



HCV & PH RC Day 3 Part 2
- Public Housing Rent Calculation -





Learning Outcomes

- Calculate rent using annual and adjusted income
- Calculate TTP
- Determine the role of the utility allowance
- Describe the regulations governing minimum rent
- Distinguish between income-based rent, flat rent, and ceiling rents
- Calculate prorated rent for mixed families



Total Tenant Payment

Total Tenant Payment

- TTP is highest of
 - 30% monthly adjusted income
 - 10% total monthly income
 - The welfare rent (if applicable)
 - Minimum rent



Example 1

- Annual income \$2000
- 4 children x \$480 1920
- Adjusted income \$ 80
- Annual income divided by 12 = \$167
- Adjusted income divided by 12 = \$7



Example 1

- 10% of \$167 = \$17
- 30% of \$7 = \$2
- Minimum rent \$0
- Welfare rent N/A
- TTP is ??????



Example 2

- A family's total annual income is \$15,780
 - $15,780/12 = \$1,315$
 - $\$1,315 \times 10\% = \132
- A family's adjusted income is \$11,388
 - $\$11,288/12 = \949
 - $\$949 \times 30\% = \285
- Minimum rent at the PHA is \$35
- TTP: \$285



Example 2

9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	\$ 1,315	9a
9c. TTP if based on annual income: 9a X 0.10	\$ 132	9c
9d. Adjusted monthly income: 9a - 9c	\$ 949	9d
9e. Percentage of adjusted monthly income	\$ 30	9e
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	\$ 285	9f
9g. Welfare rent per month (if none, put 0)	\$ 0	9g
9h. Minimum rent (if waived, put 0)	\$ 35	9h
9i. Enhanced Voucher minimum rent	\$ 285	9i
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	\$ 285	9j
9k. Most recent TTP	\$	9k
9m. Qualify for minimum rent hardship exemption? (Y or N)	N	9m



Minimum Rent



Minimum Rents

- PHAs must establish minimum rents between \$0 and \$50
- Minimum rent actually refers to a minimum TTP
- If minimum rent is any amount other than \$0, the PHA must adopt minimum rent hardship exemption policies



Financial Hardship Situations

- Lost eligibility/awaiting determination for federal, state, or local assistance program
- Would be evicted as result of requirement
- Family income decrease because of changed circumstances (unemployed)
- Death in family
- Other circumstances as determined by PHA or HUD



Minimum Rent Process

- PHA notifies family if TTP = minimum rent
- Family requests exemption
- PHA suspends payment beginning of next month
 - Family not required to pay minimum rent during period
 - PHA may request reasonable documentation of hardship



Minimum Rent Process

- PHA must promptly determine
 - If hardship exists
 - Whether temporary or long term
 - As defined in PHA policy



Minimum Rent Process

- If PHA determines no hardship under statute, minimum rent is imposed retroactively



Minimum Rent Process

- If PHA determines the hardship is temporary, no minimum rent during 90-day suspension period
 - Minimum rent imposed retroactively
 - Reasonable repayment agreement offered



Minimum Rent Process

- If PHA determines hardship of long-term duration exists, minimum rent is *exempted* retroactively to date of family's request for exemption
- Exemption continues until hardship no longer exists
 - Family does *not* reimburse



PHA Procedures

- PHA must notify families:
 - Of right to request hardship exemption
 - Hardship exemptions are subject to PHA's informal hearing procedures



Example

- Family meets exemption criteria
- 30% of AMI \$45 ←
- 10% of MI \$27
- PHA's min rent ~~\$30~~



Example

- The Diamond family has requested and qualified for a minimum rent hardship exemption
- The family has the following information:
 - Total annual income \$900
 - Adjusted income \$50
 - PHA's minimum rent \$50



Example

9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	\$ 75	9a.
9c. TTP if based on annual income: 9a X 0.10	\$ 8	9c.
9d. Adjusted monthly income: 8y ÷ 12	\$ 5	9d.
9e. Percentage of adjusted monthly income	\$ 30	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	\$ 2	9f.
9g. Welfare rent per month (if none, put 0)	\$ 0	9g.
9h. Minimum rent (if waived, put 0)	\$ 0	9h.
9i. Enhanced Voucher minimum rent	\$ 0	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	\$ 8	9j.
9k. Most recent TTP	\$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	\$ Y	9m.





