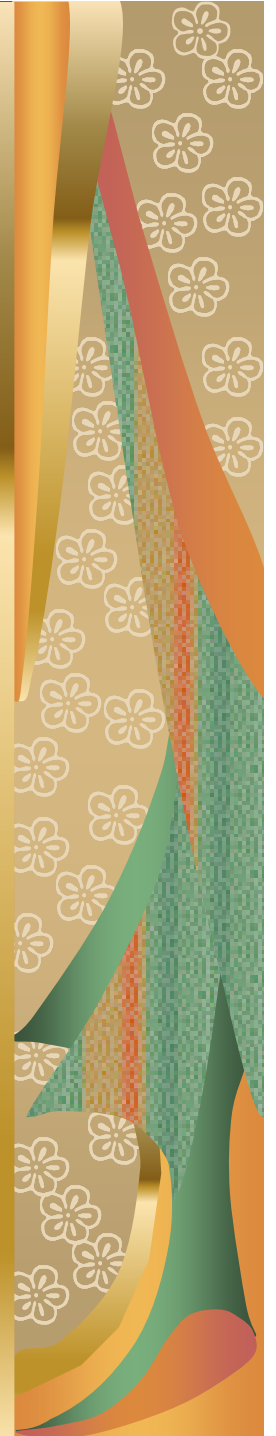


# RENT CALCULATION WORKSHOP

*When Does 30% Not Equal 30%?*

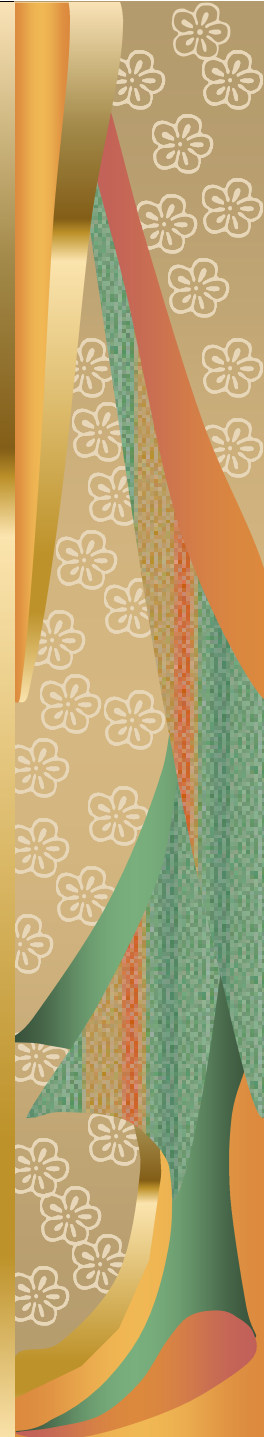
“Housing Ohio 2005”  
COHHIO Annual Conference  
April 4, 2005

Presented by:  
The Partnership Center, Ltd.



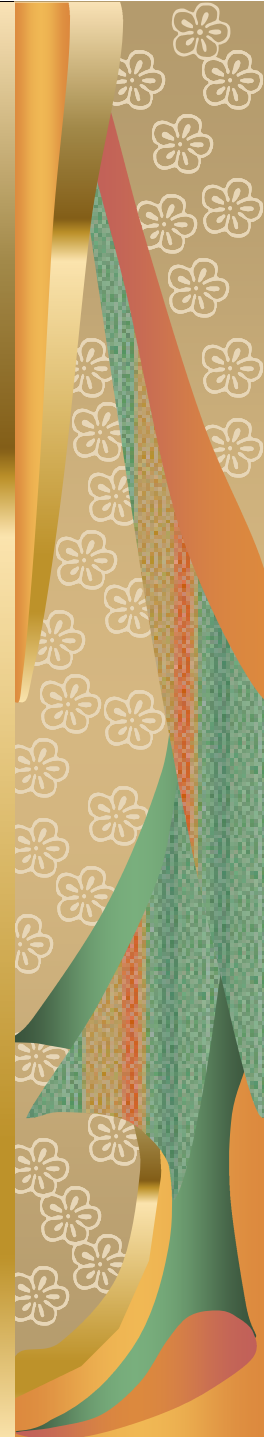
# Definitions of Rent

- **Resident Rent** is the higher of:
  - 30 percent of monthly adjusted income or
  - 10 percent of monthly gross income
- **Gross Rent** is the total rent being charged by the landlord
- **Fair Market Rent** is a gross rent estimate calculated by HUD for each community that is used to determine maximum subsidies for federally-assisted units



