# MTW HCV & PBV Rent Calculation

## Day 2

MPHA

October 2026

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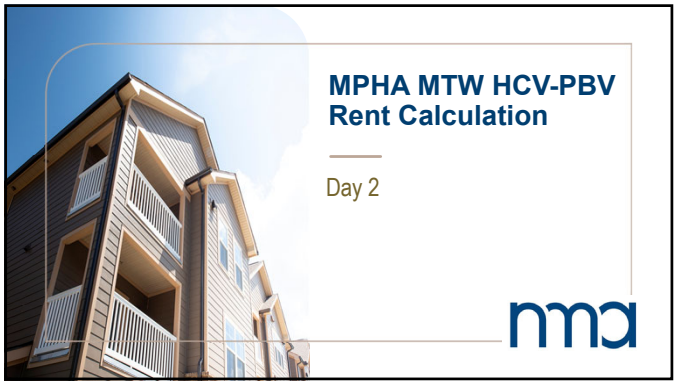


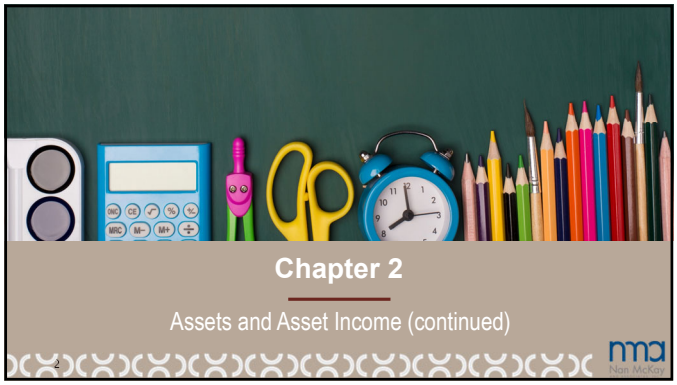


## MPHA MTW Policy

- For MTW households, when a household's total market asset value is at or above $50,000, MPHA will use the imputed asset income in the calculation of annual income.
- MPHA will multiply the household's total market asset value by the MPHA established passbook savings rate to determine imputed asset income.

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## MPHA MTW Policy

- When an MTW household's total market asset value is below $50,000, MPHA will use self-certification to verify the market value and income of the asset

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## What is Market Value?

- Amount the asset is worth
  - Amount in a certificate of deposit (CD)
  - What a buyer would pay for real property

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## What is Cash Value?

- The value of an asset after deducting reasonable costs that would be incurred in converting the asset to cash
- Reasonable costs to convert to cash:
  - Real property
    - Broker fees, closing costs
  - Certificates of deposit
    - Penalty for early withdrawal
  - Stocks
    - Broker fees
- The family is not required to convert the asset to cash

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## What is Cash Value?

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## Example

- Dave has a certificate of deposit (CD) with a current balance of $70,000
- $70,000 is the market value of the CD

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## Example: Cash Value

- Dave's CD has a $ 70,000 market value
- Early withdrawal penalty is $ 400
- What is the cash value of this asset?

| | |
|---|---|
| Market value | $ 70,000 |
| – Expenses | – $ 400 |
| Cash value | $ 60,600 |

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## Actual Income from Assets

- Anticipated Income
  - Actual amount of income the asset will generate over the coming 12 months
- Not all assets generate income
  - Non-interest-bearing checking account
  - Coin collection
- Examples of income from assets:
  - Interest from savings accounts or investments
  - Rents from rental property
  - Dividends

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## Actual Income from Assets

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## Quiz

- Dave's CD has a $ 70,000 market value
- Early withdrawal penalty is $ 400
- Dave will earn 4% interest
- What is the actual anticipated income from this asset?

A. $ 3250 B. $ 2750 C. $ 2800

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## Asset Income

- If cash value of all assets is $50,000 or less use actual anticipated income
- If cash value exceeds $50,000 use greater of:
  - Actual anticipated income
  - Imputed income from assets
    - PHA passbook rate x cash value = imputed asset income

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## What is the Passbook Rate?

- Notice PIH 2012-29
  - Published 6/21/12
- Establishes method for setting passbook rate
- Rate is established by the PHA
  - Used to be set by the HUD field office
  - PHA may set rate within 0.75% (3/4 of 1%) of the Savings National Rate
    - Must check annually

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## Example: Assets Over $50,000

- Dave's actual anticipated income: $2800
- Cash value: $70,000 – $400 = $60,600
- Does total cash value exceed $50,000?
- Multiply cash value by passbook rate
  - Example: PHA passbook rate is .0075
  - $60,600 x .0075 = $454.50
- Final asset income is larger of:
  - Actual $2800
  - Imputed $454.50

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## Assets Disposed of for Less Than Fair Market Value

- Assets disposed of within two years prior to admission or reexamination for less than market value
- Imputed asset: Cash value listed on the 50058 is the *difference* between the actual cash value of the asset and the amount received

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## Example

- Home had a market value of $225,000 but was sold for $150,000
- Broker fees of $5,000 and closing costs of $2,000

| | |
|---|---|
| Market value | |
| - Fees | |
| = Cash value | **$225,000** |
| - Amount received | **- $7,000** |
| = Imputed cash value | **$218,000** |
| | **- $150,000** |
| | $68,000 |

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## Assets Disposed of for Less than Fair Market Value

- Generally not considered to be an asset if disposed of due to
  - Divorce or separation
  - Bankruptcy
  - Foreclosure
- PHA should develop applicant/participant certification form for verification purposes

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## MPHA Policy

- MPHA will not include the value of assets disposed of for less than fair market value unless the cumulative fair market value of all assets disposed of during the past two years exceeds the gross amount received for the assets by more than $1,000
- If the two-year period ends between annual recertifications, the family may request an interim reexamination to eliminate consideration of the asset(s).

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## Learning Activity 1

- Answer the following questions

## Learning Activity

1. Under MPHA policy, do you use the current balance or average 6-month balance of checking and savings accounts to determine their value?

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## Learning Activity

2. Jan is head of household. Her only asset is a non-interest-bearing checking account with a current balance of $1,200. Her spouse Carl has a savings account with a current balance of $500. Is self-certification an acceptable form of verification for this family?

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## Learning Activity

3. Alex lives alone. He has a checking account with a current balance of $600, a savings account with a current balance of $20,000, and stocks with a cash value of $40,000. Is self-certification acceptable for this family?

