

# 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

<u>Maximum HAP</u>	
Payment Standard	\$ 973
Minus TTP	\$ 208
Maximum HAP	\$ 765

<u>Maximum Initial Rent Burden (MIRB)/Gross Rent</u>	
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.

Gross Rent for the Unit Selected (unit selected ABOVE Payment Standard)

Rent to owner	\$ 990
Utility Allowance	\$ 32
Gross Rent	\$ 1,022

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

Gross Rent minus Payment Standard (\$1022-\$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<br>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<br>(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)<br>(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	_____	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
UTILITY ALLOWANCE	_____	
GROSS RENT	_____	

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

- |  |      |
|--|------|
| 1. Enter Gross Rent (Rent to Owner plus utilities)<br><i>(line 19 from Rent Computation Worksheet)</i> | \$ _ |
| 2. Enter HAP Payment<br><i>(line 22 from Rent Computation Worksheet)</i>                               | \$ _ |
| 3. Enter Total Number of Family Members in Household   | _    |
| 4. Enter Number of Family Members who are<br>Citizens or have Eligible Immigrant Status                | _    |
| 5. Enter Pro-Ration Factor<br><i>(line 4 divided by Line 3)</i>  | _    |
| 8. Enter PRORATED HAP (subsidy)<br><i>(line 2 x line 5)</i>  | \$ _ |
| 9. Enter Family Share<br><i>(line 8 - line 1)</i>  | \$ _ |

Initials of PHA Representative \_\_\_\_\_

Initials of Supervisor/ED \_\_\_\_\_

# **Fort Worth Office of Public Housing**

## **Restrictions of Assistance to Noncitizens**

### **Questions and Answers**

#### **1. Who qualifies to receive housing assistance?**

Housing assistance is restricted to family members who fall into one of the following categories [24 CFR §5.506(a)]:

- *U.S. Citizen/National* – means any family member was born in the United States or one of its territories or possessions or who otherwise owes permanent allegiance to the United States. There is a slight distinction between a U.S. citizen and a U.S. national, but for the purposes of receiving housing assistance, they are both eligible.
- *Non-Citizen with Eligible Immigration Status* – means any immigrant family member who is in the United States legally *and* qualifies for assistance.

#### **2. What is a 214 declaration, and who is required to have one?**

A 214 declaration is a statement by each member of the family that he or she is either a U.S. citizen/national or an immigrant with eligible immigration status; a family member may also choose not to contend to be eligible for assistance. The declaration is required to assure that only U.S. citizens/nationals or immigrants with eligible immigration status are assisted. Each family member, regardless of age, must have a 214 declaration on file. For each child, the declaration must be signed by an adult residing in the assisted dwelling unit who is responsible for the child [24 CFR §5.508(c)].

Note: The 214 comes from Section 214 of the Housing and Community Development Act of 1980, which covers restrictions of assistance to non-citizens.

#### **4. What can a family member declare, and what additional documentation is required?**

Each family member must declare one of the following:

- *U.S. Citizen/National* – The only required documentation is the 214 declaration, but the PHA has the option of requiring a U.S. Passport or other appropriate documentation. Any additional required documentation should be stated in the PHA's Admissions and Continued Occupancy Policy and/or Administrative Plan [24 CFR §5.508(b)].
- *Non-Citizen with Eligible Immigration Status* – Requires the 214 declaration and appropriate immigration documentation showing immigration status plus signed verification consent form. Proof of age documentation is required for family members 62 years or older. The PHA must verify eligible immigration status [24 CFR §5.508(b)].

- *Non-Contending* – 214 Declaration showing that the resident is not contending to have eligible immigration status. No additional documentation is needed. The family member will not be directly assisted but may be housed with prorated subsidy if part of a mixed family as long as he or she meets all other eligibility requirements [24 CFR §5.508(e)].

