

## **AFFORDABLE RENT TENANTS**

Pursuant to the California Code of Regulations, Title 21, Division 2, Chapter 24, Article 1, the California Legislature has declared the availability of affordable residential housing is of vital statewide importance and state agencies, including the Department of Transportation (Department), have a responsibility to use the power vested in them to meet the housing needs of all economic segments of the community. Accordingly, the Department sets forth herein the Affordable Rent Program by which the Department can consider affordability when adjusting rents for current residential tenants who are economically disadvantaged. The Affordable Rent Program is intended to protect existing low-income tenants from large rental rate increases, which may otherwise result in their current rental unit becoming unaffordable. For new tenants, rent will be set at fair market rates.

### **Eligible Tenants**

In order to qualify for the Affordable Rent Program, tenants must:

1. Be in occupancy as of December 31, 2012, with the exception of residential tenants on the State Route 710 corridor in the County of Los Angeles. Pursuant to Section 54238.9 (b) of the Government Code, residential tenants on the State Route 710 corridor in the County of Los Angeles must be a signatory of an active rental agreement entered into with the Department as of July 1, 2019, and continuously residing at the property since that date;
2. Not be eligible for RAP; and
3. Have an annual income not exceeding 120% of the County Median Household Income as identified in accordance with the Department of Housing and Community Development's annual publication of Official State Income Limits, adjusted for the size of household, published pursuant to Health and Safety Code section 50093.

### **Rental Rate**

The rental rate charged to qualifying affordable tenants is 25% of the gross monthly household income for tenants who began renting the unit on or before March 3, 1981, or 30% of the gross monthly income for tenants who began renting the unit after March 3, 1981. In no case shall the rent in the Affordable Rental Program exceed the fair market rent.

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**Annual Review**

The District will review the income of tenants qualifying for affordable rent annually. Eligibility for affordable rent will be lost if tenant fails to provide complete and accurate income information. Once eligibility for affordable rent is lost, it can never be regained. Appropriate rental rate increases will be made if tenant's income has increased since the previous Income Certification, including an increase to fair market if tenant's income exceeds 120% of median income.

The District will use Form RW 11-24, Income Certification, to document household income in accordance with Income Guidelines below. The combined income of all occupants will be considered. Income should be verified using W-2 forms, income tax returns, letters, or discussions with employers and others. Income documentation obtained for RAP purposes may be substituted if current and complete. All income information is personal and controlled by the California Information Practices Act.

When the District requests income information, it should fully inform tenants of the Department's rental rate policy and procedure and the possibility that rent may be increased. Tenants shall receive, by personal service, a 60-day notice of increased rent justified by changes in income.

When an affordable rent tenancy is based on more than one income-producing tenant, eligibility for affordable rent will be terminated if any one of the income-producing tenants vacates and is replaced by a new member. Rent for the entire household will then be scheduled to fair market rent.

If tenants refuse to supply requested income information, the District will increase rent to fair market with no right of appeal. Documentation of refusal will be kept in the file.

If a tenant provides questionable income information:

1. The District shall inform tenant in writing by certified mail or personal delivery of the affordable rent policy; why information is believed to be incorrect; what if anything, tenant can provide to prove the information is correct; and that rent will be raised to fair market if tenant fails to respond by a certain date (two weeks).
2. If tenant is not responsive within specified time, the District shall personally serve tenant with 60-day written notice that rent will be increased to fair market.
3. The district shall review and verify tenant-provided information.

**Median Income Determination**

The State Department of Housing and Community Development (HCD) publishes income limits annually and posts them on the [HCD website](#).

**Income Guidelines**

Affordability is based on Annual Income from all tenants age 18 years or older living in the household. Children up to age of 23, who are enrolled in school full-time including college, will not be included in determining income. Income will be verified using W-2 forms, state and federal income tax returns, pay stubs, and any other financial documentation relevant to income. When current tenants do not submit complete and accurate supporting financial documentation, they will be charged fair market rent.

***Included as Income:***

Annual family income shall include all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor, except for items specifically excluded as income below. Income shall include, but not be limited to:

1. Gross amount, before payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, and bonuses.
2. Net income from operation of a business or profession or from rental or real or personal property. (For this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine net income from a business.)
3. Interest and dividends.
4. Full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts.
5. Payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation, and severance pay.\*
6. Public assistance payments. If the payment includes an amount specifically designated for shelter and utilities that the public assistance agency can adjust according to actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:

- Amount of allowance or grant excluding amount specifically designated for shelter and utilities, **plus**
  - Maximum amount the public assistance agency could, in fact, allow the family for shelter and utilities.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
  8. All regular pay, special pay, and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family, or their spouse.\*
  9. If a family has net family assets in excess of \$5,000, income shall include actual amount of income, if any, derived from all net family assets, or 10% of the value of all such assets, whichever is greater. For purposes of this section, net family assets mean value of equity in real property, savings, stocks, bonds, and other forms of capital investments. Value of necessary items such as furniture and automobiles shall be excluded.

\*See exclusions below.

**Excluded as Income:**

1. Casual, sporadic, or irregular gifts.
2. Amounts that are specifically for or in reimbursement of medical expenses.
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains, and settlements for personal or property losses.
4. Amount of educational scholarships paid directly to the student or the educational institution and amount the government pays to a veteran for use in meeting costs of tuition, fees, books, and equipment. Any portion of such scholarships or payments to veterans not used for these purposes that are available for subsistence are included in income.
5. Special pay to head-of-family service personnel who are away from home and exposed to hostile fire.
6. Relocation payments made pursuant to federal, state, or local relocation law.
7. Foster child care payments.

8. Value of coupon allotments for purchase of food pursuant to the Food Stamp Act of 1964 that is in excess of amount actually charged the eligible household.
9. Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:
  - National volunteer antipoverty programs, which include VISTA, service learning programs, and special volunteer programs.
  - National older-American volunteer programs for persons aged 60 and over, which includes retired senior volunteer programs, Foster Grandparent Program, and Older American Community Services Program; National Volunteer Program to Assist Small Business Experience; Service Corps of Retired Executives (SCORE); and Active Corps of Executives (ACE).

**Rent Standards**

Rent charged to tenants who qualify for the Affordable Rent Program will be the Affordable Rent Level. Any rent increase made under the provisions of the Affordable Rent Program shall be limited as follows: if current rent is below the Affordable Rent Level, there will be annual 10% rent increases until actual rent equals the affordable rent level. In no case shall the rent in the affordable rent program exceed fair market rent.

Notwithstanding the paragraph above, pursuant to Section 54238.9 (a) of the Government Code, the Department shall not increase rent of tenants who participate in the Affordable Rent Program and reside in residential property located within the State Route 710 corridor in the County of Los Angeles.

Tenants in the Affordable Rent Program who are paying rent above their Affordable Rent Level will have their rent reduced to their Affordable Rent Level. This rent reduction will be the first full month following the effective date of these regulations and not before.

If a tenant qualifies for the Affordable Rent Program, and then moves into a different Caltrans property (after July 1, 2019, for tenants within the State Route 710 corridor in the County of Los Angeles, and after December 31, 2012, for all other tenants), they will no longer qualify for the Affordable Rent Program. Tenants within the State Route 710 corridor in the County of Los Angeles need to be in occupancy as of July 1, 2019, and all other tenants need to be in occupancy as of December 31, 2012.