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## Learning Activity

4. Kenny has been a program participant for 5 years. He owned a home worth $500,000. Last month, he sold it to his son for $100. His son paid all of the realtor fees and closing costs. What should you do?
   a. Nothing, he no longer owns the home so it's not an asset
   b. Count the amount he gave away ($4900,000) as an asset disposed of for less than fair market value for two years from the date of sale
   c. Nothing, MPHA policy says not to include assets disposed of for less than fair market value

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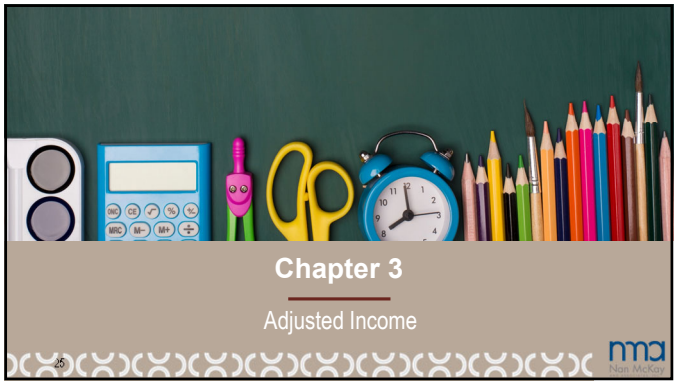


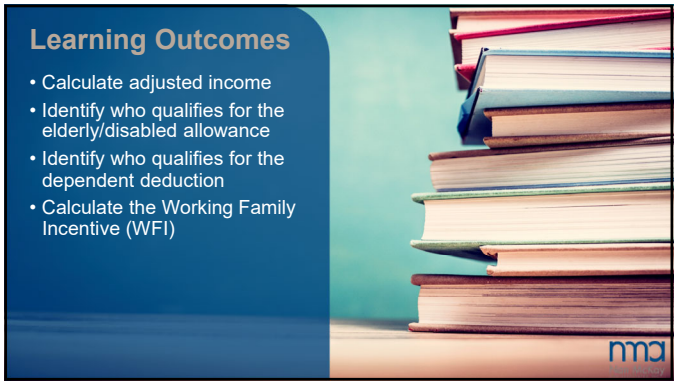


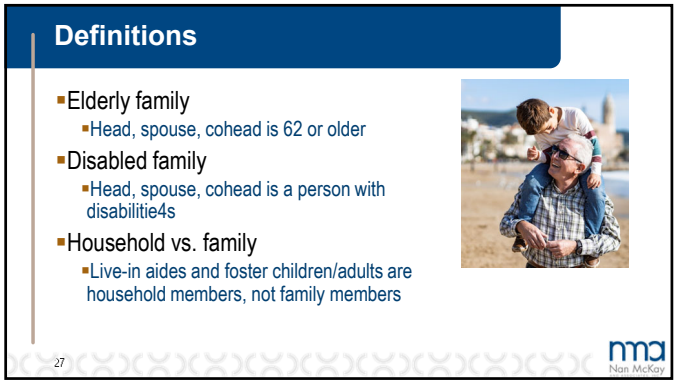


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## MPHA MTW Policy

- Adjusted income is total annual income *minus* allowances
- MPHA has the following MTW deductions:
  - Elderly or disabled family deduction
  - Dependent deduction
  - Working Family Incentive (WFI)

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## MPHA MTW Policy: Elderly or Disabled Family Deduction

- Families where the head, spouse cohead, or sole member is either 62 or older or a person with disabilities
- One $750 deduction for disabled rent reform families

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## Example 1

- McKenzie family consists of HOH Miles (age 81) and his wife Marta (age 79)
- Their adult son Manny (age 40) who is a person with disabilities lives with them
- Does the family qualify for the elderly/disabled deduction?
  - Yes, the HOH and spouse are elderly
- How much is the deduction?
  - $750

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## Example 2

- The Miller family consists of HOH Maria (age 35) who is a person with disabilities and her 3-year-old daughter
- Does the family qualify for the elderly/disabled deduction?
  - Yes, the HOH is disabled

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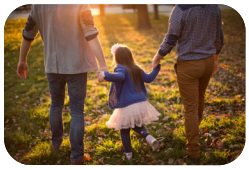
## Example 3

- The Martinez family consists of head HOH Manny (age 30) and his spouse Gloria (age 29) and their 7-year-old daughter who is a person with disabilities
- Does the family qualify for the elderly/disabled deduction?
  - No, neither the HOH nor spouse are elderly or disabled



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## Dependent Allowance

- $480 for each dependent

Under 18

Full-time student 18+

Person with disabilities 18+

- Head, spouse, cohead, foster child or foster adult, and live-in aide are never a dependent

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## Pop Quiz: Marsh Family

Who qualifies for the dependent deduction?

- HOH: Walter (age 41)
- Spouse: Marla (age 42) person with disabilities
- Daughter (age 4)
- Foster child (age 7)
- Son (age 19) FT student
- Marla's sister (age 39) person with disabilities

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## MPHA Working Family Incentive (WFI)

- Available to MTW families that have earned income from wages and at least one minor child in the household
- WFI deducts 15% from the gross annual wages for each working adult in household
  - Unless the wages are excluded

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## MPHA Working Family Incentive (WFI)

- Families on repayment agreement with MPHA are not eligible for the WFI
  - Full amount of their wages counted
  - If the family completes the repayment agreement the WFI will be reinstated
- If a family is in a repayment agreement with another PHA, they are eligible for the WFI
- Family Self Sufficiency (FSS) participants are not eligible for the WFI deduction

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## MPHA Working Family Incentive (WFI)

- John has a gross annual income of $20,000
- $20,000 x 15% = $3,000
- $20,000 - $3,000 = $17,000 Adjusted annual wages

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## Learning Activity 2

- Answer the following questions

## Learning Activity

- Steven (age 81) and Georgia (age 79) are head and spouse.
- Their daughter Cali (age 40) (who is a person with disabilities) and their granddaughter Ava (age 8) live with them.
- Steven and Georgia are retired and collect $20,400 in SS a year.
- Cali collects $6,000 in SSI per year.

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## Learning Activity

1. Does the family qualify for the elderly/disabled family deduction? If so, how much?
2. Does the family qualify for the dependent deduction? If so, how much?
3. Does the family qualify for the WFI?

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## Learning Activity

- Greg (age 37) is HOH and lives alone. He is a person with disabilities. He works part-time at a hardware store and makes $12,000 per year.

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## Learning Activity

1. Does the family qualify for the elderly/disabled family deduction? If so, how much?
2. Does the family qualify for the dependent deduction? If so, how much?
3. Does the family qualify for the WFI?

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## Learning Activity

- Amanda (age 40) is HOH and works full-time at Walmart earning $34,050 a year.
- Her daughter Violet (age 4) is a person with disabilities and collects $800 in SSI per month.

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## Learning Activity

1. Does the family qualify for the elderly/disabled family deduction? If so, how much?
2. Does the family qualify for the dependent deduction? If so, how much?
3. Does the family qualify for the WFI? If so, how much?

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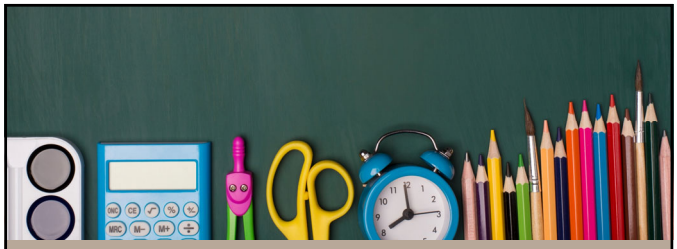

## Chapter 4

Verification

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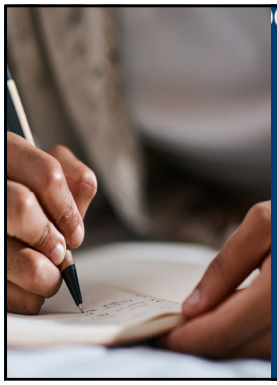
## Learning Outcomes

- Discuss HUD's verification hierarchy
- Recall the importance of documentation
- Identify the roll of EIV Review consent form requirements



## Consent Form Requirements

## Form HUD-9886-A

- New Form HUD-9886-A released 11/17/23
  - *Authorization for Release of Information/ Privacy Act Notice to HUD and the HA*
- Consent form that all adult family members must sign (including the head and spouse/cohead, regardless of age) at admission only

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## When do participants sign the new Form HUD-9886-A signed?

