


**HCV Rent Calculation**



Experience — Leadership — Collaboration

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**Chapter 6**  
**Subsidy and Family Share**  
**Calculation**



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**Learning Outcomes**

- Calculate TTP
- Determine the role of the utility allowance and when families would receive a URP
- Describe regulations governing minimum rent

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**Learning Outcomes**

- Calculate gross rent
- Calculate maximum rent at initial occupancy
- Calculate HAP and family share
- Calculate prorated rent for mixed families

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Section 1

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**Total Tenant Payment**

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



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**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




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**Example 1**

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




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**Example 2**

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




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### 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 + 12	\$ 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	\$	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.




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### Minimum Rent




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### 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




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### 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



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### 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



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### Minimum Rent Process

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



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**Minimum Rent Process**

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



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**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



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**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



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### PHA Procedures

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




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### Example

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




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### 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




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## Example

<b>9. Total Tenant Payment (TTP)</b>		
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.




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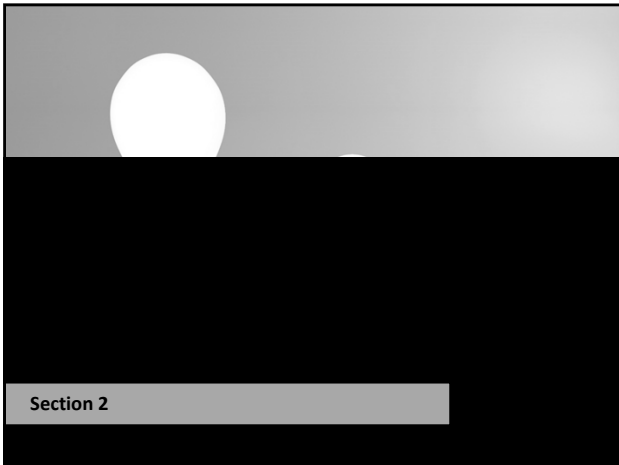
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**Section 2**

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## Utility Allowance

- Calculated for a family if they are responsible for paying for the cost of any utilities
- A utility allowance is an amount approved by the PHA for reasonable monthly costs of local utility consumption
- PHAs are required to establish and maintain utility allowance schedules




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### Utility Allowance

- Utility allowance is the smaller of the unit size or the family’s voucher size
  - Exception as a reasonable accommodation
- For example:
  - Family issued a 3-bedroom voucher
  - Family selects a 2-bedroom unit
  - The 2-bedroom UA is used




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### Definitions

- Housing Assistance Payment** The monthly assistance payment made by the PHA on behalf of the family to the owner
- Payment Standard** The maximum monthly assistance payment in the voucher program




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**Definitions**

**Family  
Unit Size**

The appropriate number of bedrooms for a family, as determined by the PHA under the PHA's subsidy standards (voucher size)

**Subsidy  
Standards**

Standards established by the PHA to determine the appropriate number of bedrooms and the amount of subsidy for families of different sizes and compositions




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**Payment Standards**

- Used to calculate total subsidy for the family
- PHA's payment standard is maximum subsidy amount


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**Payment Standards Schedule**

- HUD publishes fair market rents (FMRs) and some small area FMRs (SAFMRs) annually
- PHA must adopt a payment standard schedule based on the FMR/SAFMR for each bedroom size




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### Small Area FMRs

- **Mandatory for 24 designated metro areas**
  - PHAs in other areas may request to use SAFMRs
- **SAFMRs = FMRs established by zip code**
- **Intended to provide families access to low-poverty areas**
- **HUD will review designations every 5 years**



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### Establishing PS Amounts

- **HUD approval not needed for basic range**
  - 90% to 110% of FMR/SAFMR is basic range
- **HUD must approve payment standards higher or lower than basic range**
  - Local field office may approve up to 120%
  - Only HUD headquarters may approve over 120%



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### Exception Payment Standards

- **HUD may approve exception payment standards in an area for all units or units of a given size**
  - Any PHA with jurisdiction may use the HUD approved exception PS amount
- **Non-SAFMR PHAs may establish exception payment standards for a zip code area up to 110% of SAFMR**



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**Reasonable Accommodation**

- PHA may approve a payment standard up to 120% FMR if needed as reasonable accommodation
  - Field office approval not required




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**What Payment Standard to Use**

- Payment standard to be used is lower of
  - PS for family unit size
  - PS for size of unit selected




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**Example**

- A family is issued a 2-bedroom voucher and selects a 3-bedroom unit. Assuming the unit is approved, what PS is used?  
2-bedroom
- A family is issued a 3-bedroom voucher and selects a 2-bedroom unit. Assuming the unit is approved, what PS is used?  
2-bedroom




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### Payment Standards

- During the term of a HAP contract, payment standard for a family is
  - Payment standard as determined at most recent annual reexam after beginning of HAP contract
  - UNLESS the PHA has decreased or increased the payment standard




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### Payment Standard Decrease

- During a HAP contract, if PS decrease is required because of a decrease in the FMR/SAFMR, PHA may:
  - Reduce PS at family's 2<sup>nd</sup> annual reexam; or
  - Continue to use existing higher PS; or
  - Set a PS at an amount between current PS and new applicable PS and then reduce family's PS over time




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### Payment Standard Decrease

- May also extend same protections when PS decrease was not caused by a decrease in FMR
- Regardless, new lower PS applies to new admissions and moves
- Must create policy in admin plan




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### Payment Standard Increase

- During a HAP contract, if PHA has *increased* the PS
  - Use the new, higher payment standard at the 1st annual reexam after the payment standard increase