### **3. Can a PHA house a family member who does not have eligible immigration status?**

Maybe, depending on the type of family. If an ineligible family member is part of a mixed family, i.e. a family that has both eligible and ineligible members, a PHA may house the ineligible member as long as he or she meets all other eligibility requirements; the family as a whole must still meet the standard eligibility requirements (income eligibility, suitability, etc). The PHA must prorate the family's assistance based on the number of eligible family members in the household [24 CFR §5.520(a)].

Note: Ineligible immigration status is not necessarily synonymous with illegal immigration status, and there are some legal immigrants that are ineligible for assistance. A family member that declares not to have eligible immigration status (not contending) should not be construed as a statement regarding his or her legal immigration status. The verification requirements of 24 CFR §5 are intended to determine *only* whether or not a particular family member or a family as a whole is eligible for housing assistance.

### **4. What are the different types of families?**

There are three types of families [24 CFR §5.506(b)]:

- *Fully Eligible* – all families members are U.S. citizens/nationals or eligible immigrants and qualify to receive the full amount of housing subsidy.
- *Mixed Family* – The family has both eligible and ineligible family members. At least one family member must be a U.S. citizen/national or have eligible immigrant status. A PHA may house a mixed family but must prorate assistance based on the number of eligible family members.
- *Ineligible* – No family member is a U.S. citizen/national or has eligible immigration status. The whole family is ineligible for housing assistance.

### **5. What does it mean to prorate a family's rent?**

A family member who is not a U.S. citizen/national or an immigrant with eligible immigration status is not eligible for assistance. Therefore, when a PHA houses a mixed family, the amount of housing subsidy for the family must be prorated based on the number of eligible family members [24 CFR §5.520].

For example: A family of four is assisted, and the full amount of housing subsidy is \$100. This translates into \$25 for each family member. If only two members are eligible for assistance, then the family as a whole is only eligible to receive a housing subsidy of \$50 (2 x \$25). This is a very simplified example to conceptually demonstrate the proration of assistance. For more detailed examples of proration, see Appendices A and B.

**6. But if a PHA houses a mixed family, is the PHA not also providing assistance to the ineligible members of that household?**

Not really. For a mixed family, assistance means housing subsidy. In the example from Question 5, only the two eligible members are being subsidized. The family pays a regular market rent for the remaining two ineligible members.

**7. What if the only eligible family member is dependent under the age of 18, and all adult members are ineligible for assistance?**

There is no rule that specifies age requirement for the eligible family member. A PHA can house a mixed family as long as at least one family member is eligible for assistance, even if that one person is a dependent.

**8. What do I do if a family member declares him or herself an immigrant with eligible immigration status?**

If a family member declares that he or she is an immigrant with eligible immigration status, then the PHA must verify the status by way of the following process:

1. **Primary Verification** – The SAVE (Systematic Alien Verification of Entitlements) System is an online database (service fees apply) through the USCIS for verifying immigration status. If the SAVE system is not cost effective for a PHA or if primary verification through the SAVE system does not establish eligible immigration status for a particular applicant, then the PHA must resort to the secondary verification method [24 CFR §5.510(c)]. For more information about the SAVE System, visit <http://www.uscis.gov>.
2. **Secondary Verification** – The PHA should request manual verification with form G-845S within 10 days after receiving the results from the SAVE system or if the SAVE system is not cost effective for the PHA. If the secondary (manual) verification method does not demonstrate eligible immigration status, then a PHA will proceed with a notice to the family [24 CFR §5.510(d)].
3. **Notice to family** – If the secondary verification method does not demonstrate eligible immigration status, the PHA must send a written notice to inform the family of the termination, denial, or reduction of assistance. The notice should also state that the family can appeal to the USCIS as well as to the PHA. If the family chooses to appeal,

then termination, denial, or reduction of assistance cannot take place until after the hearing process is completed [24 CFR §§5.510(d)(3) & 5.514].

Note: The part of the Immigration and Naturalization Service (INS) responsible for immigration status determinations has been reorganized as the U.S. Citizenship and Immigration Service (USCIS), which is under the U.S. Department of Homeland Security.