Utility Allowance

Utility Allowance

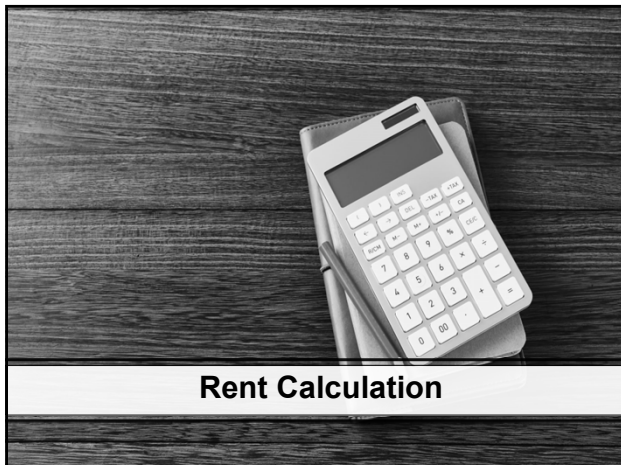
- PHAs are required to establish and maintain utility allowance schedules (see CFR 965.502)
- A utility allowance is that amount approved by the PHA for reasonable monthly costs of local utility consumption



Utility Allowance

- Families responsible for utility costs (excluding telephone) will see a utility allowance applied to their rent calculation





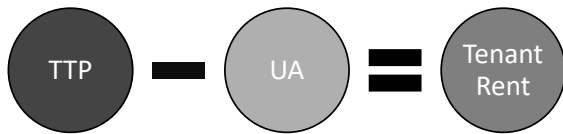
Rent Calculation

Definitions

- Tenant rent
 - Amount payable by the family as rent to the PHA
- Income-based rent
 - Rent based upon family income, allowances, and deductions



Calculation of Tenant Rent




Example

- The Freemont family is paying income-based rent
 - Flat rent: \$500
 - Utility allowance: \$75
 - TTP: \$251




10. Public Housing		
10a. TTP, copy from 9j	\$ 251	10a.
10b. Unit's flat rent	\$ 500	10b.
Income Based Rent Calculation (if prorated rent, skip to 10h)		
10d. Income Based Rent (Lower of 10a or 10b if authorized to use ceiling rents, or if not, put 10a)	\$ 251	10d.
10e. Utility allowance, if any	\$ 75	10e.
10f. Tenant rent: 10d minus 10e	\$ 176	10f.
	<small>If positive or 0, put tenant rent</small>	
	<small>If negative, credit tenant</small>	




Calculation of Tenant Rent and URP

- If UA is greater than the TTP, tenant rent is zero and there is a utility reimbursement payment (URP)
 - URP is the difference between the TTP and the utility allowance
 - ('Credit tenant' on bottom line 10f of 50058)



10. Public Housing		
10a. TTP, copy from 9j	\$ 40	10a.
10b. Unit's flat rent	\$ 500	10b.
Income Based Rent Calculation (if prorated rent, skip to 10h)		
10d. Income Based Rent (Lower of 10a or 10b if authorized to use ceiling rents, or if not, put 10a)	\$ 40	10d.
10e. Utility allowance, if any	\$ 50	10e.
10f. Tenant rent: 10d minus 10e	\$ 10	10f.
	<small>If positive or 0, put tenant rent</small>	
	<small>If negative, credit tenant</small>	



Utility Reimbursement

- Utility reimbursement payments (URPs) of \$15 or less per month may be paid once per calendar year quarter
 - Either prospectively or retroactively
 - Must adopt hardship policies if paid retroactively
- Amounts in excess of \$15 per month must be paid monthly
- May continue to reimburse everyone monthly



Utility Reimbursement

- If family moves out in advance of next scheduled payment, PHA must make a prorated payment
 - If family leaves with an outstanding credit, must reconcile credit with the family when the lease terminates or shortly thereafter



