

# P A T H

## Department of Prevention, Assistance, Transition, and Health Access

**FROM** Eileen I. Elliott, Commissioner  
for the Secretary

**SUBJECTS** ANFC Standards and Reduced Payment  
Computation Changes

**BULLETIN NO.** 00-15F

**DATE**

**CHANGES ADOPTED EFFECTIVE** 10/1/00

**INSTRUCTIONS**

- Maintain Manual - See instructions below.**
- Proposed Regulation - Retain bulletin and attachments until you receive Manual Maintenance Bulletin: \_\_\_\_\_**
- Information or Instructions - Retain until \_\_\_\_\_**

**MANUAL REFERENCE(S)**

2245.2 P.1            2245.3  
2245.2 P.5            2246

### *Revision to ANFC Standards Updates*

The adopted rule updates the basic needs standards for families receiving Aid to Needy Families with Children (ANFC), changes the standards for families in room-and-board situations to reflect the changes in basic needs, and increases the housing allowance for families outside Chittenden County from \$375 per month to \$388. The rule decreases the ratable reduction, the percentage of the ANFC needs standard funded and paid to families, from 52.5 percent to 52.0 percent. No ANFC families will experience a decrease in their ANFC benefits as a result of this rule. The typical ANFC family will receive an increase of about \$7 per month.

Since filing the proposed rule, the department corrected an error in the calculation of the basic needs standards. In measuring changes in the Consumer Price Index (CPI) during the past year, the CPI numbers from several years ago were used instead of the CPI numbers for last year, resulting in a larger percentage change in the basic needs standards. To make the necessary corrections without causing a decrease in benefits for ANFC families, the department adjusted the proposed change to the ratable reduction from 51.9 percent to 52.0 percent.

The published summary of the proposed rule correctly states that no ANFC families will experience a decrease in their ANFC benefits as a result of these standards updates. The expected increase for the typical family remains the same. The ratable reduction has increased slightly since publication of the proposed rule.

The adopted rule increases the maximum housing allowance for families who live outside Chittenden County from \$375 per month to \$388. The maximum housing allowance for ANFC families inside

Chittenden County, based on the median value of actual housing costs experienced by these families, remains the same at \$450 per month.

***Specific Changes to Policy Pages***

- 2245.2 P.1     Updates the ANFC basic needs standards.
- 2245.2 P.5     Reduces the ANFC ratable reduction percentage from 52.5 percent to 52.0 percent.
- 2245.3           Increases the ANFC housing allowance maximum from \$375 to \$388 for families outside Chittenden County.
- 2246             Updates ANFC standards for families in room-and-board situations to reflect the changes in the ANFC basic needs standards.

***Summary of Written Comments and Department's Response***

A public hearing was held on July 17, 2000, at 10:00 a.m. in the third floor conference room, building "A", State Office Complex, Waterbury, Vermont. No commenters attended the hearing.

Vermont Legal Aid submitted written comments concerning housing costs for ANFC families in Chittenden County. These comments and the department's response are summarized below.

**Comment:**     The commenter refers to a housing crisis in Chittenden County that is evidenced by a vacancy rate of less than 1 percent, causing people to experience difficulty finding affordable housing.

**Response:**     The department agrees with the commenter that there is a housing shortage in Chittenden County that has increased shelter costs, making it difficult for ANFC families to pay high rent out of their ANFC grant. The special needs housing allowance of up to \$90 for eligible ANFC families whose housing expenses are greater than the maximum monthly housing allowance was added to ANFC policy in July, 1999. While this special needs housing allowance is a help to ANFC families with high housing costs, the department believes that the housing shortage in Chittenden County must be addressed more broadly than is possible through ANFC policy.

**Comment:**     The commenter states that the fair market rents for Chittenden County listed by the U.S. Department of Housing and Urban Development (HUD) have steadily risen over the past few years: \$692 in 1998, \$700 in 1999, and \$705 in 2000.

**Response:**     The department finds that the information listed by HUD and cited by the commenter reflects fair market rents for a substantial but different population within the Chittenden County housing market. The median housing costs of ANFC families include the costs of homeownership and room rent in addition to the rental of private housing. The HUD statistic, which increased only 0.7 percent last year, includes utilities; the department's housing maximum does not include utilities. For these

reasons, the figures listed by HUD are not comparable to the median housing costs for ANFC families.

The department also looked at housing costs reported by families 42 months after they were assigned to Vermont's Welfare Restructuring Project (WRP) in six of PATH's twelve districts, including Chittenden County. These survey findings were published in June 2000 by the Manpower Demonstration Research Corporation (MDRC). According to survey results, these families had housing costs averaging \$560, including utilities. Although the MDRC finding is not directly comparable to either the HUD average or the department's calculation of median costs without utilities experienced by ANFC families in Chittenden County, it does help to confirm that actual housing costs experienced by ANFC families are significantly lower than HUD's fair market rents.

**Comment:** The commenter asked the department to explain how the housing allowance is computed and to set the maximum housing allowance in Chittenden County at a level that reflects the market and the reality of the severe housing shortage. The commenter asserted that it is hard to believe that half of ANFC families in Chittenden County actually pay less than \$450 in rent, suggesting that apartments are renting for much higher amounts.

**Response:** Housing costs for ANFC families include home mortgage, rent, and room rent. The maximum housing allowance of \$450 in Chittenden County is not comparable to HUD market rents since it is based on the median housing costs of ANFC families in all types of housing.

The department's analysis of median housing costs in Chittenden County shows the range of housing costs of ANFC families. More than half, or about 54 percent, have housing costs at or below \$450. Almost 12 percent of ANFC families in Chittenden County have housing costs in the range of \$451 to \$540, which qualifies them for up to \$90 based on the special needs housing allowance in effect since July 1999. An additional 34 percent have housing costs above \$541, which qualifies these families for the full \$90 special needs housing allowance. Almost 12 percent of ANFC families in Chittenden County report no housing costs.

In response to the housing shortage in Chittenden County, policy was changed, effective July 1, 2000, to provide more help to families requiring temporary housing. The expansion of this benefit in ANFC-EA and General Assistance from the previous 28-day maximum period of temporary housing to 84 days will help to alleviate the burden on ANFC families who experience a loss of housing. The department acknowledges, however, that the \$90 special needs housing allowance and the additional 56 days of temporary housing assistance does not address the shortage of affordable housing in Chittenden County.

Vertical lines in the left margin indicate significant changes. Dotted lines at the left indicate changes to clarify, rearrange, correct references, etc., without changing regulation content.

**MANUAL MAINTENANCE**

MANUAL HOLDERS: Please maintain manuals assigned to you as follows.

ANFC Policy

<u>Remove</u>		<u>Insert</u>	
2245.2 P. 1	(99-12)	2245.2 P. 1	(00-15F)
2245.2 P. 5	(99-12)	2245.2 P. 5	(00-15F)
2245.3	(99-12)	2245.3	(00-15)
2246	(99-12)	2246	(00-15F)