



Yolo County Housing

Lisa A. Baker, Executive Director

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DATE: May 17, 2012
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
PREPARED BY: Marianne Krager, Director of Operations and Brenda Lomeli, Real Estate Services Supervisor
SUBJECT: **ADOPT RESOLUTION ESTABLISHING FLAT RENT SCHEDULE 2012 FOR LOW INCOME PUBLIC HOUSING**

RECOMMENDED ACTIONS:

That the Board of Commissioners:

1. Board of Commissioners review, approve and adopt the resolution establishing the revised flat rent schedule; and
2. Authorize the Executive Director to implement

BACKGROUND / DISCUSSION

In accordance with federal regulations found at Code of Federal Regulations (CFR) 24, Section 960.253 , Yolo County Housing (YCH) must annually give each family the opportunity to choose between two methods of determining the amount of tenant rent payable by the family. The family may choose to pay either a flat rent or an income-based rent. Income based rent is calculated as thirty (30%) percent of adjusted income, less a YCH calculated utility allowance. The flat rent is based on the market rent charged for comparable units in the private unassisted rental market. It is equal to the estimated rent for which YCH could promptly lease the housing unit if it were a private leasing agent.

Flat rents are designed to encourage self-sufficiency and to avoid creating disincentives for continued residency by families who are attempting to become economically self-sufficient. Flat rents are also designed to help decrease the chances for fraud committed by residents whose rents increase as they earn more money. Another benefit of flat rents is that they reduce the administrative burdens that come with conducting rent adjustments when income fluctuates, especially in this current economy of layoffs and furloughs.

To determine the flat rent, the YCH must consider:

- The location, quality, size, unit type and age of the unit;
- Any amenities, housing services, maintenance and utilities provided by the YCH.

HUD regulations specify that the comparable units used for this study must be based on unassisted (market rate) units (i.e., private, rent-restricted affordable housing complexes cannot be used in the market study).

Staff has completed the market survey of unassisted units in Yolo County and a review of demographic information from the 2012 Census for Yolo County in accordance with regulations. Based on this review, staff has determined the following:

Flat Rent Table by Bedroom Size and Year:

	0 Bdrm	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5 Bdrm
Flat Rents 2010-2011	589	691	846	1232	1309	1506
Increase based on Fair Market rent survey	756	765	1011	1436	1786	2042
% of increase based on fair market rent survey	28%	10.5%	19%	16.3%	36%	35%

On October 24, 2006, due to the great disparity between existing flat rents and market rents due to the faulty methodology of the prior administration, the YCH Board of Commissioners approved a phase in of rent increases at 17% per year until flat rents meet the results of the annual market study. Accordingly YCH proposes a 17% increase for all bedrooms with the exception of the one (1) and three (3) bedroom units which will increase according to market survey as their difference is below 17%. The increase is as follows:

	0 Bdrm	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5 Bdrm
Market Study	756	765	1011	1436	1786	2042
Proposed Flat Rents 2012	689	765	990	1436	1531	1762

In order to provide our residents sufficient notice of the change in the flat rent schedule, it is recommended that the flat rent increases become effective August 01, 2012. The residents'

household rent will change at the annual recertification examination which is held in the anniversary month of the resident's initial move-in date. In accordance with federal requirements, each family with a current flat rent will have the choice at their annual reexamination to continue with the flat rent option or to move to an income-based rent.

FISCAL IMPACT

Currently YCH has (3) Public Housing units out of 431 that currently pay flat rents (less than 1%). Any fiscal impact to the Agency is expected to be marginal and to fit within current overall budget parameters.

CONCLUSION

Staff recommends approving by resolution the proposed Flat Rent schedule for LIPH to be effective August 01, 2012.

Attachment: Resolution

**YOLO COUNTY HOUSING
RESOLUTION NO. 09-_____**

(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 based rent amount at their annual reexamination; and

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

NOW, THEREFORE, BE IT RESOLVED, ORDERED AND FOUND by the Housing Commission of the Housing Authority of the County of Yolo adopts the flat rent schedules to be effective August 01, 2012 as outlined in the flat rent staff report of May 17, 2012.

PASSED AND ADOPTED, _____ by the Housing Commission of the Housing Authority of the County of Yolo, State of California, this 17th day of May 2012 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Helen Thomson, Chair
Housing Commission of the
Housing Authority of the County of Yolo

Approved as to Form:

By _____
Sonia Cortes, Agency Counsel

Attest:
Julie Dachtler, Clerk
Housing Commission of the
Housing Authority of the County of Yolo

By _____