Utility Reimbursement


- If reimbursement is paid on a debit card, PHA must ensure that no fees are paid by the family
- If PHA pays the utility supplier directly, must notify the family of the amount paid to the utility supplier






Ceiling Rents

- Purpose
 - To set a maximum rent families will pay in PH, regardless of how high their income goes
- Used prior to existence of flat rents



Retaining Ceiling Rents

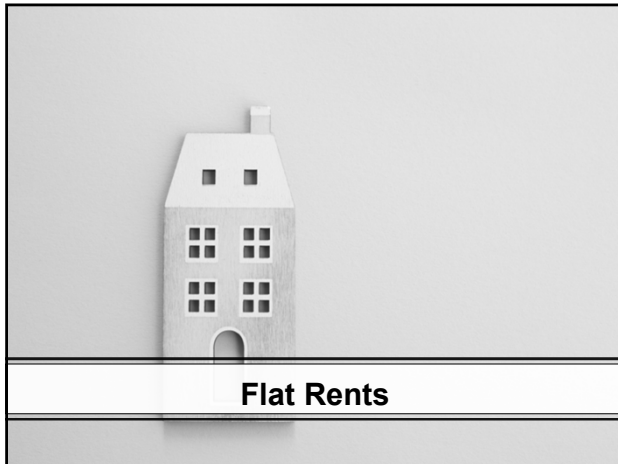
- Ceiling rents must be set at the level required for flat rents
 - PHA must follow flat rent regulations for calculating and adjusting ceiling rents
- No time limit on ceiling rents



Ceiling Rent Calculation

- Calculate TTP as normal
 - 30% of monthly adjusted income
 - 10% of monthly income
 - Welfare rent (if applicable)
 - PHA's minimum TTP (\$0 - 50 – PHA policy)
- Use the lesser of:
 - TTP just calculated
 - Ceiling rent for the unit





Flat Rents

- **Must be set at no less than 80% of:**
 - Fair market rent (FMR), or
 - Small Area FMR (SAFMR), or
 - Unadjusted rent
- **Except, in units with LIHTCs, PHA may set the flat rent at the LIHTC maximum rent**



Requesting Exception Flat Rents

- However, PHA may apply for an exception flat rent that's lower than those amounts:
 - If the PHA can demonstrate, through the submission of a market analysis to HUD, that current options don't reflect the unit's market value
 - And HUD agrees with the PHA's analysis



Requesting Exception Flat Rents

- Instructions for requesting an exception flat rent and the approval process are in the book
 - Page 3-19
 - See Notice PIH 2022-33



Updating Exception Flat Rents

- If PHA has an approved flat rent exception request, the PHA must:
 - Update flat rents immediately after approval
 - Apply flat rents to new admissions and reexams within 60 days of the change



Utility Allowances & Flat Rents

- PHAs must consider utility responsibilities
 - Must reduce flat rent by the UA
 - Ex: PHA sets flat rent at 80% of FMR
 - 80% of FMR for a 1-BR is \$400
 - PHA UA for 1-BR is \$50, flat rent is \$350
 - PHA UA for a 1-BR is \$0, flat rent is \$400



Utility Allowances & Flat Rents

- In cases where UAs are applied, PHA should report amount of the UA on the 50058

Family Choice of Rents

- Families elect annually whether to pay income-based or flat rent
 - NPHOI families do not get a choice of rent
- Family may only select flat rent at annual
- Income only needs to be reviewed every 3 years
- Flat rents are not locked in for 3 years



Ceiling Rents and Flat Rents

- Ceiling rents are a function of income-based rent, while flat rents are not
- At annual, if a PHA has ceiling rents and flat rents, the PHA will determine the lower rent based on the lesser of the TTP or ceiling rent and then give the family a choice between this and flat rent



Switching to Income-Based Rent

- PHA must allow family to switch to income-based rent as a result of a hardship
- Allowable hardships
 - Income decreased due to family circumstances
 - Loss or reduction of employment or other income
 - Death in the family



Switching to Income-Based Rent

- Allowable hardships to switch from flat to income-based rent
 - Expenses increased, due to changed circumstances
 - Medical costs
 - Child care
 - Transportation, education, or similar items
 - Other situations in PHA policy



