

**MEMORANDUM – NEIGHBORHOOD RESOURCES- PHAC MEMO NO. HD14-04**

**DATE:** MAY 6, 2014

**TO:** PUBLIC HOUSING AUTHORITY COMMISSION

**THRU:** RICH DLUGAS, CITY MANAGER *RD*  
JEFF CLARK, FIRE CHIEF  
JENNIFER MORRISON, NEIGHBORHOOD RESOURCES DIRECTOR *JM*

**FROM:** KURT KNUTSON, HOUSING AND REDEVELOPMENT MANAGER *KK*

**SUBJECT:** RESOLUTION NO. H0112 APPROVING THE HOUSING AND REDEVELOPMENT DIVISION'S FLAT RENTS FOR THE PUBLIC HOUSING PROGRAM EFFECTIVE JUNE 1, 2014 AND AUTHORIZING AN AUTOMATIC ADJUSTMENT TO NOT LESS THAN 80% OF FAIR MARKET RENT (FMR) WHENEVER NEW FMR'S ARE PUBLISHED

**RECOMMENDATION:** Staff and the Housing and Human Services Commission recommend to the Public Housing Authority Commission the adoption of Resolution No. H0112 approving the Housing and Redevelopment Division's flat rents for the Public Housing Program effective June 1, 2014 and authorizing an automatic adjustment to not less than 80% of FMR whenever new FMRs are published.

**BACKGROUND:** Families in the Public Housing program are generally very low income and the majority of families pay approximately 30% of their adjusted income as their monthly rent amount. Under the 30% method of rent calculation, a monthly rent adjusts up and down as family income increases or decreases. When a family's income increases to where 30% of their adjusted income is a significant rent payment, some families opt to select a Flat Rent to help cap their monthly rent payments until they can determine if their income is stable and substantial enough to move to market rate rental housing.

A Flat Rent is a fixed monthly rent amount that is predetermined by HUD parameters that does not adjust based on a family's income fluctuations. Flat Rent amounts are typically fixed for a one year lease term. Flat Rents also generate increased revenue for the Public Housing Authority (PHA) which can help stabilize public housing rent rolls.



**RESOLUTION NO. H0112**

A RESOLUTION OF THE PUBLIC HOUSING AUTHORITY COMMISSION OF THE CITY OF CHANDLER, ARIZONA, APPROVING THE HOUSING AND REDEVELOPMENT DIVISION'S FLAT RENTS FOR THE PUBLIC HOUSING PROGRAM EFFECTIVE JUNE 1, 2014 AND AUTHORIZING AN AUTOMATIC ADJUSTMENT TO NOT LESS THAN 80% OF FAIR MARKET RENT (FMR) WHENEVER NEW FMR'S ARE PUBLISHED

**WHEREAS**, pursuant to Section 511 of the Quality Housing and Work Responsibility Act of 1998 and 1999 Fiscal Year HUD Appropriations Act, all Public Housing Authorities must adopt and submit to the United States Department of Housing and Urban Development (HUD), an Annual Plan (Agency Plan) effecting the overall operations, management and mission of the federally funded Housing Programs; and

**WHEREAS**, the City of Chandler Housing and Redevelopment Division has developed the attached Flat Rent Schedule (Exhibit A) for submittal to HUD as part of the Annual Plan;

**WHEREAS**, the Flat Rent Schedule developed incorporates the most recent directive issued by HUD to be implemented by the City of Chandler Housing Program; and

**WHEREAS**, the Public Housing Authority Commission of the City of Chandler is the entity charged with approving any significant modifications to the Agency Plan its related policies, procedures and schedules, and authorizing the submittal of those documents to HUD for approval.

**NOW, THEREFORE, BE IT RESOLVED**, by the Public Housing Authority Commission of the City of Chandler as follows:

Section 1. That the Flat Rent Schedule (Exhibit A) is hereby approved.

Section 2. That the City of Chandler Housing and Redevelopment Division be directed to implement the modifications as approved herein as of June 1, 2014.

Section 3. That the staff of the City of Chandler Housing and Redevelopment Division be directed to adjust the future Flat Rent Schedule to not less than 80% of new Fair Market Rents when they are published.

**PASSED AND ADOPTED** by the Public Housing Authority Commission of the City of Chandler, Arizona, this \_\_\_\_ day of \_\_\_\_\_, 2014.