- On or after 1/1/24, all current program participants must sign and submit a new Form HUD-9886-A at their next interim or annual reexamination
- Form is only signed once
- PHAs must have switched to new form by 2/1/25

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## Form HUD-9886-A

- Another Form HUD-9886-A will not be submitted to the PHA except:
  - When any person 18 years or older becomes a member of the family
  - When a current member of the family turns 18
  - As required by HUD or the PHA in administrative instructions

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## Minors Turning 18

- The PHA has the discretion to establish policies about when family members must sign consent forms when they turn 18
  - PHAs must establish policies stating when family members will be required to sign consent forms at intervals other than at reexamination

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## Form HUD-9886-A

- The executed consent now remains effective until:
  - The family is denied assistance, or
  - Assistance is terminated, or
  - The family provides written notification to the PHA to revoke consent

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## Form HUD-9886-A

- May not access information in EIV without a signed Form HUD-9886-A
- Authorizes the PHA to obtain information about:
  - Wages and unemployment from SWICAs
  - Salary and wage information from current and former employers
  - Unearned income from financial institutions
- PHA must develop other consent forms to verify other information

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## Failure to Sign Consent Forms

- The regulations called for a mandatory denial/termination if family members fail to sign and submit consent forms
- Under HOTMA, does not apply if family members revoke their consent for the PHA to access financial records
  - Unless the PHA establishes a policy that revocation of consent will result in a denial or termination
  - MPHA has established such a policy

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## Regulatory Verification Requirement

- The PHA must obtain and document in the family file third party verification of the following factors, or must document in the file why third-party verification was not available: 24 CFR 982.516
  - Reported family annual income
  - The value of assets
  - Expenses related to deductions from annual income
  - Other factors that affect the determination of adjusted income

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## Hierarchy of Verification Methods

- HUD has established a hierarchy of six verification levels
- Using this hierarchy, PHAs should adopt verification policies as to what qualifies as adequate verification
  - Policies must be consistent with the regulatory requirements
  - Some optional HOTMA policies may be used instead of current verification requirements

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## Levels of Verification

6. Up-front Income Verification (UIV) using EIV and IVT
5. UIV using other sources
4. Written third-party documents provided by the family
3. Written third-party verification form
2. Third-party oral verification
1. Tenant declaration

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## Highest Level of Verification

6 Up-front Income Verification (UIV) using EIV and IVT

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## Upfront Income Verification

- What is it?
  - The verification of income, before or during a reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals

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## Enterprise Income Verification (EIV)

- What is it?
  - A type of UIV system that provides PHAs with employment, wage, unemployment, and social security benefit information for tenants in public housing and Section 8
  - Information obtained through computer matching between HUD, SSA, and HHS

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## Using EIV for Verification

- EIV Income Report is:
  - Mandatory for annual reexams
  - Optional for interim reexams
- MPHA policy states EIV will be run at all annual and interim recertifications
- Not available for applicant families or new members added to currently assisted households

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## Additional Verification

- The PHA must obtain additional third-party verification
  - To supplement EIV-reported income sources
  - When EIV has no data
  - Additional information is required and is not available in EIV
  - Family disputes EIV income data
  - Family does not have acceptable tenant-provided docs
    - For example, to verify:
      - Effective dates of employment
      - Pay rate, hours worked for new jobs
      - Confirmation of a change in circumstances (reduced hours, reduced rate of pay)

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## File Documentation

- New admissions
  - Review EIV income and IVT reports within 120 days of PIC submission date
  - Print and maintain copies of reports in family file
  - Resolve any income discrepancy with the family within 60 days of report dates

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## File Documentation

- Annual reexams
  - If the family does not dispute EIV employer data, and the PHA determines that additional information is not necessary:
    - EIV income details and IVT report
    - Tenant-provided documents
  - If the family disputes or PHA requires additional information:
    - EIV printout
    - Tenant-provided documents
    - Third-party written verification

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## Income Discrepancies

- PHAs must compare income information in EIV with family-reported information
- If a substantial difference in income is found, the PHA must take actions outlined in PIH 2018-18
  - Substantial difference is $2,400 annually
  - Family must be provided an opportunity to dispute

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## Highest (Optional) Level of Verification

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## UIV Using Other Sources

- Second most preferable form of verification
- While EIV is mandatory, UIV using other sources is optional
- Used to validate tenant-reported income
- Examples
  - The Work Number
  - State government databases/SWICA
  - State TANF systems
  - Credit Bureau Association (CBA) credit reports
  - Internal Revenue Service (IRS) – tax transcript
    - Request with IRS form 4506-T

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## High Level of Verification

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## Written Third-Party from the Source

- Original or authentic document generated by a third-party source
  - Called "tenant-provided verification"
  - Includes documents provided by family

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## Examples

- Pay stubs/payroll summary
- SSA award letters
- Bank statements
- Welfare/unemployment notices
- Income tax returns with corresponding official tax forms and schedules attached
  - Including third-party receipt of transmission for income tax return filed

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## Written Third-Party from the Source

- Dated withing 60 days of the reexam or PHA request
- PHAs must obtain a minimum of 2 current and consecutive pay stubs to determine income from wages
  - For new sources of income where pay stubs are not available, the PHA should use traditional third-party verification form or the best available information

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## MPHA Policy

- 4 pay stubs for weekly pay
- 3 paystubs for bi-weekly or bi-monthly pay
- 2 pay stubs for monthly pay

- If an applicant/tenant provides more than the minimum required pay stubs for verification, MPHA will use only the minimum number of paystubs required and will ensure that the pay stubs used reflect the most current paystubs provided

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## MPHA Policy

- Most updated tax statements can be used to verify income in an annual amount
  - If participant uses a W-2 or other tax forms to report income as an annual amount the participant is not eligible for an interim decrease unless they are terminated or resign from their employment.

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## MPHA Policy

- Unless tip income is included in a family member's W-2 by the employer, persons who work in industries where tips are standard will be required to sign a certified estimate of tips received for the prior year and tips anticipated to be received in the coming year
- Over time wages, shift differential pay, and bonuses will be included in the calculation of wages

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## Written Third-Party from the Source

- The PHA may reject tenant-provided third-party documents only if they are:
  - Not original
  - Forged
  - Altered, mutilated, or not legible
- PHA explains to family and request additional documentation

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## Medium-Low Level of Verification

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## Written Third-Party Verification Form

- The "traditional" third-party written verification
  - Standardized form filled out by third party
- Tenant-provided documents generated by a third-party rank higher than third-party forms
- HUD states that there are administrative burdens and risks associated with this verification method
  - Incomplete or falsified information
- Documents from computerized systems or databases are considered more reliable

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## MPHA Policy

- MPHA may send a written request for third party verification under the following circumstances:
  - When higher forms of verification (UIV, EIV, written third party documents) are not available;
  - When MPHA requires clarification of income information;
  - If the tenant disputes EIV, UIV or other third-party documents; and
  - When there is a significant difference between tenant provided information and third-party documents.
- A record of each attempt to contact the third-party source will be documented in the file.

