

Housing Authority changes many Section 8 rent rates

By Catherine Garcia

The Housing Authority of the County of San Bernardino and some local landlords participating in the Section 8 program are at odds over changes in rental rates, which the property owners say came out of nowhere.

Section 8 is the voucher program through Housing Authority that allows low-income people, the elderly and the disabled to have homes. They pay a small percentage of their income toward it (usually just a few hundred dollars) and the Housing Authority pays the rest. Participants usually live in homes that would otherwise be privately rented. Some landlords choose to have Section 8 tenants because it means a guaranteed rent.

"There was no notice, no public meetings, nothing," said landlord Don Ward. "We just got the letters in the mail, saying they are changing the rents, and it's non-negotiable."

On April 1, the Housing Authority sent landlords participating in the program in San Bernardino letters informing them that rents will be changing effective July 1. In the case of many property owners, the rents have been decreased.

"We gave everyone a 90-day notice," said Ana Gamiz, director of policy and community affairs, with the Housing Authority of the County of San Bernardino. "It was coming as each unit comes up for a recertification."

"All of my supervisors picked up the phone and contacted each landlord individually," said Lisa Jones, operations manager, with the Housing Authority of the County of San Bernardino. "It was a customer courtesy that they contacted landlords, and only a handful really struggled with the update. Most were very understanding."

The San Bernardino landlords say they were not informed beforehand about the changes, and wish they could have had some say in the matter.

"Where's the partnership in this?" landlord Sumir Desai asked. "At the end of the day, the owners are going to survive, the tenants will not. I think we're losing the focus on the cause."

The Housing Authority says that landlords know that changes can happen at any time.

"Landlords are used to having updated rents, and it's part of their contract," Gamiz said. "We haven't done anything outside of our allowable scope, and we have landlords who have been in our program for many years who understand that. They know that this is just the way the Housing Authority works."

According to Gamiz, the Housing Authority works with fair market rents that are set by the U.S. Department of Housing and Urban Development. A third-party organization called AREA out of Chicago was hired to do research for the county and get information on the rental markets.

"They contracted locally and did this very in-depth analysis of what the rental markets were in our county," Gamiz said. "With that they divided it up into nine sub-markets from areas within the county. Through that they came up with our updated payment standards."

The study will be conducted annually.

"If at one point rents go right back up that's what the study will reflect and what we'll go by," Gamiz said.

The landlords don't agree with the data that have been collected so far.

"The rents they're coming up with don't even match market rents next door," said Sumir Desai. "I'm not sure where they're collecting data from."

"This is seriously flawed data," Ward said. "All it's going to create is havoc with Section 8 tenants."

According to Ward, Sumir Desai, and fellow landlord Viren Desai, all of their properties will have their rents reduced by several hundred dollars, regardless of where the homes are located in San Bernardino. According to Ward, a three-bedroom home he rents in San Bernardino now for \$1,250 will be available for \$950 under the new rents.

"It's 30- to 35-percent reductions across the board on all properties county-wide," Ward said.

Housing Authority officials disagree with the 30-percent reduction number.

"That is inaccurate," Gamiz said. "We have nine sub-markets and in those sub-markets some rents have been increased, and some have remained stable. It is not a 30-percent across-the-board reduction."

The landlords say that with their rents going down, there is no way they can continue to offer housing to Section 8 tenants.

"It cannot work," Ward said. "My cost to be in that program, my mortgage, insurance, taxes, upkeep, repairs, all that combined is far above \$950. That effectively puts each of my properties in a cash loss each month."

The Housing Authority does not take those costs into consideration when deciding rents.

"They want their mortgage payment and expenses to determine rent, but we're not in the business to ensure that their mortgage payments are being paid," Gamiz said. "That's their business and investment. We administer taxpayers' dollars so we want to be good stewards."

Caught in the middle are tenants, who the landlords say are upset by the changes.