**8. Can a family ask for an extension if the additional documentation is temporarily unavailable?**

Yes. If a family member declares having eligible immigration status and the necessary documentation is temporarily unavailable, then the PHA may grant an extension as long as prompt action will be taken to obtain the necessary documentation. The extension shall not be longer than 30 days [24 CFR §5.508(h)].

**9. For a mixed family, is the income of an ineligible family member counted in calculating rent?**

Yes. The income of an ineligible family member is counted the same way as it would be counted for an eligible family member [24 CFR §§5.520(c)(1)(ii) & 5.520(d)(1)].

**10. Does a mixed family qualify for the full amount of deductions?**

Yes. There is no rule in place that restricts deductions for mixed families, even if the deduction is for an ineligible member, e.g. dependent deduction or an ineligible dependent.

**11. Does a mixed family qualify for the full amount of a utility allowance?**

Yes. There is no rule in place that restricts the amount of utility allowance for a mixed family.

**12. Can a PHA house a family before the verification process is complete?**

Yes, a PHA may elect to house a family before eligible immigration status is complete. The family is responsible for repaying any housing subsidy provided if eligible immigration status cannot be determined [24 CFR §§5.512(b) & 5.528].

**13. If an eligible immigrant provides documentation regarding his or her immigration status, does the PHA still have to independently verify immigration status through the SAVE Program or Form G-845S?**

The regulations on restriction of assistance to non-citizens do allow PHAs do accept documentation from applicants or residents; however, PHAs must still verify eligible immigration status through the SAVE System (primary verification) or Form G-845S (secondary or manual verification). A PHA may accept documentation supplied by an applicant or resident to facilitate the verification process and to supplement information provided by the USCIS [24 CFR §5.512].

## Appendix A: Proration of Rent for Public Housing 24 CFR §5.520(d)

### Calculating Maximum Rents

In order to prorate rent for public housing, PHAs have to know the maximum rent for each unit size. The maximum rent is the 95<sup>th</sup> percentile of all TTPs for a particular unit size. Each PHA should post the maximum rent schedule for each unit size on an annual basis. To calculate the maximum rent, compile a list of all TTPs for housed residents in numerical order for each unit size; this list can be compiled manually or through PIC. Multiply the number of TTPs for each unit size by 0.95 to determine which TTP falls in the 95<sup>th</sup> percentile.

Example: A PHA has 11 families with the following TTPs for its three bedroom units. Multiply 11 by 0.95 to get 10.45. Round down the product of 10.45 to 10, the nearest whole number. In this case, the maximum rent for this PHA's three bedroom units is the 10<sup>th</sup> TTP (95<sup>th</sup> percentile) on the list, which is \$145.

1. \$100	4. \$115	7. \$130	<b>10. \$145</b>
2. \$105	5. \$120	8. \$135	11. \$150
3. \$110	6. \$125	9. \$140	

### Calculating Rent for a Mixed Family

Follow the steps below to calculate the prorated rent for a mixed family. Note that most 50058 software applications will automatically complete these calculations for you when supplied with the initial data, i.e. annual income, deductions, number of eligible family members, and maximum rent for the particular unit size, etc.

Step 1: Determine the *total tenant payment* (TTP) through the usual method, the higher of 10 percent of monthly income, 30 percent of monthly adjusted income, or the minimum rent.

Step 2: Subtract the *TTP* from the *maximum rent* to get the *maximum subsidy*. See note above for calculating maximum rents.

$$\text{Maximum Rent} - \text{TTP} = \text{Maximum Subsidy}$$

Step 3: Divide the *maximum subsidy* by the total number of family members to get the *member maximum subsidy*.

$$\text{Maximum Subsidy} \div \text{No. Family Members} = \text{Member Maximum Subsidy}$$

Step 4: Multiply the *member maximum subsidy* by the *total number of eligible family members* to get the *eligible subsidy*.

$$\text{Member Maximum Subsidy} \times \text{No. Eligible Family Members} = \text{Eligible Subsidy}$$

Step 5: Subtract the Eligible Subsidy from the Maximum Rent to get the Family Rent.

$$\text{Maximum Rent} - \text{Eligible Subsidy} = \text{Family Rent}$$

### **Rent Calculation Example**

A family of four has two eligible members and two ineligible members. The TTP is \$100. The family qualifies for a 3 bedroom unit, which has a maximum rent of \$145.