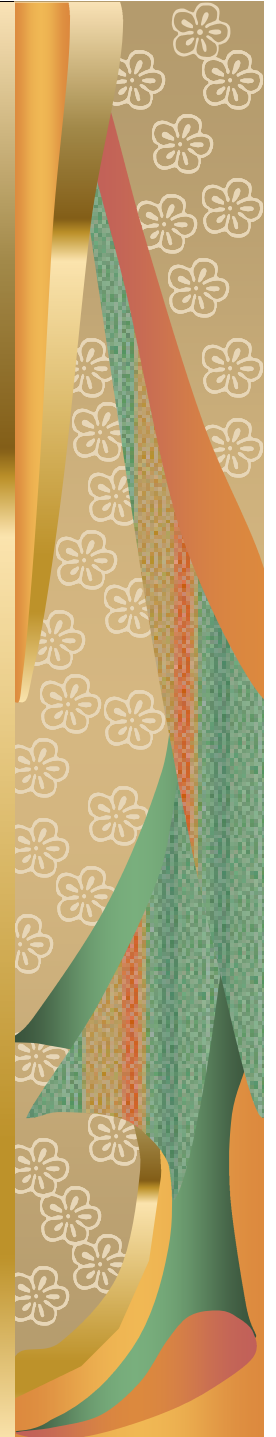
# Resident Rent

- HUD has provided detailed guidelines for calculating resident rents under their programs.
- When calculating resident rents, there are three primary income categories to consider:
  - Income Inclusions
  - Income Exclusions
  - Income Adjustments



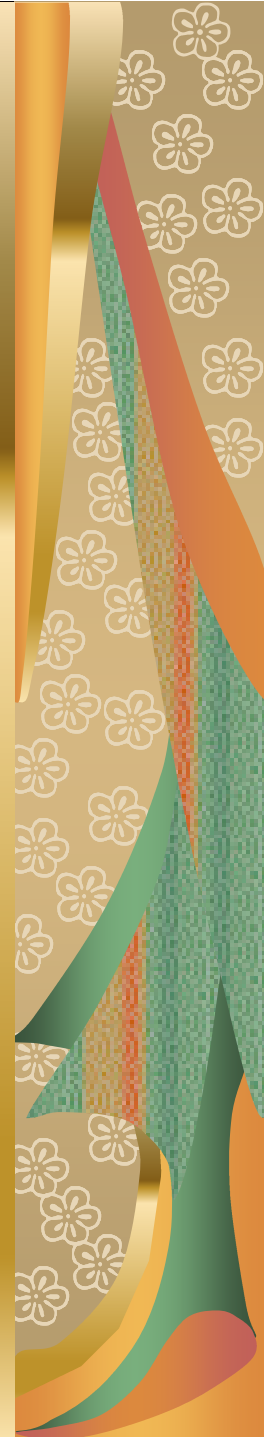
# Income Inclusions

- Wages/Salaries (incl. Military pay)
- Periodic and lump sum payments from Social Security, retirement, disability, pension, etc.
- Unemployment/Worker's Comp Benefits
- Welfare assistance (TANF, KTAP, SSI, etc)
- Alimony/Child Support
- Interest/Dividend Income