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## Low Levels of Verification

2 Third-party oral verification

1 Tenant declaration

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## Oral Third-Party Verification

- PHAs contact the independent sources by telephone or in person
- Third-party oral verification may be used when requests for written verification have not been returned within a reasonable time
  - E.g., 5 business days

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## Tenant Declaration

- An applicant or participant submits an affidavit or notarized statement to certify income or expenses that s/he has reported
- This method should be used as a last resort when no other verification method is possible

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## MPHA Policy

- Self-certification may not be used to verify the following benefits:
  - Social Security Benefits
  - Unemployment
  - Court Ordered Child Support
  - Supplemental Security Benefits
  - Public Assistance
  - Veterans Benefits
  - Government Pensions
  - Unreimbursed medical expenses

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## Documentation in the Absence of Third-Party Verification

- Acceptable reasons for not having third-party verification:
  - No documents available through UIV or written third party
  - PHA attempted to obtain third-party verification without success
  - Third-party was asked to provide docs but are not capable
- Documentation is key
  - File must be thoroughly documented as to why third-party was not available
  - Regulatory requirement

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## Assets

- The PHA may accept family self-certification of the value of family assets and the anticipated asset income for families whose net assets total $50,000 or less
- Not applicable to new admissions
- However, the PHA is required to obtain third-party verification of all assets at least every three years thereafter

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## Verifying Income Exclusions

- For fully excluded income, the PHA is not required to:
  - Verify/document according to verification hierarchy
  - Report income on the 50058
- The PHA may accept self-certification of fully excluded income
  - Application/reexam forms are acceptable

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## Verifying Income Exclusions

- For partially excluded income, the PHA must:
  - Follow verification hierarchy
  - Report on 50058 form
- Examples of partially excluded income:
  - Earnings of FT student 18 or over
  - Training program income

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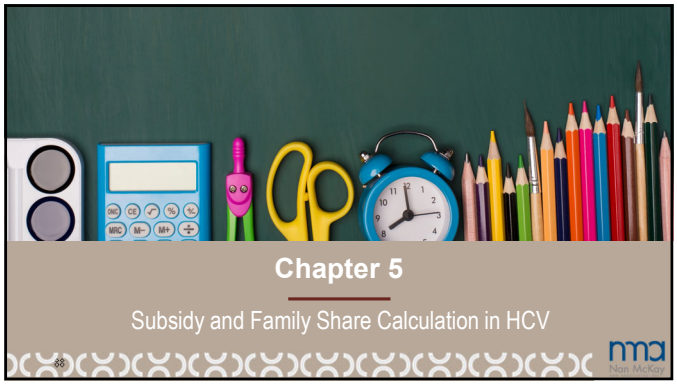


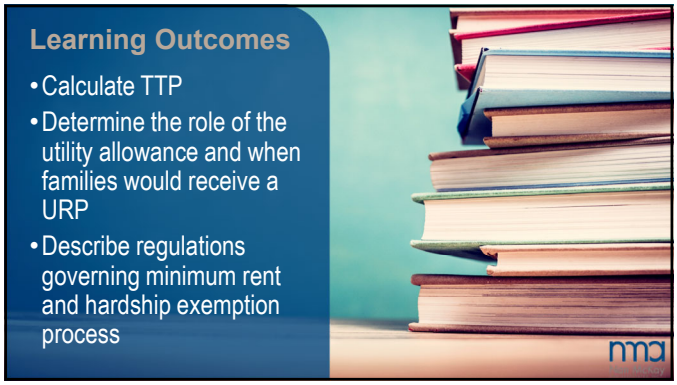


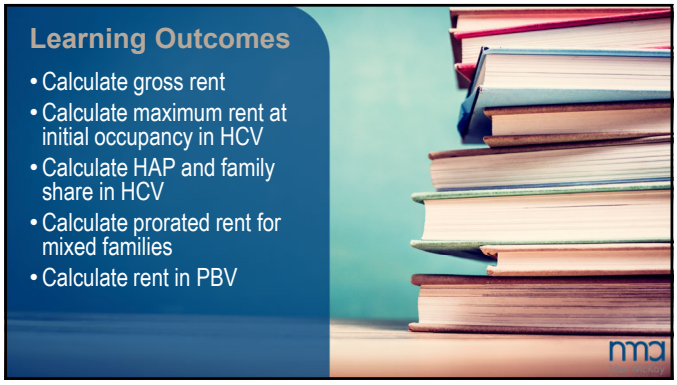


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## Total Tenant Payment (TTP)

- TTP is highest of:
  - 30% monthly adjusted income
  - 10% monthly income
  - Minimum rent
    - $50 per MPHA policy

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## Example TTP Calculation

Not in book

| | |
|---|---|
| Annual income | $2,000 |
| 4 children x $480 | - $1,920 |
| Adjusted income | $80 |

- Annual income divided by 12: $2,000/12 = $167
- Adjusted income divided by 12: $80/12 = $7

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## Example TTP Calculation

- 10% of monthly income: $167 x .10 = $17
- 30% of monthly adjusted income: $7 x .30 = $2
- PHA's minimum rent: $50
- What is TTP?

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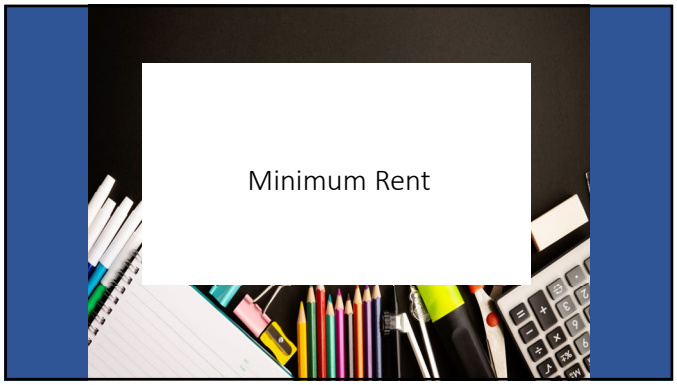


## MTW Minimum Rent

- All participants (except those in project-based voucher units) will have a minimum rent of $50
- Participants living in MPHA-owned PBVs will have a $75 minimum rent
- All other PBV participants will have a $0 minimum rent

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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 the first of the following 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 a hardship exists
  - Whether the hardship is temporary or long term

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## No Hardship

- Minimum rent is imposed retroactively to the time of the suspension
- Family repays based on terms established by the PHA

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## Temporary Hardship

- Minimum rent may not be imposed for a period of 90 days
  - Starting the month following the date of the family's request
- After 90 days, minimum rent is imposed retroactively to the beginning of the suspension
- Reasonable repayment agreement offered

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## Long-Term Hardship

- Must exempt the family from the minimum rent as long as the hardship continues
  - Starting the first of the month following the request
- Family does not reimburse the PHA once the hardship ends

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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: Temporary Hardship

