



Yolo County Housing

Lisa A. Baker, Executive Director

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DATE: February 17, 2010
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
PREPARED BY: Brenda Lomeli-Rocha, Real Estate Supervisor
SUBJECT: **Review and Approve Flat Rent Schedule for Public Housing**

RECOMMENDED ACTIONS:

That the Board of Commissioners review, approve and adopt the revised flat rent schedule to be effective May 1, 2010.

BACKGROUND / DISCUSSION

Under the federal Code of Federal Regulations at 24 CFR, Section 960.253, public housing authorities are required to offer residents of Low Income Public Housing (LIPH) their choice of one of two (2) rent options. We must offer to allow residents to make rent payments based either on thirty (30%) percent of adjusted income or to pay a "flat" rent amount that is based on comparable unassisted market rate units in the area.

The flat rent option was introduced by HUD as a way to increase self-sufficiency, to avoid creating disincentives for continued residency by families striving to achieve economic improvement and to decrease the instances of fraud committed by residents whose rents increase as they earn more money. These goals are explained in the HUD regulations. The Flat rent option is also good for the YCH because it provides a more stable and predictable revenue stream as opposed to income-based rent which varies as individual tenant incomes rise and fall.

In order to determine what a "flat" market rate rent would be, the YCH must take into consideration the following criteria:

- The location, quality, size, unit type and age of the unit;
- Any amenities, housing services, maintenance and utilities similar to those provided by the public housing agency.

HUD regulations specify that the comparable units must be based on unassisted (market rate) units (i.e., private, rent-restricted affordable housing complexes cannot be used in the market study). Additionally, because YCH does not have Public Housing in Davis, the rental comparison study did not incorporate data from that rental market.

Staff has completed the market survey of unassisted units in Yolo County in accordance with HUD guidelines. Staff has found the following:

Flat Rent Table by Bedroom Size and Year:

	0 Bdr m	1 Bdr m	2 Bdr m	3 Bdrm	4 Bdrm	5Bdrm
Flat Rents 2008	\$503	\$591	\$723	\$1,053	\$1,119	\$1,287
Increase based on fair market rent survey	\$645	\$790	\$974	\$1,267	\$1,580	\$1,898
Percent of increase based on fair market rent survey	28%	34%	34%	20%	41%	47%

At the Board meeting on October 24, 2006, the Board approved a three-part phase in at 17% per year until flat rents meet the results of the annual market study. As a result, staff recommends the following flat rent schedule, based on the current market study and the 17% phase-in:

Proposed increase of 17%, effective April 1, 2010

	0 Bdr m	1Bdrm	2 Bdr m	3 Bdrm	4 Bdrm	5 Bdrm
Market Study	\$645	\$790	\$974	\$1,267	\$1,580	\$1,898
Proposed Flat Rents 2010	\$589	\$691	\$846	\$1,232	\$1,309	\$1,506

In order to be able to give sufficient notice to residents of the change in the flat rent schedule, it is recommended that the flat rent increases become effective May 1, 2010. The residents' household rent will change at the annual recertification examination which is held in the anniversary month of the residents' initial move-in dates. In accordance with federal requirements, each family will have the choice at its annual reexamination to continue with the flat rent option or to move to an income-based rent based on 30% of adjusted income.

FISCAL IMPACT

Thirty-three (33) Public Housing units out of 431 units currently pay flat rents (approx. 8%). Fiscal impact to the Agency is as yet unknown due to family choice of rental payments.

CONCLUSION

Staff recommends approving by resolution the proposed Flat Rent schedule for LIPH to be effective May 1, 2010.

Attachment: Resolution

YOLO COUNTY HOUSING

RESOLUTION NO. _____

(Resolution Regarding Adoption of Annual Flat Rent Schedule in Accordance with Federal Regulations)

WHEREAS, the U.S Department of Housing and Urban Development (HUD) requires public housing authorities to adopt a flat rent option for residents consistent with market survey results; and

WHEREAS, public housing residents will be given the option to choose either the flat rent or income base rent amount at their annual reexamination; and

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Yolo (informally known as Yolo County Housing) has determined that a three year phase-in at no more than a 17 % increase per year is appropriate at this time to avoid undue hardship on families;

NOW, THEREFORE, BE IT RESOLVED, ORDERED AND FOUND that the Board of Commissioners of Yolo County Housing adopts the flat rent schedules to be effective May 1, 2010 as outlined in the flat rent staff report of February 18, 2010.

PASSED AND ADOPTED, by the Board of Commissioners of Yolo County Housing, County of Yolo, State of California, this 18th day of February 2010, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Matt Rexroad
Yolo County Housing Commission

Approved as to Form:

By: _____
Sonia Cortés, Agency Counsel

Attest:
Ana Morales, Clerk
Yolo County Housing Commission

By: _____
Deputy