



Legislation Text

File #: 23-0309, Version: 1

Resolution to Approve the CY2023 Public Housing Flat Rents

The Department of Housing and Urban Development (HUD) requires the AAHC to set flat rents annually. Chapter 16 of the Admissions and Continued Occupancy Policy (ACOP) describes HUD regulations and the AAHC's policies regarding flat rent. 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.

Once each year, the AAHC must offer families the choice between a flat rent and an income-based rent. The family may not be offered this choice more than once a year. However, a family can opt to switch from flat rent to income-based rent at any time if they are unable to pay the flat rent due to financial hardship. If the PHA determines that a financial hardship exists, the PHA must immediately allow the family to switch from flat rent to the income-based rent.

**16-II.B. FLAT RENTS [24 CFR 960.253(b)]**

PIH Notice 14-12: Paragraph (2)(B)(i) of Section 3(a) of the United States Housing Act of 1937 (the Act), as amended by Section 210, establishes new parameters that PHAs 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); and Section 210 also establishes that PHAs may but are not required to lower flat rents to 80% of the applicable FMR in years when the FMR decreases from the previous year.

Annually, Flat rents will be set as follows:

- \* PHA will conduct a Rent Reasonable study as defined in 24 CFR Part 960.253(b)
- \* If the flat rent, as determined by the rent reasonableness study, is at least 80 percent of the FMR, PHA will set flat rents at the amount determined by the rent reasonableness study;
- \* If the flat rent, as determined by the rent reasonableness study, is less than 80 percent of the FMR, PHA will set flat rents at no less than 80 percent of the FMR
- \* If the FMR falls from the previous year, PHAs, will not lower the flat rent amount to 80 percent of the FMR unless the rent reasonable study is less than 80% of FMR
- \* The PHA will update the flat rent amounts if necessary to meet the 80% requirement no later than 90 days of HUD publishing the new FMRs;
- \* Apply the new flat rents to all new admissions and to existing families at the next annual rent option

Based on the attached rent reasonable study, the CY23 flat rents will be set at the following:

| <b>FY23 Flat Rents</b> |       |       |        |       |       |
|------------------------|-------|-------|--------|-------|-------|
|                        | 1Bdrm | 2Bdrm | 3Bdrm  | 4Bdrm | 5bdrm |
| <b>Garden Circle</b>   | -     | -     | \$1347 | -     | -     |

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|--|--|--|--|--|--|
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Garden Circle is a three-bedroom single family home. Although, the property is registered by HUD as a Turnkey III project; the property has a flat rent component built into the rent determination regulations. Therefore, annually the property must undergo a flat rent analysis. In accordance with HUD regulation, staff propose the above flat rent for Garden Circle effective July 1, 2023.

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Approved by: Jennifer Hall, Executive Director

WHEREAS, the Department of Housing & Urban Development (HUD) annually establishes and publishes Fair Market Rents (FMRs) by locale; and

WHEREAS, the Ann Arbor Housing Commission's (AAHC) flat rents must be no less than the published FY 2022 FMRs and set at the rent reasonable rate; and

WHEREAS, the AAHC conducted a rent reasonable study and determined that the lowest comparable rents are above the FMR and therefore the flat rents will be set at the rent reasonable rates below; and

|                      | FY23 Flat Rents |       |        |       |       |
|----------------------|-----------------|-------|--------|-------|-------|
|                      | 1Bdrm           | 2Bdrm | 3Bdrm  | 4Bdrm | 5bdrm |
| <b>Garden Circle</b> | -               | -     | \$1347 | -     | -     |

NOW THEREFORE BE IT RESOLVED, that the Ann Arbor Housing Commission Board approves CY23 Flat Rents for public housing based on the attached rent reasonable study to take effect July 1, 2023 for all applicable certifications in accordance with the Ann Arbor Housing Commission's Admissions and Continued Occupancy Plan.