

Part Three: Rent Calculations

I. OVERVIEW

- A. The amount of rent paid by public housing residents is based either on income or on the PHA's flat rent.

Refer to:
24 CFR
960.253

- ## II. FLAT RENT:
- At admission and each year at the time of their annual reexamination, each household is given the choice of having their rent determined based on **adjusted household income** or having their rent set at the **flat rent** amount.

A. Flat Rent Determination:

1. The PHA has set a flat rent for each public housing unit based on the size of the unit and the approximate market rental value compared to Fair Market Rents. The amount of the flat rent will be reevaluated approximately annually and adjustments applied. Affected families will be given a 30-day notice of any rent change. Adjustments are applied when the annual lease is renewed.
2. The PHA posts the flat rents at the Rental Office at 415 Armstrong Blvd N, St. James, MN 56081
3. When a household chooses to pay the flat rent, that amount is their Total Tenant Payment (TTP) and the amount payable to the PHA as rent. There is no further adjustment for utility costs. (Part 3, V. A.2.)
4. The resulting flat rents for hi-rises and scattered sites are as follows, after adjusting for utility allowances:

FLAT RENTS

ALL HI-RISE UNITS	0BR	1BR	2BR		
	\$350	\$405	\$530		

SCATTERED SITE FAMILY UNITS	3BR	4BR
	\$720	\$722

B. Advantages of Flat Rent:

- 1. Households who choose the flat rent will be required to go through the income reexamination process every three years, rather than the annual review they would otherwise undergo.
- 2. Households who choose the flat rent may request to have a reexamination and return to the formula-based method at any time for any of the following reasons:
 - a. The household’s income has decreased.
 - b. The household’s circumstances have changed, increasing their expenses for childcare, medical care, transportation, education, etc.
 - c. Other circumstances creating a hardship on the household such that the formula method would be more financially feasible for the household.

III. RENT BASED ON ADJUSTED HOUSEHOLD INCOME

§5.611

Adjusted Household Income is annual income minus allowances for dependents and certain expenses to care for children and household members with a disability. Elderly and disabled households have an additional allowance and may also have deductions for certain medical expenses.

A. Calculation of Rent Based on Income: In calculating the income-based rent of public housing residents, the PHA must use a formula, called a **Total Tenant Payment**, commonly abbreviated as “TTP.” Adjusted monthly income is one of the factors in the formula.

B. Income-Based Formula for Calculating TTP: TTP is the **highest** payment resulting from the following options (#1-4).

Total Tenant Payment For Income-Based Rents
1. 10% of total Gross Monthly Household Income . <div style="text-align: center;">OR</div> 2. 30% of total Monthly Adjusted Household Income . <div style="text-align: center;">OR</div> 3. If a household receives assistance under the Minnesota Supplemental Assistance program (MSA), that portion designated for shelter and utility costs . <div style="text-align: center;">OR</div> 4. \$50 minimum rent.

C. Gross Monthly Household Income is calculated by: §5.609

1. Determining the annual income (*as defined in Part 1 of this document*), and
2. Dividing it by twelve.

D. Monthly Adjusted Household Income is calculated by: §5.611

1. Determining the annual income (*as defined in Part 1 of this document*),
2. Adjusting it by subtracting the deductions shown below; and
3. Dividing it by twelve.

Annual Deductions Available To All Households	
<ul style="list-style-type: none"> • \$480 for each dependent who is a member of the household. • Reasonable child care expenses for household members under the age 13 that enable a household member to have paid employment or go to school. • Disability assistance expenses in excess of 3% of annual gross income for the care of a family member with a disability that enables that person or another household member to have paid employment. 	§5.611

Annual Deductions Available To Elderly and Disabled Households Only	
<ul style="list-style-type: none"> • \$400 per elderly household when the head or spouse is at least age 62, or has a disability. Only one deduction per household may be taken even if both members are over age 62 or have a disability. • Anticipated medical expenses in excess of 3% of annual income. All household members' medical expenses are included in this calculation. • Elderly and disabled households may combine their handicapped assistance expenses and medical expenses to reach the 3% of annual income threshold. Once that threshold has been met, all eligible handicapped and medical expenses in excess of 3% of annual income are deductible. 	

