, and insurance.

Harris: How long do you have to be on the Section 8 program before you can qualify for the Homeownership program?

Brand: 1 year, and FSS participation is not required.

Haremza: Concerned about the amount of time in between income recertifications with the tiered rent policy. What if a participant loses a significant source of income?

Hardship Policy

Brand: AAHC would implement a hardship policy to mitigate any potential negative effects of the tiered rent system. The idea of tiered rents is to incentivize increases in income, but also to align AAHC policy more closely with practices in the private market— if you lose income while renting a private housing unit without voucher assistance, your rent isn’t affected. Reiterates that this is the time to influence the hardship policy.

Haremza: A hardship policy sounds like it would address some concerns. For example, if your company moves because there aren’t enough skilled workers in your area, that should count as a hardship.

Haremza: Likes the idea of excluding income from adult children.

Brand: Alternative inclusions/exclusions as proposed here obviously only apply to very specific households.

Haremza: Does the AAHC take into account cost-of-living expenses in the area? Increases in social security are typically negated by increases in cost-of-living.

Brand: AAHC does not. Still, though, the benefits of both the tiered rent and the alternative recertification schedule apply. It's more money in your pocket unless and until at your recertification you enter a higher income tier. Provides participants the opportunity to pay off debt, pay for school, save for a home, and increase assets.

Harris: Most places that do low-income housing make you recertify as soon as your income increases, for AAHC would the participant owe that money retroactively if they didn't report an increase in income immediately?

Brand: No, they wouldn't have to report their increase until their next schedule recertification

Harris: Does AAHC account for any other expenses in making rent determinations? Things like car repairs?

Brand: No. AAHC takes into account utilities, medical expenses, and childcare, but nothing else. Families currently receive a \$480 allowance per minor living in their home. It is possible that AAHC takes that amount and increases it to \$500+. Not the same idea as Harris' question, but the same effect.

Pipkins: Net vs. gross income, is there a way for the Housing Commission to account for the difference in making rent determinations?

Brand: We can't necessarily distinguish between the two, but there are MTW activities that allow AAHC to change the income calculation process. Would need to do more research to give a complete description of what those activities would look like.

Pipkins: When AAHC takes policy into consideration, when do residents enter the conversation?

Brand: Residents are the #1 source of justification for these policy changes. Our residents share their challenges and suggestions every day. These meetings are also extremely important. AAHC board meetings are on the third Wednesday of the month every month and are open to the public. We have tenants and former tenants on the board as well.