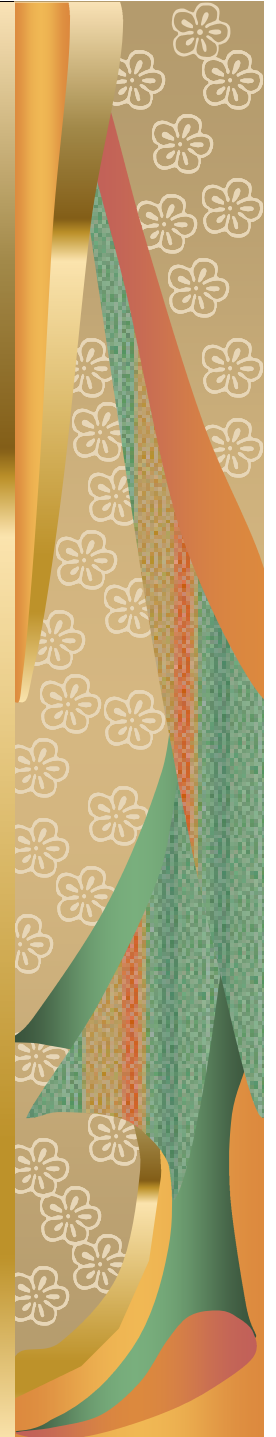
# Common Income Exclusions

- Employment income from children <18
- Lump sum asset income (inheritance, insurance settlements, capital gains, etc.)
- Educational-related income (scholarships, grants)
- Income from government-funded training programs



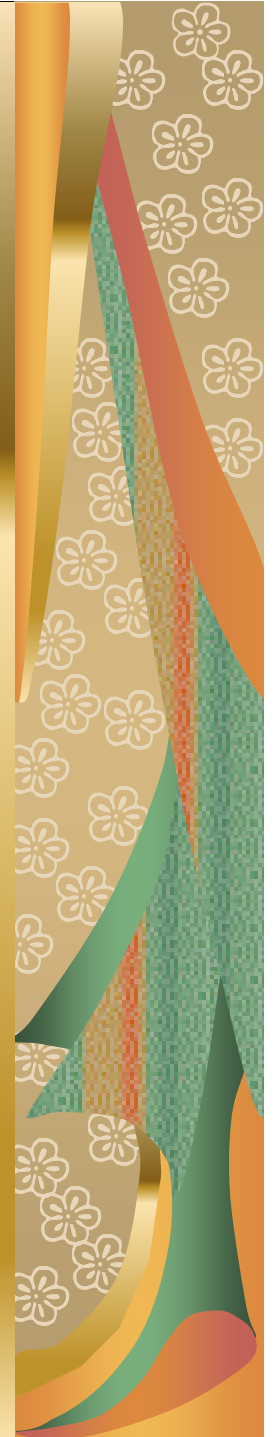
## Common Income Exclusions (cont.)

- Medical expense reimbursements
- Temporary Income/Gifts
- Income of full-time students over 18
- Deferred, periodic SS/SSI payments
- Food Stamp/WIC income
- **\*\*NEW!!**—Matching funds from an Individual Development Account (IDA) are NOT counted as income.




## Common Income Exclusions (cont.)

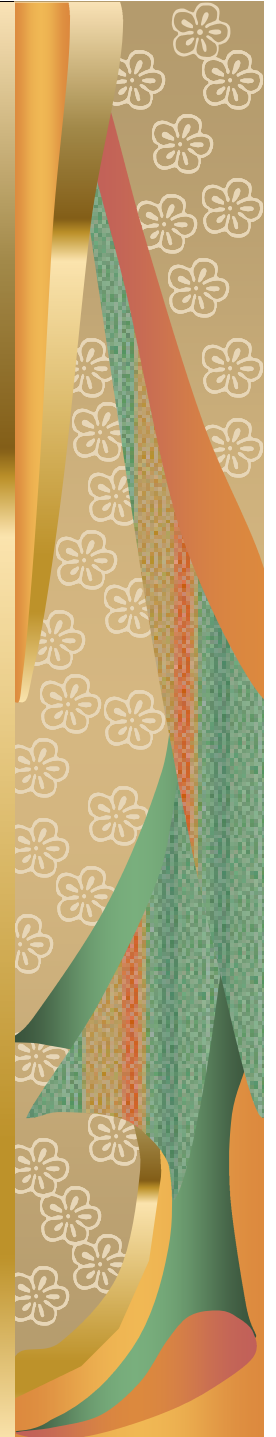
- These are the most common exclusions. Please consult complete list for other exclusions.