- Family requests hardship exemption on 8/15
- Temporary hardship is granted
- Minimum rent waived: 9/1, 10/1, and 11/1
  - 30% of monthly adjusted income: $45
  - 10% of monthly income: $27
  - PHA's minimum rent: ~~$50~~

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## Example: Temporary Hardship

- Hardship ends 12/1
- Family's TTP is again $50
  - Assuming no changes in income
- Family repays the PHA for difference between the minimum rent and the family's TTP for those 3 months ($50 - $45)
  - $5 x 3 months = $15

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## Learning Activity

1. The Smith family's annual income is $52,800. Their adjusted income is $43,920. What is their TTP?

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## Learning Activity

2. The Callahan family's annual income is $12,800. Their adjusted income is $11,840. What is their TTP?

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## Learning Activity

3. The Briggs family's annual income is $1,800. Their adjusted income is $1,320. What is their TTP?

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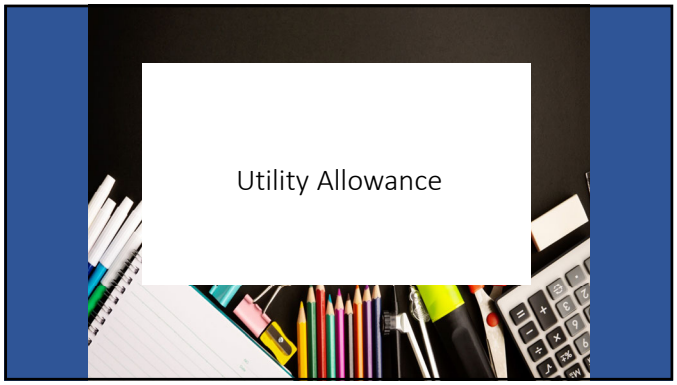


## Utility Allowance

- Calculated for a family if they are responsible for paying for the cost of any utilities
- 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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## MPHA 2026 UAs

A = Multiple Dwelling (any building with 3 or more units)
D/T = Townhouse, Duplex or Double Bungalow
SF = Single Family Dwelling

To calculate the utility allowance chart simply, start with the Payment Standard amount and then subtract the amounts listed below for all the utilities which the participant (tenant) pays. This equals the Net Rent. If the Owner's proposed rent is greater than the Net Rent (payment standard minus the utilities), this unit may be considered NOT affordable for the Housing Choice Voucher Program. Be sure to use the proper column for the bedroom size and the proper unit type. The Range and Refrigerator amounts are for participant owned appliances, so do not add them if they are provided by the owner.

| 2026 | 0 Bedroom | | | 1 Bedroom | | | 2 Bedrooms | | | 3 Bedrooms | | | 4 Bedrooms | | | 5 Bedrooms | | | 6 Bedrooms | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Utility/Appliance | A | D/T | SF | A | D/T | SF | A | D/T | SF | A | D/T | SF | A | D/T | SF | A | D/T | SF | A | D/T | SF |
| HEATING - Gas | 37 | 45 | 49 | 42 | 50 | 56 | 48 | 64 | 69 | 53 | 79 | 84 | 69 | 94 | 98 | 65 | 109 | 114 | 71 | 124 | 130 |
| - Electric | 36 | 52 | 86 | 42 | 61 | 101 | 52 | 80 | 119 | 73 | 99 | 136 | 89 | 119 | 154 | 105 | 138 | 172 | 121 | 157 | 190 |
| COOKING - Gas | 5 | | | 5 | | | 6 | | | 8 | | | 9 | | | 10 | | | 11 | | |
| -Electric | 7 | | | 9 | | | 13 | | | 16 | | | 20 | | | 24 | | | 28 | | |
| OTHER ELECTRIC | 35 | 43 | 47 | 45 | 56 | 61 | 58 | 72 | 80 | 71 | 89 | 98 | 84 | 105 | 116 | 97 | 122 | 135 | 110 | 139 | 154 |
| WATER HEATER - Gas | 9 | | | 10 | | | 14 | | | 18 | | | 22 | | | 26 | | | 30 | | |
| - Electric | 25 | | | 29 | | | 37 | | | 45 | | | 53 | | | 61 | | | 69 | | |
| TRASH COLLECTION | 30 | | | 30 | | | 30 | | | 33 | | | 33 | | | 33 | | | 34 | | |
| WATER & SEWER | 38 | | | 53 | | | 68 | | | 84 | | | 106 | | | 122 | | | 133 | | |
| RANGE | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | |
| REFRIGERATOR | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | |

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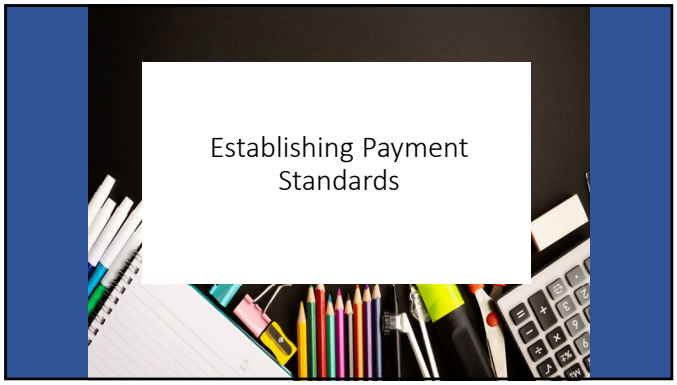
## Payment Standards




## Definitions

- Housing Assistance Payment (HAP)
  - The monthly assistance payment made by the PHA on behalf of the family to the owner

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## Definitions

- Payment standard
  - Used to calculate subsidy for the family
  - The maximum monthly assistance payment in the HCV program

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## Definitions

- Family unit size (voucher size)
  - Appropriate number of bedrooms for a family
  - Determined by the PHA under the PHA's subsidy standards

| | |
|---|---|
| 1. Insert **unit size** in number of bedrooms. (This is the number of bedrooms for which the Family qualifies, and is used in determining the amount of assistance to be paid on behalf of the Family to the owner.) | 1. Unit Size |

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## Definitions

- Subsidy standards
  - Standards established by the PHA in admin plan
  - Determine the appropriate number of bedrooms and the amount of subsidy for families of different sizes and compositions

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## FMR Definition

- Fair market rent (FMR)
  - The rent, including the cost of utilities, as established by HUD for units of varying sizes, that must be paid in the housing market to rent privately owned, existing, descent, safe and sanitary rental housing of modest nature with suitable amenities

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## FMRs and Payment Standards

- HUD publishes fair market rents (FMRs) annually

FY 2024 Fair Market Rent Documentation System

The FY 2024 Milwaukee-Waukesha-West Allis, WI MSA FMRs for All Bedroom Sizes

| Final FY 2024 & Final FY 2023 FMRs By Unit Bedrooms | | | | | |
|---|---|---|---|---|---|
| Year | Efficiency | One Bedroom | Two Bedroom | Three Bedroom | Four Bedroom |
| FY 2024 FMR | $845 | $979 | $1,170 | $1,460 | $1,582 |
| FY 2023 FMR | $766 | $909 | $1,092 | $1,374 | $1,499 |

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## Payment Standards Schedule

