HOUSING CHOICE VOUCHER RENT AND HOUSING ASSISTANCE PAYMENT (HAP)

Establishing the Payment Standard

The Payment Standard is used in the calculation of the HAP payment to the owner and the participant portion of the rent. It is set by the PHA and should be set at a level that allows families a reasonable choice of decent, safe, and sanitary housing in a range of neighborhoods. The Payment Standard is expressed as a percentage of the published Fair Market Rent (FMR) between 90% and 110%. HUD may allow for an exception Payment Standard up to 120%. Some PHA's have several Payment Standards in their jurisdiction and it is important to use the correct Payment Standard to avoid rent calculation errors. The Payment Standard IS NOT the rent charged, but rather, the maximum subsidy that the PHA will provide.

Common errors in the administration of payment standards include:

- Using the wrong payment standard when the actual unit size is smaller than the family unit size (voucher size)

- Failure to apply the correct payment standard when the change in family size results in a different family unit (voucher) size

- Applying increased payment standards at interim reexaminations

Rent and HAP Calculation Steps

There is a series of steps that must be taken to determine what payments will be made by the family and the HAP payment that will be made by the PHA. Each of these steps is described more fully below.

Calculate Total Tenant Payment

The Total Tenant Payment (TTP) is the minimum contribution the family can make towards payment of rent to the owner. The TTP formula for HCV is identical to the Public Housing income based formula, which is the higher of

- 30 percent of Adjusted Income; or

- 10 percent of gross income

  But never less than

- Minimum rent as established by the PHA

Calculate the Maximum HAP

The maximum HAP payment is the Payment Standard minus the TTP. It is important that PHAs tell families issued Vouchers what their TTP is as well as what the maximum HAP will be, so they will have an understanding of the maximum subsidy while they are looking for units.

Calculate the Maximum Initial Rent Burden

A Voucher holder is permitted to select a unit with a gross rent (rent plus utility allowance) that exceeds the Payment Standard if the family is prepared to pay the amount of rent that exceeds the maximum HAP. The family's share cannot exceed 40 percent of their Adjusted Income when they initially lease a unit (both as a new Voucher holder or a move to a new unit).   This is called the Maximum Initial Rent Burden.

Determine the Gross Rent for the Unit Selected

When the Voucher holder returns the Request for Tenancy Approval (RTA), the PHA must determine the gross rent for the unit selected. The gross rent is the rent to the owner plus the utility allowance. If all utilities are included in the rent, the rent to the owner and the gross rent are the same.

Calculate the HAP Subsidy and Family Share

Once the PHA has gathered all of the information described above, the HAP subsidy and the family portion of the rent to the owner can be calculated. The formula for the HAP is the lower of:

- Gross Rent minus TTP   or

- Payment Standard minus TTP

Although this formula appears to be rather simple, the other data the PHA has assembled must be factored in as well. For a family renting a unit that is less than the Payment Standard, the family portion will be equal to the TTP.

If a family submits a Request for Tenancy Approval with a gross rent that exceeds the Payment Standard, the family portion is the TTP plus the amount by which the gross rent exceeds the Payment Standard.

If the family is executing the initial lease for a unit when the gross rent exceeds the Payment Standard, the family share cannot exceed the Maximum Initial Rent Burden.

Example:

A family's verified Annual Income is $9,276.   The monthly income is $773.   The annual Adjusted Income is $8,316, which is $693 per month.   The PHA is in a non-welfare rent state and has a minimum rent of $25.

TTP (greatest of):
30% of Adjusted Monthly Income ($693x.30)	$	208
10% of Monthly Income ($773x.10)	$	77
PHA Minimum Rent	$	25

TTP= $208.   The family will never pay less than $208 for the unit selected

Maximum HAP
Payment Standard	$	973
Minus TTP	$	208
Maximum HAP	$	765

Maximum Initial Rent Burden (MIRB)/Gross Rent
40% of Monthly Adjusted Income (MTRB)	$	277
Maximum HAP	$	765
Maximum Gross Rent	$	1,074

At the time the Voucher is issued, the family should be informed of the maximum initial rent burden and the maximum gross rent.