E. Deductions and Related Definitions:

1. An **“elderly household”** is a family whose head or spouse, or only member, is at least age 62, or who is a person with a disability or a handicap. §5.403
42 U.S.C.
1437 a(b)

2. A **“dependent”** is: §5.603
 - a. A person who is under 18 years of age, or;

 - b. A person with a disability, or;

 - c. A full-time student who is over age 18 and is a member of the household. They are considered a member of the household if they live in the household during the school term. They must carry a full-time subject load at an educational institution with a degree or certification program. The institution defines what is a full-time subject load.
 - (1) **The definition “dependent” does not include:**
 - (a) The family head or spouse;

 - (b) Foster children; or

 - (c) Foster adults.

3. A **“person with a disability”** is someone with disabilities as defined in **42 U.S.C. §423** or who has developmental disabilities as defined in 42 U.S.C. §6001(7). The following is a summary of these requirements: 42 U.S.C.
1437 a(b)
 - a. Section 423 defines a disability as an inability to be employed due to:
 - (1) Any physical or mental impairment that is expected to last continuously for the next 12 months or is expected to be fatal.

 - (2) If a person over age 55 is blind, their blindness must prevent them from substantial employment comparable to what they did previously when they had eyesight.

 - b. Section 6001 (7) defines developmental disability as a:
 - (1) Severe chronic condition that is due to a mental or physical impairment, or combination of both, which
 - Was evident before the person was age 22,

 - Is likely to continue indefinitely, and

- Results in substantial functional limitations.

4. **Child care expenses** are costs paid by the family for the care of minors who are under age 13 where such care is needed to enable a family member to be employed or for an adult to further their education. §5.603

- a. The amount deducted must reflect reasonable charges for child care; and
- b. In the case of child care necessary to permit employment, the amount deducted cannot exceed the amount of employment income that is included in annual income; and
- c. Only the costs that are not reimbursed are deductible.

5. **Disability assistance expenses** are anticipated reasonable costs for care attendants and necessary equipment for a household with disabilities. §5.603

- a. The cost of the attendant and equipment are deductible only if they enable an adult member of the household (*including the member with a disability*) to have paid employment.
- b. The amount deducted cannot exceed the employment income received by family members, who are at least age 18, as a result of the assistance to the person with a disability.
- c. The expenses are only deductible if they are paid to an eligible care attendant and are not reimbursed by an outside source. (See Appendix A. for a further definition of a care attendant.)

6. **Medical expenses** are anticipated medical costs, including medical insurance premiums that are not covered by insurance. Medical expenses previously incurred and paid are not eligible deductions. Only elderly and/or disabled households are eligible for this deduction. Examples of eligible medical expenses are: 5.611

- a. Prescription and non-prescription medicines,
- b. Transportation to medical treatment,
- c. Physicians and other health care professional services,
- d. Dental expenses, eyeglasses, hearing aids and batteries,

- e. Monthly payments on accumulated medical bills, and
- f. Medical care of a permanently institutionalized family member if that person's income is included in the family's gross annual income calculation.

IV. MINIMUM RENT PAYMENT; WAIVER BASED ON HARDSHIP: §5.630

The PHA has set the minimum rent at \$50. However, if the family requests a hardship exemption, the PHA will immediately suspend the minimum rent for the family until the PHA can determine whether the hardship exists and whether the hardship is of a temporary or long-term nature. It is the family's responsibility to provide the information supporting the claimed hardship.

A. A hardship exists in the following circumstances:

1. When the family has lost eligibility for or is waiting for an eligibility determination for a federal, state, or local assistance program;
2. When the family would be evicted as a result of the imposition of the minimum rent requirement;
3. When the income of the family has decreased because of changed circumstances, including loss of employment.
4. When the family has an increase in expenses because of changed circumstances, for medical costs, childcare, transportation, education, or similar items;
5. When a death has occurred in the family.