- PHA establishes a payment standard within 90 to 110% of the FMR
  - "Basic range"
  - HUD approval not needed for 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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## MPHA 2026 Payment Standards

| 2026 | 0 Bedroom | | | 1 Bedroom | | | 2 Bedrooms | | | 3 Bedrooms | | | 4 Bedrooms | | | 5 Bedrooms | | | 6 Bedrooms | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Utility/Appliance | A | D/T | SF | A | D/T | SF | A | D/T | SF | A | D/T | SF | A | D/T | SF | A | D/T | SF | A | D/T | SF |
| HEATING - Gas | 37 | 45 | 49 | 42 | 50 | 56 | 48 | 64 | 68 | 63 | 79 | 84 | 89 | 94 | 98 | 65 | 109 | 114 | 71 | 124 | 130 |
| -Electric | 36 | 52 | 88 | 42 | 61 | 101 | 58 | 80 | 119 | 73 | 99 | 136 | 89 | 119 | 154 | 105 | 138 | 172 | 121 | 157 | 190 |
| COOKING -Gas | 5 | | | 5 | | | 6 | | | 8 | | | 9 | | | 10 | | | 11 | | |
| -Electric | 7 | | | 9 | | | 13 | | | 16 | | | 20 | | | 24 | | | 28 | | |
| OTHER ELECTRIC | 35 | 43 | 47 | 45 | 56 | 61 | 58 | 72 | 80 | 71 | 89 | 98 | 84 | 105 | 116 | 97 | 122 | 135 | 110 | 139 | 154 |
| WATER HEATER - Gas | 9 | | | 10 | | | 14 | | | 18 | | | 22 | | | 26 | | | 30 | | |
| -Electric | 25 | | | 29 | | | 37 | | | 45 | | | 53 | | | 61 | | | 69 | | |
| TRASH COLLECTION | 30 | | | 30 | | | 30 | | | 33 | | | 33 | | | 33 | | | 34 | | |
| WATER & SEWER | 38 | | | 53 | | | 68 | | | 84 | | | 106 | | | 122 | | | 133 | | |
| RANGE | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | |
| REFRIGERATOR | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | | 4 | | |
| Payment Standard | $1,122 | | | $1,278 | | | $1,555 | | | $2,080 | | | $2,424 | | | $2,876 | | | $3,346 | | |
| Less (-) Total Allowances for this unit | | | | | | | | | | | | | | | | | | | | | |
| Equals (=) Net Rent Write difference in box | | | | | | | | | | | | | | | | | | | | | |
| Fair Market Rent | $1,242 | | | $1,405 | | | $1,709 | | | $2,282 | | | $2,531 | | | $2,911 | | | $3,347 | | |
| Payment Standards (% of HUD FMR) | 90% | | | 91% | | | 91% | | | 92% | | | 96% | | | 99% | | | 100% | | |

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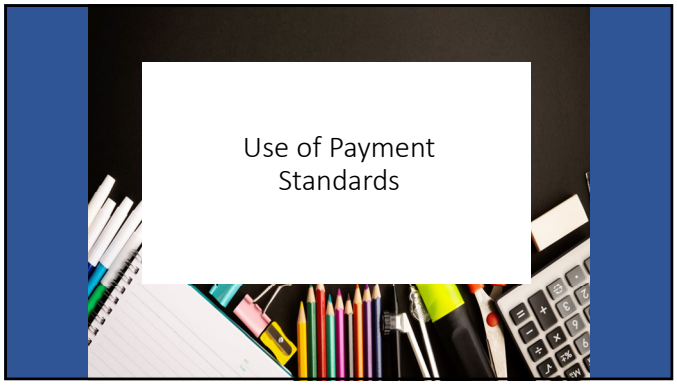


## Use of Payment Standard

- Payment standard to be used is lower of:
  - Payment standard for family unit size (voucher size)
    - or
  - Payment standard for the size of unit selected

## Examples

- Family issued a 3-bedroom voucher
- Family selects a 2-bedroom unit

  2-bedroom PS is used

- Family issued a 3-bedroom voucher
- Family selects a 4-bedroom unit

  3-bedroom PS is used

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## Changes to Payment Standards

- Regulations governing payment standard have changed
- Required compliance date: 12/3/24
- We will review the new requirements
- Your book includes old and new requirements
- Exam questions will be based on new requirements

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## Decreases: MPHA Policy

- If the amount on the payment standard schedule is decreased during the term of the HAP contract, MPHA is not required to reduce the payment standard amount used to calculate the subsidy for the families under HAP contract for as long as the HAP contract remains in effect

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## Increases: MPHA Policy

- If the payment standard is increased during the term of the HAP contract, the increased payment standard will be used to calculate the monthly housing assistance payment for the family beginning on the effective date of the family's first regular reexamination on or after the effective date of the increase in the payment standard.
- Families requiring or requesting interim reexaminations will not have their HAP payments calculated using the higher payment standard until their next annual reexamination

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## Changes in Family Unit Size

- Regardless of increases or decreases in the PS, if family unit size increases or decreases during the term of the HAP contract, the new family unit size may be used immediately but no later than the family's first annual following the change

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## Moves

- If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place), the current payment standard applicable to the family will be used when the new HAP contract is processed

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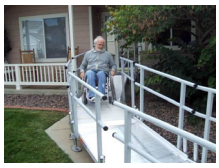
## Reasonable Accommodation

- PHA may approve a payment standard up to 120% FMR
  - If needed as reasonable accommodation
  - Field office approval not required
  - Greater than 120%, PHA submits a request to HUD



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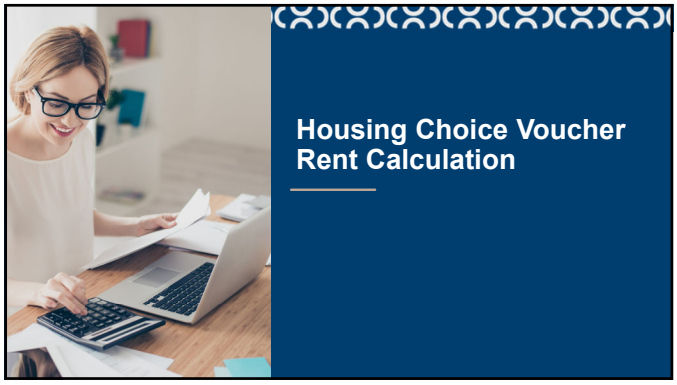
## Learning Activity

1. Family issued a 1-bedroom voucher. Family selects a 2-bedroom unit. Which PS and UA are used?
2. Family issued a 2-bedroom voucher. Family selects a 1-bedroom unit. Which PS and UA are used?