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### Payment Standards

Payment Standard Change	First Annual	Second Annual	Third Annual
PS Increases	Family receives increase	-	-
PS Decreases Option 1	Family is alerted	Family receives full decrease	-
PS Decreases Option 2	Family is alerted	Fam receives partial decrease	Fam receives full decrease
PS Decreases Option 3	Family is alerted -Doesn't move -No change in voucher size	PS remains the same	PS remains the same

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### Change in Family Size/Composition

- At next regular reexamination use
  - Payment standard for the new family unit size, regardless of any increase or decrease in the payment standard schedule



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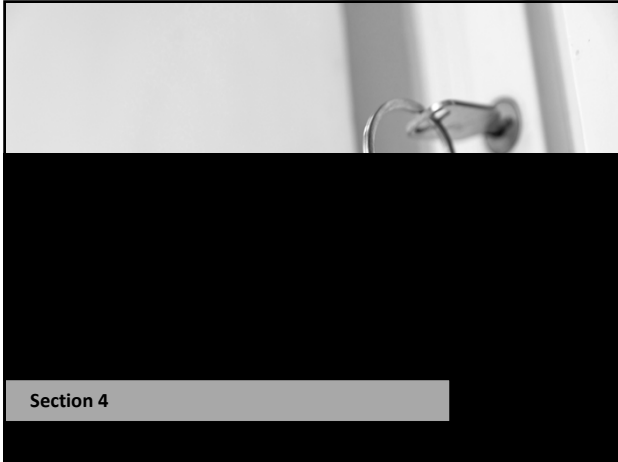
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**Definitions**

<b>Rent to Owner</b>	Total monthly rent payable to the owner under the lease for the unit
<b>Gross rent</b>	The sum of the rent to owner plus any utility allowance

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**Example**

- The rent to owner for a unit is \$1,000
- The utility allowance is \$60
- What is the gross rent?  
\$1,060

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**Definitions**

**Family Share**

The portion of the rent and utilities paid by the family

**Family rent to owner**

The portion of the rent to owner paid by the family




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**Definitions**

- **Housing assistance payment (HAP)** = the monthly assistance payment paid by the PHA to the owner
- **Utility reimbursement** = amount by which HAP exceeds rent to owner
  - PHA may pay to the family or directly to the utility supplier on behalf of the family




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**Example URP**

Family's TTP (family share)	\$35
Utility allowance	\$45
Family rent to owner	\$0
Utility reimbursement payment	\$10




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**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



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**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 HAP contract terminates or shortly thereafter



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**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



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**Rent Calculation Facts**

- The family will not pay less than the TTP toward rent and utilities

The diagram illustrates the calculation of a family's subsidy. It consists of three dark grey circles arranged horizontally. The first circle on the left contains the text "Lower of gross rent or payment standard". A minus sign (-) is positioned between the first and second circles. The second circle in the middle contains the text "TTP". An equals sign (=) is positioned between the second and third circles. The third circle on the right contains the text "Subsidy".

**nmca**

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**Gross Rent**

- The family may select a unit where the gross rent exceeds the PHA's payment standard
- However, the PHA may need to make sure the unit is affordable for the family

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**Maximum Family Share at Initial Occupancy**

- At initial occupancy of a unit (new admissions and moves)
- When the gross rent exceeds the payment standard for the family
- The family share (family rent to owner + UA) cannot exceed 40% of adjusted monthly income

**nmca**

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**Example 1**

A family's adjusted income is \$11,040

Monthly income is  $\$11,040/12 = \$920$

The family share may not be more than 40% of their adjusted monthly income

$\$920 \times 40\% = \$368$

- What does this mean?




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**Example 1**

- At initial occupancy or for a move, if the gross rent for the unit they select exceeds the payment standard, the family share cannot exceed \$368




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**Example 2**

- Rent to owner
  - \$875
- Utility Allowance
  - \$40
- Payment Standard
  - \$775
- Monthly Adj Inc
  - \$1,300
- Family Share
  - \$530




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**Example 2**

- 1. Is the tenant subject to the affordability test? Yes
  - A. Rent + Utilities = Gross Rent  
\$875 + \$40 = \$915
  - B. Gross Rent > Payment Standard  
\$915 > \$775 ✓




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**Example 2**

- 2. If so, is the unit affordable? No
  - A. 40% of the Adjusted Monthly Income  
\$1,300 x 40% = \$520
  - B. Family Share ≤ Adjusted Monthly Income  
\$530 ≤ \$520 ✗




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**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
- Family will have their HAP prorated




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**Example**

- The Fulton consists of Henry and Tai Fulton, both of whom are eligible non-citizens
- Based on the family's income, the PHA pays \$254 in HAP for the family




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**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
- The family's HAP will be prorated because Tom lives in the unit




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**Example**

**Prorated Rent Calculation**

12ab. Normal total HAP: copy from 12s, but do not exceed 12p	\$	254	12ab.
12ac. Total number eligible		2	12ac.
12ad. Total number in family		3	12ad.
12ae. Proration percentage: 12ac ÷ 12ad		.67	12ae.
12af. Prorated total HAP: 12ab X 12ae	\$	170	12af.
12ag. Mixed family total family contribution: 12p minus 12af	\$	665	12ag.
12ah. Utility allowance: copy from 12m	\$	0	12ah.
12ai. Mixed family tenant rent to owner: 12ag minus 12ah	\$	665	12ai.
	If positive or 0, put tenant rent		
	If negative, credit tenant	\$	12ai.
12aj. Prorated HAP to owner: 12k minus 12ai. If 12ai is negative, put 12k	\$	170	12aj.

- The PHA will now pay \$170 in HAP




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**End of Day 3**



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