B. No hardship: If the PHA determines there is no qualifying hardship, the minimum rent will be reinstated, including requiring back payment of minimum rent for the time of suspension. The PHA will offer the family an opportunity to sign a Payment Agreement for any rent not paid during the period of suspension. During the suspension period the PHA will not evict the family for non-payment of the amount of tenant rent owed for the suspension period.

C. Temporary hardship: If the PHA reasonably determines that there is a qualifying hardship but that it is of a temporary nature, the minimum rent will not be imposed for a period of 90 days from the date of the family's request. At the end of the 90-day period, the minimum rent will be imposed retroactively to the time of suspension. The PHA will offer the family an opportunity to sign a Payment Agreement for any rent not paid during the period of suspension. During the suspension period the PHA will not evict the family for non-payment of the amount of tenant rent owed for the suspension period.

D. Long-term hardship: If the PHA determines there is a long-term hardship, the family will be exempt from the minimum rent requirement until the hardship no longer exists. The family must verify the continuation of the hardship at least quarterly.

E. Appeals: The family may use the grievance procedure to appeal the PHA's determination regarding the hardship. No escrow deposit will be required in order to access the grievance procedure.

V. RENT TO BE PAID TO THE PHA

A. Hi-Rises: For all hi-rise developments the rent paid to the PHA is the same as the Total Tenant Payment or the flat rent. §960.253

1. **Rent Includes Standard Utilities:** All standard utility consumption (not including telephone or cable TV) is included as a part of rent paid to the PHA.

2. **Charges For Other Utilities:** To cover PHA costs of appliances that are not considered standard, the following monthly charges will be made: §965.506

a. Freezers: \$36 per year in payments of \$3 per month for freezers that are separate appliances (not a part of the refrigerator).

b. Air conditioners: \$60 per year in payments of \$5 per month for sleeve unit air conditioners.

B. Other PHA Units: §960.253
§965.502

1. **Income-based Rent.** For family housing developments and scattered sites, rent to be paid to the PHA will be calculated by subtracting an allowance for tenant-purchased utilities from the Total Tenant Payment which is based on adjusted household income.

2. **Flat Rent.** For households who choose to pay flat rent, there is no further adjustment for a utility allowance. The flat rent is the amount payable to the PHA.

Tenant Rent To PHA

<p>1. Flat Rent</p> <p style="text-align: center;">EQUALS</p> <p>2. Rent to be paid to the PHA.</p>	<p>1. Income-based Rent: Total Tenant Payment</p> <p style="text-align: center;">MINUS</p> <p>2. Allowance for tenant-purchased utilities</p> <p style="text-align: center;">EQUALS</p> <p>3. Rent to be paid to the PHA.</p>
--	---

C. Utility Allowances:

1. The allowance for tenant-purchased utilities will be taken from Part 3, Section V., Table 3-1.
2. Residents of family units are not charged for appliances such as freezers and air conditioners. Consumption of such appliances is not factored into the allowances in Table 3-1. Residents pay for consumption of such appliances in their electric bills.

D. Tenant Utility Payments: The resident shall be responsible for paying utility charges directly to gas company and the utility company.

1. **Utility Reimbursements:** When the Total Tenant Payment is less than the allowance for tenant-purchased utilities, the PHA will the pay the difference to the utility company each month. (It is possible for families to still qualify for a utility reimbursement despite the \$50 minimum rent requirement. For example, if a family’s TTP is the minimum \$50 and the PHA’s utility allowance is \$60 for that unit, the family would receive a utility reimbursement of \$10 for tenant-purchased utilities.)
2. **Utilities Provided:** The following utilities are provided to Hi-Rise tenants as a part of the rent paid to the PHA.
 - a. Water, sewer service, electricity, heat and refuse removal are provided as a part of rent to all Hi-Rise residents.

Utility Allowance Schedule Posted In PHA Office