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## Definitions

- Rent to owner
  - Total monthly rent payable to the owner under the lease for the unit

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## Definitions

- Gross rent
  - Sum of the rent to owner play any UA

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## Definitions

- Family rent to owner
  - The portion of the rent to owner paid by the family

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## Definitions

- Family share
  - The portion of the rent and utilities paid by the family

Family rent to owner + Utility allowance = Family share

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## Definitions

- Utility reimbursement payment (URP)
  - 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

| | |
|---|---|
| Rent to Owner | $500 |
| HAP | $525 |
| Family rent to owner | $0 |
| Utility reimbursement payment | $25 |

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## Utility Reimbursement

- 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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## Rent Calculation Facts

- The family will not pay less than their TTP toward rent and utilities
- The family's subsidy is based on the lower of the unit's gross rent or the applicable payment standard

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## Rent Calculation Facts

- Family selects a unit where the gross rent is at or below the PS → Family share will equal TTP
- Family selects a unit where gross rent is above the PS → Family share is TTP plus the amount the gross rent exceeds the PS

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## Maximum Family Share at Initial Occupancy

- At initial occupancy of a unit
  - New admissions and moves
- Only when the gross rent exceeds the payment standard for the family
- The family share cannot exceed 50% of adjusted monthly income (MPHA MTW Policy)
- Does not apply:
  - To rent increases
  - When gross rent is less than or equal to the payment standard

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## Example

**Initial leasing of a unit.**

| | |
|---|---|
| Annual income | $12,000 |
| Adjusted income | 2 dependents: $11,040 |
| Monthly adjusted income | $11,040 ÷ 12 = $920 |
| 50% limit | $920 x 50% = $460 |

**What does this mean?**

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## Example

- For initial leasing of a unit, if the family selects a unit where the gross rent exceeds the payment standard, the family's rent to owner plus the utility allowance (family share) cannot exceed $460

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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
- Family will have their HAP prorated

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## Learning Activity 5

- Answer the following questions

## Learning Activity

- Rent to owner: $750
- Utility allowance: $35
- PHA payment standard: $775
- Monthly adjusted income: $1,300
- Family share: $400

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## Learning Activity

1. Is the tenant subject to the affordability test?
2. If so, why?

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## Learning Activity

3. If so, is the unit affordable?

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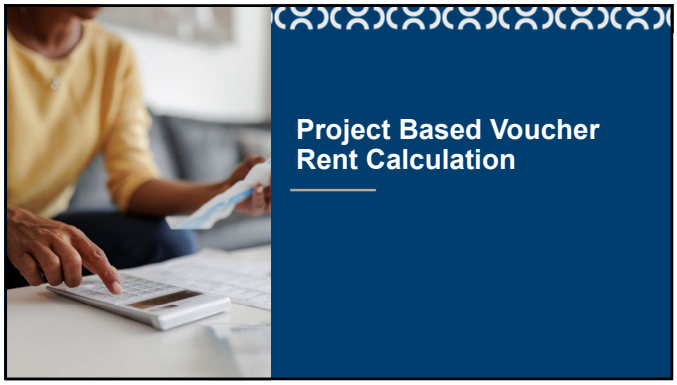


## Differences from HCV

- Payment standards are not used
- Subsidy standards not used to calculate maximum subsidy
- Affordability test does not apply
- Family and owner do not negotiate rent
- Contract rent adjustments align with the anniversary date of the HAP contract

## Definitions

- *Contract rent to owner* = total monthly rent payable to the owner under the lease for the unit

## Definitions

- *Gross rent* = the sum of the rent to owner plus any utility allowance

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## Definitions

- *Housing assistance payment* (HAP) = the monthly assistance payment paid by the PHA to the owner

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## Definitions

- Tenant rent= the portion of rent to owner paid by the family as determined by the PHA

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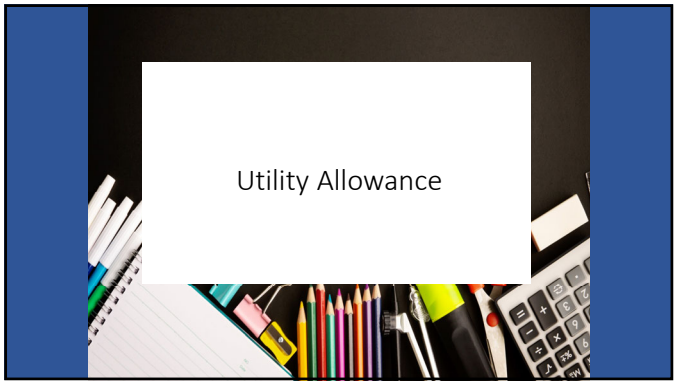


## Utility Allowances

- PHA must maintain allowance for all tenant-paid utilities
- HAP contract lays out utility responsibilities
  - May vary by unit size and type
- Unlike in HCV, utility responsibilities do not change based on individual tenancy
- May only be changed by a formal contract amendment

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## Standard PBV

- For standard PBV, PHA MUST use the HCV utility allowance for all PBV units

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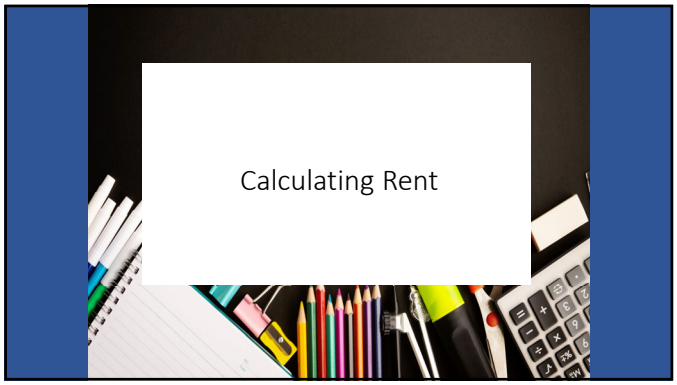
## Utility Allowance RAD PBV

- For RAD PBV, public housing UA typically used at closing
- After conversion, PHA use HCV UA or may site-specific UAs
- New UAs are effective for in-place families at their first annual or interim reexam after conversion






## Initial Rents in Standard PBV

- Except for certain LIHTC units, rent to owner must not exceed the lowest of:
  - An amount determined by the PHA in accordance with the admin plan, not to exceed 110% of FMR or the amount of any exception payment standard minus the UA
  - Reasonable rent
  - Rent required by the owner
- See 24 CFR 983.301 for rules for LIHTC units
- For PHA-owned units, an independent entity must determine rents



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## Initial Rents: Standard PBV

| Rent Basis | Number of Bedrooms | | | |
|---|---|---|---|---|
| | 0-BR | 1-BR | 2-BR | 3-BR |
| 110% of FMR - UA | 1400 | 1450 | 1465 | 1500 |
| Owner Requested Rent | 1500 | 1550 | 1600 | 1700 |
| Reasonable Rent | 1625 | 1675 | 1775 | 1900 |
| Approvable Rent | 1400 | 1450 | 1465 | 1500 |

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## Initial Rents in Standard PBV

- Rent to owner for certain tax credit units applies if:
  - A contract unit receives a low-income housing tax credit;
  - The contract unit is not located in a qualified census tract;
  - In the same building, there are comparable tax credit units of the same unit bedroom size as the contract unit and the comparable tax credit units do not have any form of rental assistance other than the tax credit; and
  - The tax credit rent exceeds the applicable fair market rent
- If ALL are true, rent is set differently

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## Initial Rents in Standard PBV

- The rent to owner must not exceed the lowest of:
  - An amount determined by the PHA in accordance with the Administrative Plan, not to exceed the tax credit rent minus any utility allowance;
  - The reasonable rent; or
  - The rent requested by the owner.
- The "tax credit rent" is the rent charged for comparable units of the same bedroom size in the building that also receive the low-income housing tax credit but do not have any additional rental assistance
  - *e.g.*, additional assistance such as tenant-based voucher assistance

