



**Public Housing Rent Calculation**  
Day 5



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**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

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**Total Tenant Payment**

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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
  - $15,780/12 = \$1,315$
  - $\$1,315 \times 10\% = \$132$
- 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




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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 - 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.




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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**

**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.




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**Utility Allowance**

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### 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



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### Utility Allowance

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



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**Rent Calculation**

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### Definitions

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



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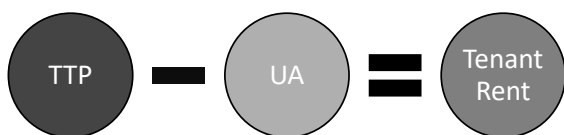
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### Calculation of Tenant Rent



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### Example

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



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<b>10. Public Housing</b>			
10a. TTP, copy from 9j	\$ 251	10a.	
10b. Unit's flat rent	\$ 500	10b.	
<b>Income Based Rent Calculation (if prorated rent, skip to 10h)</b>			
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.	
	If positive or 0, put tenant rent		
	If negative, credit tenant	\$	10f.




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### 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)




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<b>10. Public Housing</b>			
10a. TTP, copy from 9j	\$ 40	10a.	
10b. Unit's flat rent	\$ 500	10b.	
<b>Income Based Rent Calculation (if prorated rent, skip to 10h)</b>			
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.	
	If positive or 0, put tenant rent		
	If negative, credit tenant	\$	10f.




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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 lease 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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**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

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**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

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### 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




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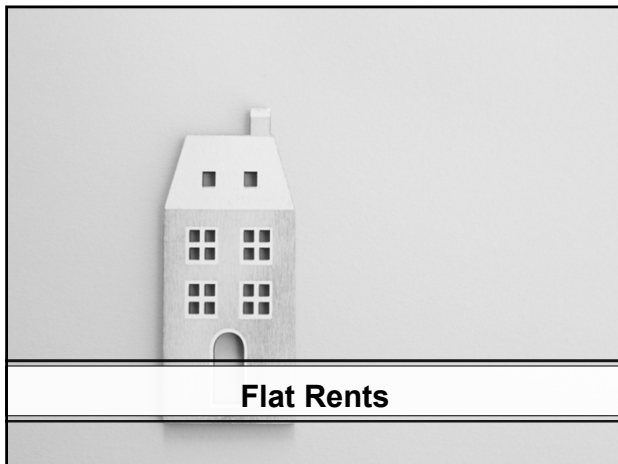
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### Flat Rents

- 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




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**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




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**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




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**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




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**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




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**Utility Allowances & Flat Rents**

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

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**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




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### 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




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### 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




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### 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




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### 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




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### 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




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### 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




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**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




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**Example**

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




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**Example**

<b>10. Public Housing</b>	
10a. TTP, copy from 9)	\$ 450 10a.
10b. Unit's flat rent	\$ 400 10b.
<b>Income Based Rent Calculation (if prorated rent, skip to 10h)</b>	
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 10d	\$ 10f.
	if positive or 0, put tenant rent
	if negative, credit tenant
	\$ 10f.
<b>Income Based Prorated Rent Calculation (if not prorated, skip to 10u)</b>	




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**Prorated Rent**




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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




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**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




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### 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)




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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




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**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




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**End of Day 5**



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