# Income Adjustments






## Dependent Allowance

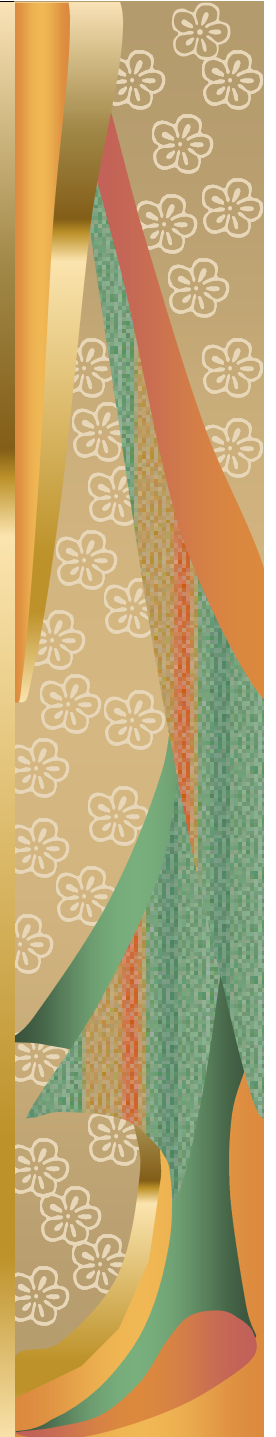
-  \$480 must be deducted from annual income for each dependent. Dependents include household members who are under 18, handicapped, disabled, or full-time students, but not any of the following: the family head, spouse, or foster children.



# Income Adjustments (cont.)



## Child Care Allowance

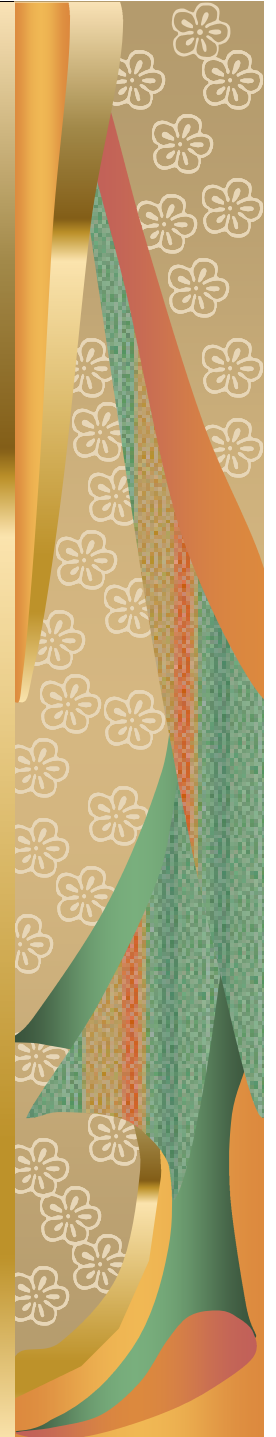
-  Child care expenses can be deducted in full given the following conditions:
  -  the child or children are 12 years old and under;
  -  the resident is employed or enrolled in school while the dependent is receiving care;
  -  the amount deducted as child care expenses is necessary for the resident to work or attend school and the amount necessary for the resident to work does not exceed the amount earned while working; and
  -  the resident is not reimbursed for this expense.