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## LIHTC/PBV Rent Procedure

| Rent Basis | Number of Bedrooms | | | |
|---|---|---|---|---|
| | 0-BR | 1-BR | 2-BR | 3-BR |
| Rent for LIHTC-only units (no other government subsidies) | 1600 | 1665 | 1750 | 1825 |
| Owner Requested Rent | 1600 | 1665 | 1750 | 1825 |
| Reasonable Rent | 1625 | 1675 | 1775 | 1900 |
| Approvable Rent | 1600 | 1665 | 1750 | 1825 |

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## Rent Adjustments in Standard PBV

- Rents are adjusted annually at the anniversary date of the HAP contract using the same method used for setting initial rents
  - No special adjustments
- PHA must redetermine rent if there's a 10% or more decrease in FMR/SAFMR
- Otherwise, rent is redetermined upon owner request
  - Consistent with PHA policies which must specify advance notice the owner must give the PHA and the form of the request
- For PHA-owned units, an independent entity must redetermine rents

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## Initial Rents in RAD PBV

- Initial rent in RAD PBV set by HUD in accordance with Notice PIH 2019-23, REV-4
  - Based on public housing funding and other factors

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## Contract Rent Changes in RAD PBV

- Rents adjusted annually at anniversary of HAP contract by applying HUD's OCAF
  - Subject to funding, debt service and the property and rent reasonableness
- For PHA-owned units, an independent entity must redetermine rents

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## OCAF Adjustment Worksheet

**RAD PBV OCAF Rent Adjustment Tool**

*Enter data for all orange cells. In addition:*

- *If property has Hard Debt, Enter the Annual Debt Service for Hard Debt at (M) (Green Cell).*
- *If there are Non-RAD units, enter the total number of Non-RAD units at (G) and Rent Potential for Non-RAD*

| | |
|---|---|
| PHA Name: | Eastlake Housing Authority |
| Project Name: | Pine Bluff |
| Year: | 2023 |
| HAP Anniversary Date | 4/1/2023 |

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## OCAF Adjustment Worksheet

| (A) | (B) | (C) | (D) | (E) |
|---|---|---|---|---|
| Bedroom Size | Number of RAD Units | Current RAD Section 8 PBV Contract Rents | Current Monthly RAD Section 8 Rent Potential (B x C) | Reasonable Rents |
| 0BR | 15 | $ 950.00 | $ 14,250.00 | $ 1,000 |
| 1BR | 250 | $ 1,100.00 | $ 275,000.00 | $ 1,200 |
| 2BR | 100 | $ 1,300.00 | $ 130,000.00 | $ 1,400 |
| 3BR | | | $ - | |
| 4BR | | | $ - | |
| 5BR | 0 | | $ - | |
| St 6BR | 0 | | $ - | |
| 0BR-a | 0 | | $ - | |
| 1BR-a | 0 | | $ - | |
| 2BR-a | 0 | | $ - | |
| 3BR-a | 0 | | $ - | |
| 4BR-a | 0 | | $ - | |
| 5BR-a | 0 | | $ - | |
| 6BR-a | 0 | | $ - | |
| | 365 | | | |

| | |
|---|---|
| (F) Total Monthly RAD Rent Potential (Total of Column D) | $ 419,250 |
| (G) Total Number of Non-RAD Residential Units in property | 10 |
| (H) Total Number of Units in the Property | 375 |

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## OCAF Adjustment Worksheet

| | |
|---|---|
| (I) Annual RAD Rent Potential ((F) x 12) | $ 5,031,000 |
| (J) Total Annual Rent Potential for Non-RAD Units | $ 120,000 |
| (K) Total Annual Project Rent Potential (I+ J) | $ 5,151,000 |
| (L) RAD Percentage of Total Project Rent Potential (I+ K) | 98% |
| (M) Total Annual Hard Debt Service; Enter Zero if no Debt | $ 25,000 |
| (N) RAD Debt Service Share (L x M) | $ 24,417.59 |
| (O) Annual RAD Rent Potential Less RAD Debt Service (I - N) | $ 5,006,582 |
| (P) Enter applicable state OCAF (search "OCAF" in the Federal Regis | 6.0% www.federalregister.gov |
| (Q) RAD Rents Less Debt Service Multipled by OCAF (O x P) | $ 5,306,977 |
| (R) Adjusted RAD Rent Potential (N + Q) | $ 5,331,395 |
| (S) Rent Reasonableness (Total Annual Potential) | $ 5,460,000 |
| (T) Lesser of (R) or (S) | $ 5,331,395 |
| (U) Increase Factor ((T-I) + I) | 5.97% |

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## OCAF Adjustment Worksheet

| (V) Bedroom Size | (W) # of Units | (X) Current RAD Section 8 Contract Rents | (Y) OCAF Adjusted Rent (U x AA) | (Z) Annual RAD Adjusted Rent (Z x AB x 12) |
|---|---|---|---|---|
| 0BR | 15 | $ 950 | $ 1,007 | $ 181,210 |
| 1BR | 250 | $ 1,100 | $ 1,166 | $ 3,497,039 |
| 2BR | 100 | $ 1,300 | $ 1,378 | $ 1,653,146 |
| 3BR | | $ - | $ - | $ - |
| 4BR | | $ - | $ - | $ - |
| 5BR | | $ - | $ - | $ - |
| 6BR | | $ - | $ - | $ - |
| 0BR-a | | $ - | $ - | $ - |
| 1BR-a | | $ - | $ - | $ - |
| 2BR-a | | $ - | $ - | $ - |
| 3BR-a | | $ - | $ - | $ - |
| 4BR-a | | $ - | $ - | $ - |
| 5BR-a | | $ - | $ - | $ - |
| 6BR-a | | $ - | $ - | $ - |
| | 365 | | | |
| (AA)) Annual Adjusted Rent Potential (total of Column AZ) | | | | $ 5,331,395 |

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## Contract Rent Changes in Stanadard and RAD PBV

- Regulations do not discuss notice to the family of contract rent changes that do not affect tenant rent
  - PHA may, but is not required to, notify the family
- PHA must notify both owner and family of changes in tenant rent
  - Effective on the date stated in the notice from the PHA
    - PHA policy states when increases and decreases in tenant rent are effective

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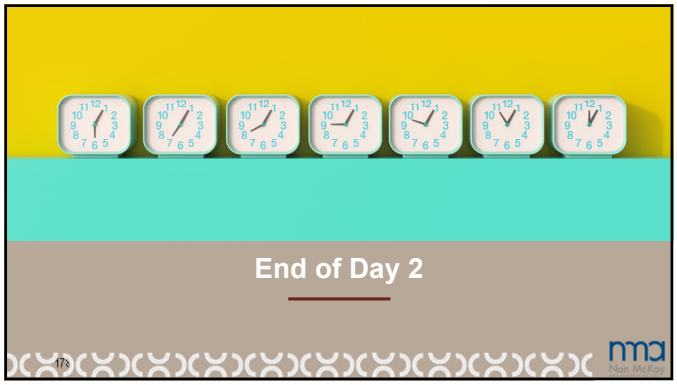
End of Day 2
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nma
Nan McKay