Gross Rent for the Unit Selected (unit selected BELOW Payment Standard)
Rent to owner	$	915
Utility Allowance	$	27
Gross Rent	$	942

HAP Subsidy and Family Share (unit selected BELOW Payment Standard)

Gross Rent minus TTP ($942-$208) $ 734
Payment Standard minus TTP ($973-$208) $ 765

Since $734 is lower than $765, the HAP to the owner is $734.

<u>Gross Rent for the Unit Selected (unit selected ABOVE Payment Standard)</u>
Rent to owner $ 990
Utility Allowance $ 32
Gross Rent $ 1,022

<u>HAP Subsidy and Family Share (unit selected ABOVE Payment Standard)</u>
Gross Rent minus Payment Standard
     ($l022-$973) $ 49
Family Share (TTP $208 plus $49) $ 257

The unit can be rented since the Family Share of $257 is less than the Maximum Initial Rent Burden of $277

Pro-Rated Rents for Mixed Families

A mixed family is eligible for prorated assistance.   Prorated assistance is a calculation of subsidy based on the number of members who are citizens or have eligible immigration status. (See worksheet on page 81)

RENT CALCULATION WORKSHEET
Housing Choice Voucher Program

1. TOTAL ANNUAL INCOME $ _____

2. Number of family members under 18, disabled, handicapped _____
   or full-time student (excluding "head" and "spouse")

3. Dependent allowance (line 2 x $480) $ _____

4. Child Care Expenses $ _____

   ONLY elderly, handicapped or disabled families:

   5. Total medical expense $ _____

   6. Total handicapped assistance expense $ _____

   7. Total medical & handicapped expense $ _____
      (line 5 + line 6)

   8. 3% x Total Annual Income (line 1 x 03) $ _____

   9. Allowable medical deduction (line 7 - line 8) $ _____

   10. Insert $400 for elderly family $ _____

11. Total adjustments (add lines 3, 4, 9 and 10) $ _____

12. Adjusted Income (line 1 - line 11) $ _____

13. Monthly Gross Income (line 1 divided by 12) $ _____

14. 10% of Monthly Gross Income (line 13 x .10) $ _____

15. Monthly Adjusted Income (line 12 divided by 12) $ _____

16. 30% of Monthly Adjusted Income (line 15 x .30) $ _____

17. Minimum Rent $ _____

18. TOTAL TENANT PAYMENT (TTP)
    (enter whichever is greatest: line 14, 16 or 17) $ _____

19. GROSS RENT (Contract Rent + Utility Allowance) $ _____

20. PAYMENT STANDARD $ _____

21. Enter lower of 19 and 20 $ _____

22. HOUSING ASSISTANCE PAYMENT $ _____
    (line 21 - line 18)

23. Family Share of Rent $ _____
    (line 19 - line 22)

24. Utility Allowance $ _____

25. FAMILY RENT (CONTRACT RENT) $ _____
    (line 23 - line 24)
    (Enter "0" if amount is a negative number and go to line 26)

26. UTILITY REIMBURSEMENT (line 24 - line 23) $ _____

CONTRACT RENT _____ UTILITY ALLOWANCE _____ GROSS RENT _____	Initial Assistance Only: Does gross rent exceed Payment Standard? Yes _____ No _____ If yes, 40% of monthly Adjusted Income _____ If family share greater, they cannot rent the unit

WORKSHEET FOR PRORATED RENT FOR
CITIZEN/NONCITIZEN MIXED FAMILIES
(Housing Choice Voucher)

1. Enter Gross Rent (Rent to Owner plus utilities) $_____
    (line 19 from Rent Computation Worksheet)

2. Enter HAP Payment
    (line 22 from Rent Computation Worksheet) $_____

3. Enter Total Number of Family Members in Household   _____

4. Enter Number of Family Members who are
    Citizens or have Eligible Immigrant Status   _____

5. Enter Pro-Ration Factor   _____
    (line 4 divided by Line 3)

8. Enter PRORATED HAP (subsidy)
    (line 2 x line 5) $_____

9. Enter Family Share $_____
    (line 8 - line 1)

                          Initials of PHA Representative   _____

                          Initials of Supervisor/ED   _____