

To: The Chilmark Board of Selectmen

From: Chilmark Housing Committee

Subject: Proposed Increase to Rental Assistance Program Rental Rate Caps

Date: April 12, 2018

At a meeting held April 12, 2018 the Chilmark Housing Committee unanimously voted to recommend and request Selectmen to approve of the first increase in the Rent Rate Caps for the Rental Assistance Program (RAP) since its inception in 2003.

Background: In 2003 when the State CPA program was new, Chilmark became one of the first towns in the Commonwealth to sign up. Among the first programs was the RAP program which provided for a CPA subsidy not to exceed half of the rent for tenants in Chilmark with income below 100% Area Median Income for Dukes County as maintained by HUD (AMI). The RAP was deemed necessary because in 2003 it was observed that market rents in Chilmark were in excess of what people at or below 100% of AMI could afford using HUD's cap on rent of 30% of income.

Thus, for example, a single person household earning \$40,000 per year (65% AMI) could afford (at the 30% figure) \$1,000/month rent ($\$40,000 \times 30\%$ divided by 12 = \$1,000). The Program, with CPC funds, was able to subsidize up to 50% of the rent for a qualified tenant but the rental rate was capped at figures related to market rents in 2003 and the Town's subsidy could be up to but could not exceed the tenant's contribution.

Currently we have four units participating in the program. Collectively the tenants contribute \$2,960 per month while the Town contributes \$2,300 per month. The tenants' household incomes average out at 42.5% AMI per household.

Over the intervening 15 years since 2003, rents, like most else, have increased and it has come to our attention that some landlords are reevaluating whether they can continue in the program at rents that made sense 15 years ago but are so far below market now that it is difficult to cover increasing costs of maintaining a rental unit.

Why might Town landlords agree to accept below market rents?

To help people in need and for hassle free 12-month rentals — hassle free because the program is administered by the Dukes County Regional Housing Authority (DCRHA) which income certifies and screens tenants and otherwise manages the program.

How would the proposed increase affect the various parties?

From the tenants' standpoint, their rent would remain the same — 30% of their income. For the Town, its exposure would continue to be capped so as not to exceed the tenants' contribution, but as rents increase the Town's share would also increase. From the landlords' perspective, they would still be at an agreed-upon below-market rent, but willing to continue with the program for the reasons noted above.

Below is the table of current caps and proposed caps. The Committee believes the proposed caps to be well below market and respectfully requests your approval of their implementation going forward.

Current (2003) Rent Caps	Proposed (2018) Rent Caps
(all rates are excluding utilities)	
1 Bedroom \$1,200/mo	1 Bedroom \$1,450/mo
2 Bedroom \$1,435/mo	2 Bedroom \$1,735/mo
3 Bedroom \$2,000/mo	3 Bedroom \$2,420/mo

These proposed increases would authorize a raise in the rents by a total percentage of 20% over the past 15 years or 1.4% per year. The Housing Committee will calendar a two-year reevaluation of the rates going forward and will keep you apprised.

[NOTE: You should know that the 2017 DCRHA's Island-wide caps (\$1,175, \$1,400, \$1,600) are lower than what we currently use and the rates that we now propose. The DCRHA rates are set at 30% of income for a family at 80% of AMI. This lower cap would simply not work in Chilmark. A low cap with no participants does no one any good.]

Please let us know if you have questions or require further information.

Chilmark Housing Committee

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