 DEPARTMENTAL PROCEDURE Housing Department	Number 4-20
	Function Finance
Subject: Affordable Housing Rents	Effective Date: December 1, 2015

I. Affordable Housing Goals

The Affordable Housing program of the Housing Department expands the impact of Federally-supplemented housing, like Public Housing and the Section 8 program, by providing additional housing options to persons having the same targeted income characteristics. At the same time, the Affordable Housing program increases affordable housing in the City of Phoenix by creating a separate business-line providing income that is not federally regulated.

II. Definitions

- A. "Affordable Housing" means residential properties having the following characteristics:
1. Owned by the City or City instrumentalities;
 2. Within the control of the Housing Department; and
 3. Having a unit or units not subject to Rent Regulation.
- B. "Affordable Rent" means a monthly rental rate that does not exceed the lesser of:
1. 90% of area median monthly rents for all residential units located within the Market Area; or
 2. 30% of 80% of a one-month increment of Area Median Income (as most recently determined by the U.S. Department of Housing and Urban Development) for a family having a size equal to: 1 person per studio, 1 person per 1 bedroom unit, 3 persons per 2 bedroom unit, and 5 persons per 3 bedroom unit.
- C. "Market Rent" means a rental rate that is 100% of area median rent for comparable residential units within the Market Area.
- D. "Market Area" means the area in the vicinity of Affordable Housing site recommended by the property manager and accepted by the Housing Department as representing the same market as the subject site. The Market Area will include all properties within 1 mile of the subject site, unless material geographic or neighborhood characteristics (e.g., a highway or historic designation) are identified in the Market Area determination.
- E. "Rent Regulation" means any ordinances, resolutions, regulations, laws, property covenants, deed restrictions, agreements, or other legally enforceable authorities limiting the ability of the Housing Department to set rents in accordance with this Procedure.

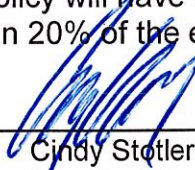
III. Rent Policy

- A. Each Site Different. Rents will be set independently for each Affordable Housing site.

- B. Annually Set. Rents will be set no less often than once per year on July 1, or such other date mutually agreed in writing between the property manager and the Housing Department.
- C. 30% Rules. Unless otherwise directed in writing by the Housing Department, rents at each Affordable Housing site will be set such that:
 - 1. No less than 30% of units are leased at an Affordable Rent;
 - 2. No more than 30% of units are leased at Market Rent; and
 - 3. The annual increase in rent is no greater than 30%.
- D. Affordable Rent units for Low Income families. Units leased at an Affordable Rent must be leased to families earning less than 80% of Area Median Income.
- E. Narrowly construed Regulation. On properties having Rent Regulation in conflict with this Procedure, the rents will be set in accordance with such regulation. However, such regulation will be construed as narrowly as possible to achieve the Affordable Housing Goals of this Procedure.
- F. Mixed Properties. In properties having some units subject to Rent Regulation and other units not, the units not subject to Rent Regulation will be rented at Market Rate.
- G. Deviation in writing. If necessary to achieve the goals of this Procedure, the property manager may request an exception to this Procedure. Such exception will expire as of the next rent setting, or one year after the date of the exception, whichever is earlier.

IV. Implementation of Policy

Rental rates for existing tenants at the time of the adoption of this policy at sites where rents are increased in accordance with this policy will have their rents increased only at the time of lease renewal and by no more than 20% of the existing rental rate.



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