



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Department of Housing



Date: June 25, 2014
Board Meeting Date: July 15, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors (Sitting as the Board of Commissioners of the Housing Authority)

From: William Lowell, Executive Director

Subject: Amendment to FY2015 Moving to Work Annual Plan

RECOMMENDATION:

Acting as the Governing Board of Commissioners of the Housing Authority of the County of San Mateo, adopt a Resolution authorizing the Executive Director of the Housing Authority to execute all documents required by the U.S. Department of Housing and Urban Development to certify an amendment to the FY 2015 Moving to Work Annual Plan to implement new flat rents for El Camino Village.

BACKGROUND:

The Housing Authority of the County of San Mateo (HACSM) owns and operates El Camino Village, a 30-unit Public Housing property in Colma, CA. Currently, housing authorities are required by law to establish "flat rents" for their public housing properties based on the market rent of comparable units in the private, unassisted rental market. The flat rents are used when a tenant family no longer qualifies for a subsidized unit due to their higher than qualifying income.

Public housing residents are offered a choice to pay an income-based rent or a flat rent. Flat rents are a part of the public housing law to encourage residents with increasing income to remain in public housing so that the income mix of tenants is expanded beyond very low income families. Flat rents are also designed to encourage self-sufficiency and to avoid creating disincentives for continued residency by families who are attempting to become economically self-sufficient.

The Consolidation Appropriations Act of 2014 contains statutory changes and establishes new parameters that housing authorities must use when determining the flat rent amounts. Specifically, flat rents must now be set at no less than 80 percent of the applicable Fair Market Rent (FMR) as determined by HUD for localities across the

nation. In addition, there are certain provisions for 'phase-in' of the new rents depending on the impact of the increase on Public Housing residents.

Prior to implementation, housing authorities must allow for public comment, conduct a public hearing, and submit an amendment to their Annual Plan to the Department of Housing and Urban Development (HUD).

DISCUSSION:

In order to comply with the statutory requirements, HACSM compared its current flat rate amount to the applicable FMR. Since the existing flat rent amounts are approximately 60% of FMR, HACSM must increase its flat rents to no less than 80 percent of FMR, adjusted slightly to account for reasonable utility costs.

A public hearing was advertised in local newspapers and online at the department's website; the public hearing was held on June 30, 2014, to receive comments. A copy of the proposed amendment was posted on the internet before the public hearing was held. No public comments were received.

The new flat rental amount will apply to all new public housing residents effective August 1, 2014. Current program participants who pay the flat rental amount will be given a choice between the new flat rental amount and the income-based rental amount at the next annual rental renewal option.

There are four households at El Camino Village currently paying a flat rental amount. Rent increases at their next renewal range from 24-28%. HACSM's Property Manager has informed each of the four households of the expected change to their rental payment.

County Counsel has reviewed and approved the Resolution as to form.

Approval of this Resolution contributes to the Shared Vision 2025 outcome of a Livable Community by enabling HACSM to provide affordable housing to low income households.

FISCAL IMPACT:

There is no Net County Cost associated with this action. All funds required to operate the program are provided by the U.S. Department of Housing and Urban Development.