ATTEST:

\_\_\_\_\_

CITY CLERK

\_\_\_\_\_

CHAIRMAN

CERTIFICATION

I **HEREBY CERTIFY** that the above and foregoing Resolution No. H0112 was duly passed and adopted by the Public Housing Authority Commission of the City of Chandler, Arizona, at a regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2014, and that a quorum was present thereat.

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY *GAB*

EXHIBIT A

# PUBLIC HOUSING FLAT RENTS

EFFECTIVE JUNE 01, 2014

## Family Sites

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<u>Bedroom Size</u>	<u>Current 2013</u>	<u>80% of FMR 2014</u>	<u>Increase</u>
1	\$ 400	\$ 620	\$ 220
2	\$ 450	\$ 766	\$ 316
3	\$ 500	\$1,128	\$ 628
4	\$ 550	\$1,318	\$ 768
5	\$ 600	\$1,516	\$ 916

## Scattered Sites

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<u>Bedroom Size</u>	<u>Current 2013</u>	<u>80% of FMR 2014</u>	<u>Increase</u>
2	\$ 635	\$ 766	\$ 131
3	\$ 805	\$1,128	\$ 323
4	\$1,131	\$1,318	\$ 187
5	\$1,303	\$1,516	\$ 213

Fair Market Rent-FMR



ASSISTANT SECRETARY FOR  
PUBLIC AND INDIAN HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

MAR 20 2014

Dear Executive Director:

Subject: Implementation of the New Flat Rent Provision

On January 17, 2014, the President signed the Department of Housing and Urban Development Appropriations Act, 2014 (2014 Appropriations Act). Section 210 of that act amended the United States Housing Act of 1937 to create new rules for flat rents for public housing residents. Section 210 requires PHAs to comply with the new requirements by June 1, 2014.

Section 243 of the 2014 Appropriations Act gives HUD the authority to implement requirements for the new flat rent provision by notice, followed by rulemaking. However, while HUD is drafting the notice, this letter responds to inquiries from public housing agencies (PHAs) on how PHAs may prepare for implementation of the flat rent requirements by the statutory deadline.

The 2014 Appropriations Act requires PHAs to establish flat rents at no less than 80 percent of the fair market rent (FMR). Given this requirement, HUD recommends PHAs begin preparation for the change by comparing their current flat rent schedule to the applicable FMR to determine if the flat rents are at or below the 80 percent threshold. If the current flat rent is at or above the threshold, the PHA is already in compliance and will not need to revise the flat rent schedule. However, if the current flat rent is below the threshold, the PHA will need to revise its flat rent schedule to at least 80 percent of FMR by June 1, 2014.

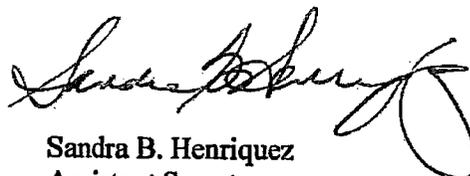
PHAs that need to revise the flat rent schedule may find that such a change is a significant amendment to their PHA Annual Plan. If this determination is made, HUD recommends that PHAs begin discussing this matter with their Boards of Commissioners and planning for the public hearing that is required of significant amendments. In the forthcoming notice, HUD intends to provide a streamlined process to PHAs, including a template for significant amendment language, which is designed to expedite HUD approval of all significant amendments.

HUD intends to give PHAs the discretion to apply the new flat rent schedule to a family's next annual rent option or annual reexamination. Additionally, the statute limits annual flat rent increases to 35 percent of the existing flat rent amount. Although federal law protects families who would see increases in rent due to changes to the flat rent requirements, HUD recommends that PHAs begin examining any state or local law that limits the amount of annual rent increases. Such an examination may yield information to guide a PHA in implementing any flat rent increases.

HUD will continue to review program requirements to determine where other flexibilities exist that will enable PHAs to meet the needs of their local communities. These flexibilities will be included in the forthcoming implementation notice as well as in the proposed rulemaking that

will follow. If you have any questions, please contact Todd Thomas, Program Analyst, Office of Public Housing Programs by e-mail at [todd.c.thomas@hud.gov](mailto:todd.c.thomas@hud.gov), or by phone at (202) 402-5849.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra B. Henriquez", with a large, stylized flourish at the end.

**Sandra B. Henriquez**  
Assistant Secretary