# Income Adjustments (cont.)



## Disabled Assistance Allowance

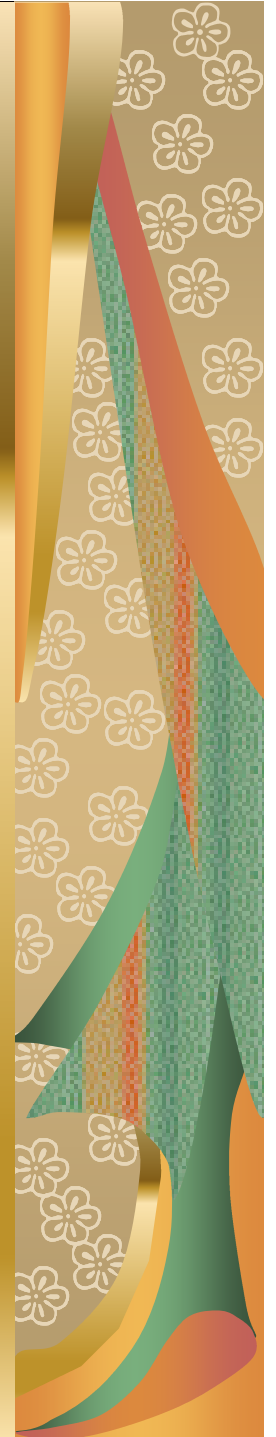
-  The disabled assistance allowance covers reasonable expenses anticipated during the period for attendant care (provided by non-household member) and/or auxiliary equipment for any handicapped or disabled household member that enables either that individual or another household member to work.
-  The amount of expenses that exceeds three percent of annual gross income is deducted, provided the resident is not reimbursed for the expenses and the expenses do not exceed the amount earned by adult household members as a result of the disabled assistance.



# Income Adjustments (cont.)


## Medical Expenses Allowance

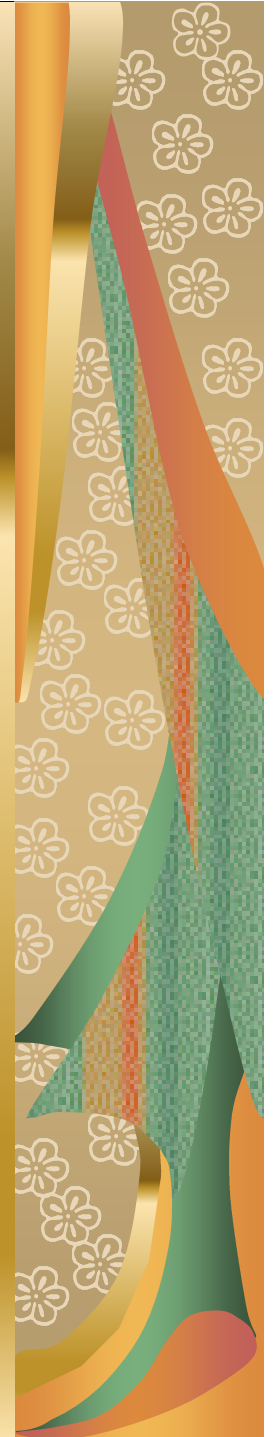
-  Medical expenses can only be deducted if the head of household, spouse or sole member is at least 62 years of age, handicapped or disabled
-  The amount that may be deducted for anticipated medical expenses not covered by insurance or not reimbursed, generally equals the amount by which the sum of disabled assistance expenses, if any, as described above, and medical expenses exceeds three percent of annual income.



# Income Adjustments (cont.)



## Elderly/Disabled Family Allowance

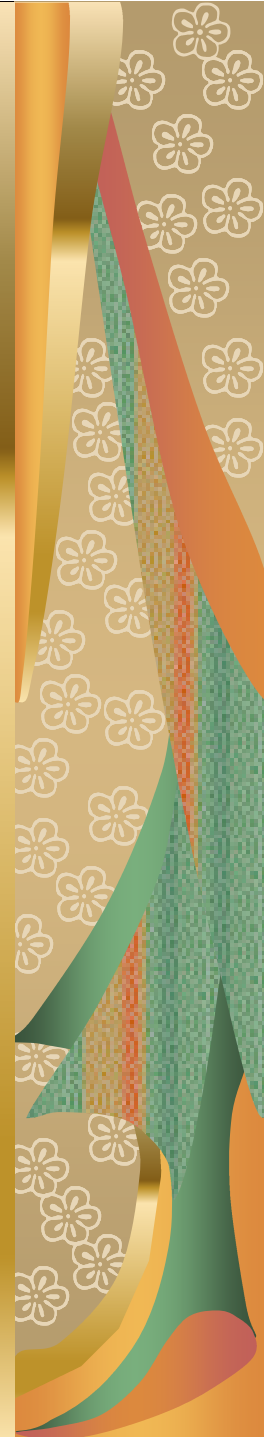
-  A \$400 per elderly or disabled family allowance is provided to any family whose head of household, spouse, or sole member is at least 62 years old or is handicapped or disabled.