Updating Flat Rents

- No later than 90 days after HUD publishes new annual FMRs/SAFMRs/unadjusted rents, PHAs must implement flat rent changes as necessary
 - Or apply for an exception
- If FMR falls, PHA may lower the flat rent to 80 percent of the current FMR/SAFMR/unadjusted rent



Flat Rent Phase-In

- If an existing family's rent will increase by more than 35% as a result of changes to the flat rent, the increase must be phased in
 - Family may choose between the phased-in flat rent amount and income-based rent



Example

- Watson family currently pays \$500 flat rent
- At their annual:
 - PHA has raised the flat rent to \$700
 - Family's income-based rent is \$800
 - $\$500 \times 35\% = \675
- PHA offers family choice between \$675 phased-in flat rent or \$800 income-based rent



Example

- Watson family pays \$675 phased-in flat rent
- At their annual the next year:
 - PHA has again raised the flat rent to \$750
 - Family's income-based rent is still \$800
 - $\$675 \times 35\% = \911.25
- PHA offers family choice between \$750 flat rent and \$800 income-based rent



Example

- The Mills family has chosen to pay the flat rent
 - TTP: \$450
 - Flat rent: \$400




Example

10. Public Housing	
10a. TTP, copy from 9)	\$ 450 10a.
10b. Unit's flat rent	\$ 400 10b.
Income Based Rent Calculation (if prorated rent, skip to 10h)	
10c. Income Based Rent (lower of 10a or 10b if authorized to use ceiling rents, or if not, put 10a)	\$ 10c.
10d. Utility allowance, if any	\$ 10d.
10f. Tenant rent: 10c minus 10e	\$ 10f.
	If positive or 0, put tenant rent
	If negative, credit tenant
	\$ 10f.
Income Based Prorated Rent Calculation (if not prorated, skip to 10u)	




Prorated Rent




Mixed Families

- Families with both eligible citizens/non-citizens and ineligible non-citizens
- Rent is calculated as usual
 - Count all income, assets, and deductions for ineligible member with exception of the EID



Proration of Assistance for Mixed Families

- PHA must use the flat rent applicable to the unit to calculate rent for mixed families
 - Eliminate PH maximum rents
- When a mixed family's TTP exceeds the flat rent, use the family's TTP
- NPHOI mixed families do not get a prorated rent
 - Use alternative rent



Example

- The Fulton consists of Henry and Tai Fulton, both of whom are eligible non-citizens
- They live in a 2 bedroom unit
- The flat rent for the unit is \$800 and the UA is \$50
- Based on the family's income, they pay \$600 per month in rent (TTP is \$650)



Example

- Tai's brother, Tom, is approved to move into the unit
- He is an ineligible noncitizen so the family's rent must be prorated
- Tom has no income or assets and does not qualify for any deductions



10. Public Housing

10a. TTP: copy from 9j	\$650	10a.
10b. Unit's flat rent	\$50	10b.

Income Based Rent Calculation (if prorated rent, skip to 10h)

10d. Income Based Rent (Lower of 10a or 10b if authorized to use ceiling rents, or if not, put 10a)	\$ 600	10d.
10e. Utility allowance, if any	\$ 50	10e.
10f. Tenant rent: 10d minus 10e	\$ 600	10f.
	If positive or 0, put tenant rent	
	If negative, credit tenant	

Income Based Prorated Rent Calculation (if not prorated, skip to 10u)

10h. PHA-established flat rent	\$ 800	10h.
10i. Family maximum subsidy: 10h minus 10a	\$ 150	10i.
10j. Total number eligible	\$ 2	10j.
10k. Total number in family	\$ 3	10k.
10l. Eligible subsidy (10i ÷ 10k) X 10j	\$ 100	10l.
10m. Mixed family TTP: 10h minus 10l	\$ 700	10m.
10n. Utility allowance, if any	\$ 50	10n.
10o. Mixed family tenant rent: 10m minus 10n	\$ 650	10o.
	If positive or 0, put tenant rent	
	If negative, credit tenant	

Type of Rent

10u. Type of rent selected: Income-based Flat



End of Day 5