

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
MAY 13, 2014**

RESOLUTION NO. 2014-12

WHEREAS, Section 210 of the United States Department of Housing and Urban Development 2014 Appropriations Act (hereafter referred to as "the Act") amended the United States Housing Act of 1937 to create new rules for the establishment of flat rents for public housing residents; and

WHEREAS, the Act requires housing authorities to establish flat rents at no less than 80 percent of the fair market rent (FMR) effective June 1, 2014; and

WHEREAS, in the event the housing authority's current flat rents are below the new required threshold, the Act limits annual flat rent increases to 35 percent of the housing authority's existing flat rent amount(s); and

WHEREAS, to comply with these requirements the Housing Authority of New Orleans (HANO) has prepared the attached Flat Rent Schedules (A and B) to be established and effective by the June 1, 2014 deadline stipulated by the Act; and

WHEREAS, in keeping with the Act, existing flat rent payments by HANO's public housing residents will not increase by more than 35% per year; and

WHEREAS, HANO will await final guidance from the United States Department of Housing and Urban Development (HUD) before proceeding with implementation of these flat rent schedules.

THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans authorizes the Administrative Receiver to establish the flat rent schedules attached hereto and proceed with implementation in accordance with final guidance forthcoming from HUD.

Executed this 13th day of May, 2014

APPROVAL:



WILLIE C. H. GARRETT
CHAIRMAN, BOARD OF COMMISSIONERS



May 13, 2014

MEMORANDUM

**To: Willie C. H. Garrett
Chairman, Board of Commissioners**

**From: Raymond Allen
Director, Asset Management**

Re: Establishment of Flat Rent Schedules under the HUD 2014 Appropriations Act

Section 210 of the Department of Housing and Urban Development 2014 Appropriations Act (hereafter referred to as "the Act") amended the United States Housing Act of 1937 to create new rules for the establishment of flat rents for public housing residents. By way of background, The United States Department of Housing and Urban Development (HUD) requires housing authorities to offer public housing residents a choice between income-based rent and flat rent. Flat rent is based on the market rent charged for comparable units in the private unassisted rental market. It is also equal to the estimated rent for which a housing authority could promptly lease the public housing unit after preparation for occupancy. From a policy perspective, flat rent was designed as a means to encourage continued residency by public housing families that are working to become economically self-sufficient.

The HUD 2014 Appropriations Act requires housing authorities to establish flat rents at no less than 80 percent of the fair market rent (FMR) by June 1, 2014. Additionally, the Act limits annual flat rent increases to 35 percent of the housing authority's existing flat rent amount(s). Section 243 of the Act gives HUD the authority to implement requirements for the new flat rent provision by notice, followed by rulemaking. HUD is still in the process of drafting the relevant notice.

HANO's existing flat rents are below the required 80 percent FMR threshold. Thus, in order to comply with flat rent requirements of the Act, the following measures are presented for consideration and adoption by the HANO Board of Commissioners:

- (1) Establishment of a new public housing flat rent schedule at 80% of Orleans Parish FMR – applicable to new family admissions to HANO's public housing program after June 1, 2014 (Attached as Schedule A); and
- (2) Application of a 35% increase to HANO's existing flat rent schedule – applicable to families currently assisted under HANO's public housing program. (Attached as Schedule B).

With the Board's authorization, these flat rent schedules will be established and effective by the June 1, 2014 deadline required by the Act. HANO, however, will not proceed with implementation of the new flat rent schedules until final guidance is issued by HUD. It is also important to emphasize that existing flat rent payments by HANO's public housing residents will not increase by more than 35% per year as a result of these provisions.

Housing Authority of New Orleans
Proposed Flat Rent Schedules under the HUD 2014 Appropriations Act

Schedule A*

	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
2014 Fair Market Rents (FMR) (Orleans Parish)	\$765	\$948	\$1190	\$1440	\$1656
80% of FMR	\$612	\$758	\$952	\$1152	\$1324

*Applicable to new family admissions to HANO's public housing program after June 1, 2014.

Schedule B**

	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
HANO Current Flat Rents	\$254	\$299	\$373	\$418	\$481
35% Increase	\$342	\$403	\$503	\$564	\$649

**Applicable to families currently assisted under HANO's public housing program.