# Income Adjustments (cont.)




## Utility Allowance

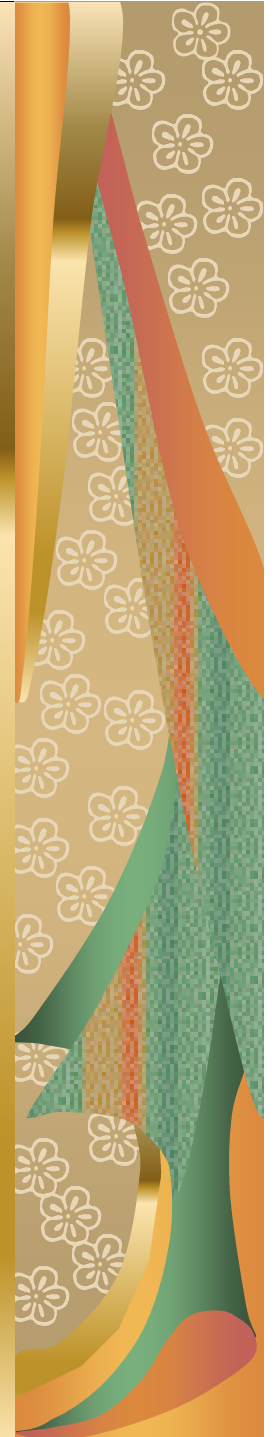
-  If tenants pay their own utility costs, you must calculate a utility allowance for the unit based upon the type and use of utilities
-  Allowance charts for various types of buildings and utility uses are available from your local PHA or State Section 8 office.



# Income Adjustments (cont.)

## Utility Allowance (cont.)

-  If utility allowance exceeds adjusted resident rent, the tenant should receive a reimbursement for the difference.
-  In most cases, these funds should be paid directly to the utility company in the tenant's name
-  If the utility allowance is less than the resident rent, the allowance is subtracted from the monthly rent.



# Utility Allowance

Does the tenant pay any portion of their own utilities?

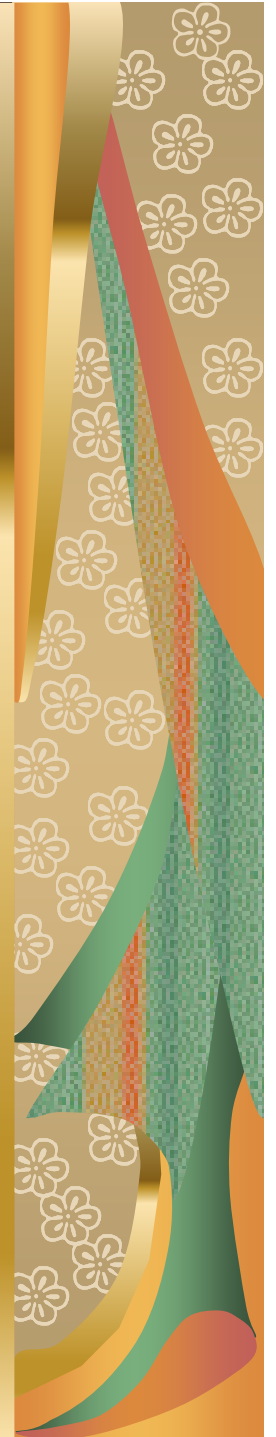
YES

Calculate a utility allowance for unit. Allowance amount must be subtracted from resident rent.

