





**HCV Specialist
Day 5: Rent Calculation**


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AND ASSOCIATES, INC.
Experience — Leadership — Collaboration




**Chapter 6
Subsidy and Family Share
Calculation**





**Learning
Outcomes**

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



Learning Outcomes


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



Section 1

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 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



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: 8y * 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.



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

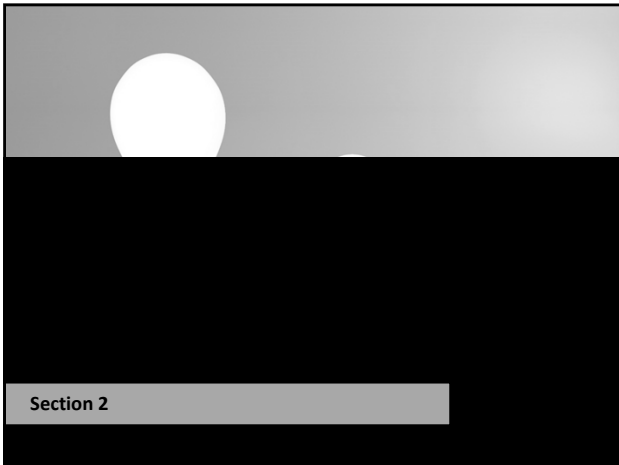
- The Diamond family has requested and qualified for a minimum rent hardship exemption
- The family has the following information:
 - Total annual income \$900
 - Adjusted income \$50
 - PHA's minimum rent \$50



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.






Section 2

Utility Allowance

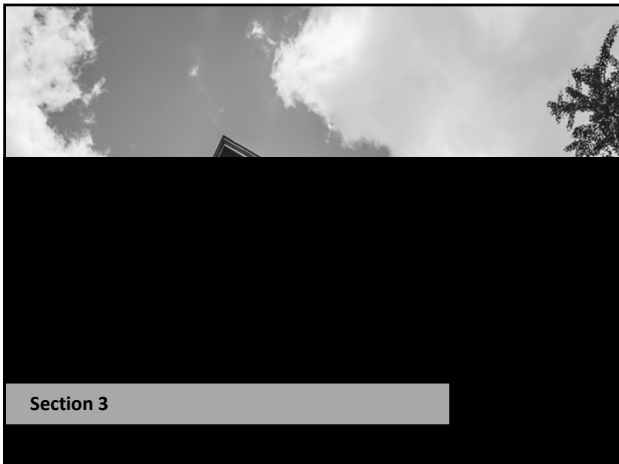
- Calculated for a family if they are responsible for paying for the cost of any utilities
- A utility allowance is an amount approved by the PHA for reasonable monthly costs of local utility consumption
- PHAs are required to establish and maintain utility allowance schedules



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





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



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

Payment Standards

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

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

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**



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%



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**



Reasonable Accommodation

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



What Payment Standard to Use

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



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



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



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 2nd 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



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



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



Payment Standards

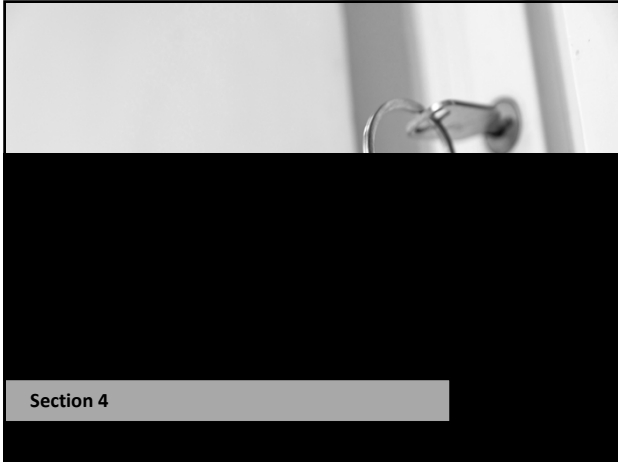
Payment Standard Change	First Annual	Second Annual	Third Annual
PS Increases	Family receives increase	-	-
PS Decreases Option 1	Family is alerted	Family receives full decrease	-
PS Decreases Option 2	Family is alerted	Fam receives partial decrease	Fam receives full decrease
PS Decreases Option 3	Family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



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





Definitions

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

nma

Example

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

nma

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

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

Example URP

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

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 HAP contract 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



Rent Calculation Facts


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

Lower of gross rent or payment standard — TTP = Subsidy




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



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



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?



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



Example 2

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



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 ✓



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 ✗



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



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



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



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