Step 1: TTP is \$100.

Step 2: Maximum Rent - TTP = maximum subsidy

$$\$145 - \$100 = \$45$$

Step 3: Maximum subsidy divided by total number of family members = member maximum subsidy.

$$\$45 \div 4 = \$11.25$$

Step 4: Member maximum subsidy x no. eligible family members = eligible subsidy

$$\$11.25 \times 2 = \$22.50$$

The maximum rent (\$145) minus the TTP (\$100) gives a maximum subsidy of \$45. The maximum subsidy (\$45) divided by 4 family members gives a member maximum subsidy of \$11.25. The member maximum subsidy of \$11.25 times 2 eligible family members gives an eligible subsidy of \$22.50. The family's rent is maximum rent (\$145) minus the eligible subsidy (\$22.50), which comes out to \$122.50.

## **Appendix B: Proration of Rent for Section 8** **24 CFR §5.520(c)(2)**

### **Calculating Rent for a Mixed Family**

Follow the steps below to calculate rent for a prorated family. Note that most 50058 software applications will automatically complete these calculations for you when supplied with the initial data, i.e. annual income, deductions, number of eligible family members, contract rent, payment, etc.

Step 1: Determine the *gross rent* (rent to owner plus utilities).

Step 2: Determine the *total housing assistance payment* (HAP), which is the lesser of the payment standard minus TTP or the gross rent minus TTP.

*Payment Standard – TTP*

or  $= \text{Total Housing Assistance Payment}$

*Gross Rent - TTP*

Step 3: Determine the proration factor by dividing the number of eligible family members by the total number of family members.

*Eligible Family Members ÷ Total Number of Family Members = Proration Factor.*

Step 4: Multiply the proration factor obtained in Step 3 by the HAP to get the Prorated HAP.

*Ratio x HAP = Prorated HAP*

Step 5: Subtract the Prorated HAP from the Gross Rent to get the family share.

*Gross Rent – Prorated HAP = Family Share*

### **Rent Calculation Example**

A family of four has one eligible member and three ineligible members. The TTP is \$250, the payment standard is \$600.

Step 1: Gross rent (contract rent plus utilities) = \$550

Step 2: Total HAP = \$300

Step 3: Number of eligible family members ÷ total number of family = proration factor

$$3 \div 4 = 0.75$$

Step 4: Proration factor x Total HAP = Prorated HAP

$$0.75 \times \$300 = \$225$$

Step 5: Gross Rent – Prorated HAP = Family Share

$$\$550 - \$225 = \$325$$

Taking the number of eligible family members (3) and dividing it by the total number of family members (4) results in a proration factor of 0.75. Multiplying the proration factor (0.75) by the total HAP (\$300) produces a prorated HAP of \$225. Subtracting the prorated HAP (\$225) from the Gross Rent (\$550) gives a family share of \$325. The family share of \$325 is what the family must pay the landlord on a monthly basis.

## **Restrictions of Assistance to Noncitizens References**

1. Section 214 of the Housing and Community Development Act of 1980
2. Restrictions on Assistance to Noncitizens  
24 CFR §5.500 et seq.
3. Revised Restrictions on Assistance to Noncitizens; Final Rule  
Published in the Federal Register (Wednesday May 12, 1999)
4. Housing Choice Voucher Program Guidebook  
Pages 5-3 to 5-13
5. Public Housing Occupancy Guidebook  
Pages 27 and 28