Next  
page

NO

No utility allowance required



# Utility Allowance (cont.)

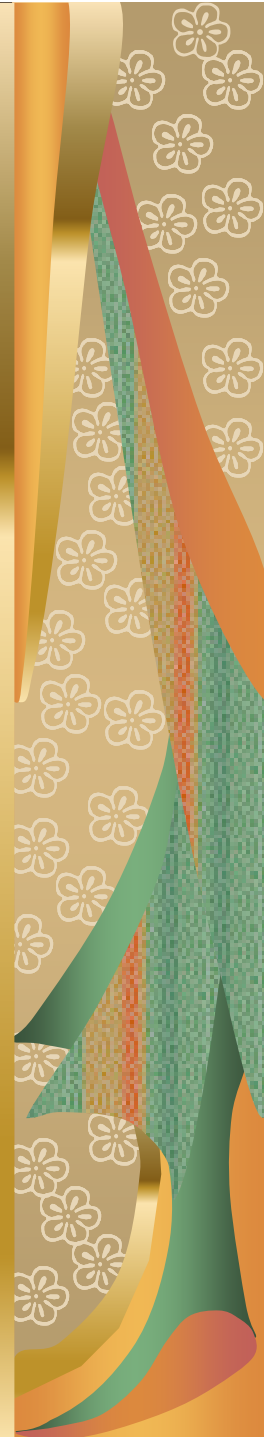
Is utility allowance greater than resident rent?

YES

Tenant is entitled to a utility reimbursement for amount of allowance that exceeds resident rent






NO

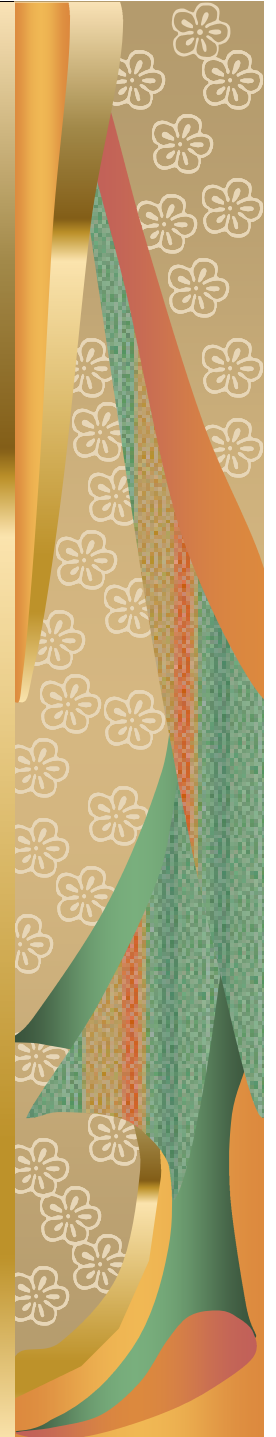
Utility allowance amount is subtracted from resident rent



# Other Issues

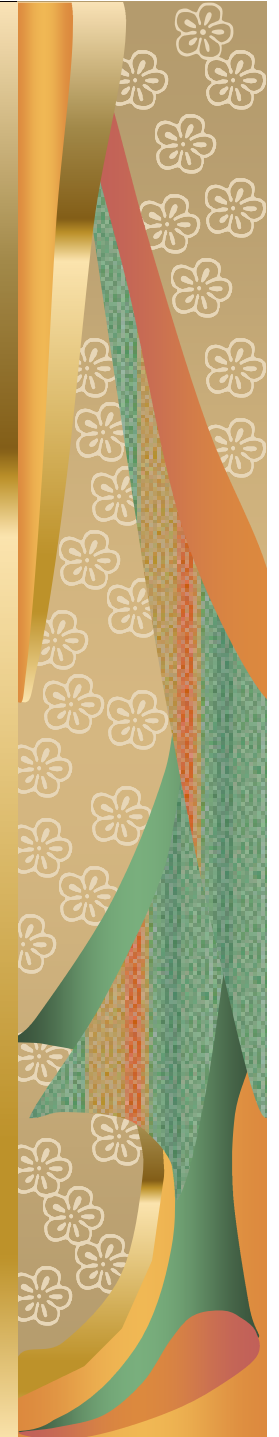
## Annual Recertification

-  In order to determine the correct rent payment, residents' income must be reviewed at least annually.
-  If there is a change in family composition (e.g., birth of a child) or a decrease in the resident's income during the year, an interim reexamination may be requested by the resident and the resident rent adjusted accordingly.
-  Residents who receive an increase in income do not need to have their rent increased until the next annual reexamination.
-  Residents must agree to supply any documentation the grantee/landlord deems necessary to determine the resident's income.
-  Self-declaration may be used only if there is no other means of verification available.



 Questions?

 Small Group Exercises



# THANKS FOR YOUR PARTICIPATION!

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