



## PHA Plan Elements (24 CFR 903.07) Plan Element 3

***Rent Determination.*** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.

The Quality Housing and Work Responsibility Act (QHWRA) of 1998 established an alternative rent for residents in public housing and amended minimum rent policy. Prior to QHWRA, tenants had one rent payment option: 30% of adjusted annual income. QHWRA requires Housing Authorities to establish a flat rent for their public housing units which is based on the rental value of the unit. The minimum rent option allows Housing Authorities to charge a minimum rent between \$0 and \$50 with provisions to grant hardship exemptions in defined circumstances.

### Choice of rent amount

At admission and each year in preparation for annual reexamination, each public housing family is given the choice of having their rent determined under the formula method or having their rent set at a flat rent amount.

1. Families who select the flat rent will be required to go through the income re-examination process every three years rather than the annual review they would otherwise undergo.
2. Families who select the flat rent may request to have a re-examination and return to the formula based method at any time for any of the following reasons.
  - The family's income has decreased
  - The family's circumstances have changed, increasing their expenses for child care, medical care, etc.
  - Other circumstances creating a hardship on the family such that the formula method would be more financially feasible for the family.
3. The Formula Method – The total tenant payment is equal to the highest of:
  - 10% of monthly income
  - 30% of adjusted monthly income; or
  - The welfare rent

### Flat rents:

Payment Standards will serve as Flat Rents for Public Housing units in the County of Santa Cruz. Tenants who choose flat rents will have their incomes reviewed at least every three years rather than annually.

The amount of the flat rent will be reevaluated annually and adjustments applied. The Housing Authority may, from time to time, choose another methodology for determining flat rents, including market studies or rent comparable surveys.

### Minimum Rents

The minimum rent is \$0.

### Payment Standards

Payment standards are reviewed regularly and range between 90% - 110% of HUD Fair Market Rents.

### Maximum Rents

Maximum rents are used in the calculation of prorated rents for “mixed families,” or those families that include one or more ineligible non-citizens. In accordance with CFR 5.520(d)(3), the Housing Authority must calculate Maximum Rents using the 95<sup>th</sup> percentile of rents paid by public housing tenants. The Housing Authority uses the “unit distribution” method, in which the 95<sup>th</sup> percentile rent is calculated for the 2 bedroom unit, and then the maximum rents for other unit sizes are calculated using a proration factor, as follows:

1 BR	.85
2 BR	1
3 BR	1.25
4 BR	1.4
5 BR	1.61

This method helps correct for the fact that the Housing Authority has so few 1, 4, and 5 BR units that the 95<sup>th</sup> percentile data does not provide a statistically valid sample.