



Yolo County Housing

Lisa A. Baker, Executive Director

147 W. Main Street
WOODLAND, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

BOARD OF COMMISSIONERS

Duane Chamberlain
Marlene Games
Michael H. McGowan
Jim Provenza
Matt Rexroad
Helen M. Thomson
Bernita Toney

DATE: March 11, 2010
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
PREPARED BY: Marianne Krager, Director of Operations
SUBJECT: Review and Approve Amendments to the HCV Administrative Plan for Subsidy Standards and Rent Reasonableness

RECOMMENDED ACTIONS:

That the Board of Commissioners:

Review and approve the proposed Amendments to the HCV Administrative Plan and authorize the Executive Director to implement.

BACKGROUND / DISCUSSION

The Section Eight Management Assessment Program (SEMAP) is a regulatory tool used by the U.S. Department of Housing and Urban Development (HUD) that measures the performance of public housing agencies (PHAS) across several areas of key voucher administration areas. There are fourteen indicators which are used to assign the performance ratings.

As part of the 2008 Confirmatory Review and the subsequent 2009 SEMAP self assessment, there were areas where HUD determined a CAP (Corrective Action Plan) was required and areas where the YCH assessed itself zero (0) points. In any indicator where a PHA assesses itself zero (0) points (excluding bonus point areas), a Corrective Action Plan (CAP) is required, along with regular reporting and documentation submission to HUD until those areas improve.

One of the areas of improvement is Rent Reasonableness. The main issue with Rent Reasonableness is that the indicators in the Administrative Plan do not match the available indicators in our software. Staff is proposing to amend the Administrative Plan for consistency in order to be compliant with existing regulations and to improve SEMAP scoring.

Separately, last year, as part of the effort to prevent the need to terminate families due to Voucher underfunding, the Board approved, on March 5, 2009, a change to the subsidy standards to reflect family size instead of family composition. At this time, the YCH has sufficient funding to return to its basic mission of awarding subsidy standards based on family composition. This will help families not have to make choices between children or parents of different genders having to share a bedroom.

FISCAL IMPACT

None at this time.

CONCLUSION

In order to advance YCH's mission and proceed with the closing of the 2008 SEMAP review and Corrective Action Plan, as well as providing that families will not have to move due to downsized subsidy standards, staff recommends that the board adopt the proposed Administrative Plan changes.

Attachment: Draft Administrative Plan Changes

8-III.B. WHEN RENT REASONABLENESS DETERMINATIONS ARE REQUIRED

Owner-initiated Rent Determinations

The PHA must make a rent reasonableness determination at initial occupancy and whenever the owner requests a rent adjustment. The owner and family first negotiate the rent for a unit. The PHA (or independent agency in the case of PHA-owned units) will assist the family with the negotiations upon request. At initial occupancy the PHA must determine whether the proposed rent is reasonable before a HAP Contract is signed. The owner must not change the rent during the initial lease term. Subsequent requests for rent adjustments must be consistent with the lease between the owner and the family. Rent increases will not be approved unless any failed items identified by the most recent HQS inspection have been corrected.

PHA Policy

For rent increase requests after initial lease-up, the PHA may request owners to provide information about the rents charged for other units on the premises, if the premises include more than 4 units. In evaluating the proposed rents in comparison to other units on the premises the PHA will consider unit size and length of tenancy in the other units. The owner will be notified of the determination in writing.

All requests for rent adjustments by the owner must be made at least 60 days prior to the expiration of the HAP contract between the PHA and the owner of the unit. All rents adjustments will be effective on the first day of the new HAP contract between the PHA and the owner not the unit.

PHA- and HUD-Initiated Rent Reasonableness Determinations

HUD requires the PHA to make a determination of rent reasonableness (even if the owner has not requested a change) if there is a 5 percent decrease in the Fair Market Rent that goes into effect at least 60 days before the contract anniversary date. HUD also may direct the PHA to make a determination at any other time. The PHA may decide that a new determination of rent reasonableness is needed at any time.

8-III.C. HOW COMPARABILITY IS ESTABLISHED

Factors to Consider

HUD requires PHAs to determine that assisted unit rents are comparable to unassisted units in the market area. The PHA may use these factors to make upward or downward adjustments to the rents of comparable units.

- Location and age
- Unit size including the number of bedrooms
- The type of unit (e.g., single family, duplex, garden, low rise, high-rise)
- The quality of the units including the quality of the original construction and improvements made.
- Amenities, services, and utilities included in the rent

Units that Must Not be Used as Comparables

Comparable units must represent unrestricted market rents. Therefore, units that receive some form of federal, state, or local assistance that imposes rent restrictions cannot be considered comparable units.

These include units assisted by HUD through any of the following programs:

Section 8 project-based assistance, Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR) projects, HOME or Community Development Block Grant (CDBG) program assisted units in which the rents are subsidized; units subsidized through federal, state, or local tax credits; units subsidized by the Department of Agriculture rural housing programs, and units that are rent-controlled by local ordinance.

Rents Charged for Other Units on the Premises

The Request for Tenancy Approval (HUD-52517) requires owners to provide information, on the form itself, about the rent charged for other unassisted comparable units on the premises if the premises include more than 4 units. By accepting the PHA payment each month the owner certifies that the rent is not more than the rent charged for comparable unassisted units on the premises. If asked to do so, the owner must give the PHA information regarding rents charged for other units on the premises.

8-III.D . PHA RENT REASONABLENESS METHODOLOGY

How market data is collected (PHA Policy)

The PHA will collect and maintain data on market rents in the PHA's jurisdiction. Information sources include newspapers, realtors, market surveys, inquiries of owners and other available sources. The data will be maintained by bedroom size and market areas. Market areas may be defined by zip codes, census tract, neighborhood, and identifiable natural or man-made boundaries. The data will be updated on an ongoing basis and rent information that is more than 24 months old will be eliminated from the database.

How Rents are Determined

PHA Policy

The PHA is responsible to ensure that the rents charged by owners are reasonable based upon objective comparables in the rental market. When the PHA has determined the unit meets the minimum Housing Quality Standards (HQS), the lease is approvable, and the rent is reasonable, it will make timely payments to the owner and notify the owner of the procedures for rent adjustments in the voucher program.