



HOPWA Webinar

Clarification of Rent Standard Requirement for the Housing Opportunities for Persons With AIDS (HOPWA) Program

July 6, 2022

2 pm – 3:30 pm EST

The Cloudburst Group



Presenters and Panelists

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Agenda

This HOPWA webinar is intended to address the contents of the HUD Notice (issued on 6/29/22), Clarifying Rent Standard Requirements for the HOPWA Program:

- Purpose of the Notice
- Background about HOPWA Rent Standards
- HOPWA Regulatory Options and Options Described in the Notice
- Important Information Included in the Notice
- Unit-by-Unit Rent Increases
- Adjusting Rent Standards
- Rent Standards and Rent Reasonableness
- Considerations for Establishing Rent Standards
- HOPWA Community-Wide Exception Rent Request and Documentation Requirements
- Next Steps
- Webinar attendee Q&A

Purpose of the Rent Standard Notice



Purpose of the Rent Standard Notice

The purpose of this Notice is to clarify HUD's guidance on applying the program rent standard requirements at 24 CFR 574.320(a)(2), while HUD considers potential rulemaking to update HOPWA rental assistance requirements.

As part of this clarification, the Notice allows grantees flexibility regarding what amounts may be used when establishing rent standards.

<https://www.hud.gov/sites/dfiles/OCHCO/documents/2022-10cpdn.pdf>



Background Regarding HOPWA Rent Standards



Background Regarding HOPWA Rent Standards

HOPWA regulations require grantees to establish Rent Standards. These amounts, which include rent and utilities, set the limit of housing costs for unit sizes – ranging from efficiency to six-bedroom units. Rent standards are used along with Rent Reasonableness and the Resident Rent Payment to determine the maximum allowable subsidy. Current Regulations describe requirements about establishing Rent Standards as follows:

- **Rent standard.** The rent standard shall be established **by the grantee** and shall be no more than the published section 8 fair market rent (FMR) **or** the **HUD-approved community-wide exception** rent for the unit size. However, on a unit-by-unit basis, the grantee may increase that amount by up to 10 percent for up to 20 percent of the units assisted.

Background Regarding HOPWA Rent Standards

The AIDS Housing Opportunity Act requires that HOPWA rental assistance activities be provided to the *extent practical* in a manner provided for under section 8 of the United States Housing Act of 1937 – HUD’s Section 8 program – now called the Housing Choice Voucher (HCV) program.

This statutory requirement is the reason why HOPWA regulations, originally issued in 1992, modeled its **Rent Standard** requirements after the Section 8 program in effect at that time. One term used by the Section 8 program was **HUD-approved community-wide exception rent** – this term is no longer used by the Section 8 (HCV) program in the same context.

While current HOPWA rent standard regulatory requirements remain, the notice serves to provide clear and consistent guidance in absence of the term **HUD-approved community wide exception rent** in the Section 8 (HCV) program.

HOPWA Regulatory Options & the Options Described in the Notice

What are the options?



HOPWA Regulatory Options and Options Described in the Notice

What are the options?

Fair Market Rent as the Rent Standard

One of the two regulatory options for grantee rent standards includes using the published FMR.

FMRs are estimates of the 40th percentile gross rents for standard quality units within a designated area.

FMRs for each unit size includes the rent for the unit plus the cost of tenant-paid utilities (not cable, television or internet).

Rent reasonableness must still be conducted when rent standards are set at the FMR, and even if the gross rent for the unit is equal to or below the FMR.

FMRs are published annually here <https://www.huduser.gov/portal/datasets/fmr.html>

Poll

Are your current Rent Standards set at the FMR?

- Yes
- No
- Not sure

Poll

Did (or do) you think your ONLY option was to use the FMR as your HOPWA Program Rent Standard?

- Yes
- No
- Not sure

HOPWA Regulatory Options and Options Described in the Notice

What are the options?

HUD-Approved Community-Wide Exception Rent as the Rent Standard

The other regulatory option for grantee rent standards include a HUD-approved community-wide exception rent as its Rent Standard.

Remember as discussed on slide 8, the Section 8 (HCV) program no longer uses this term in the same context – but for the HOPWA program, as described in the Notice, HUD interprets the HUD-approved community-wide exception rent to mean one of two different options.

HOPWA Regulatory Options and Options Described in the Notice

What are the options?

HUD-Approved Community-Wide Exception Rent as the grantee's Rent Standard.

Note: HOPWA grantee's do not need permission from its Field Office to use Option 1 as the Rent Standard for their HOPWA Program.

Option 1:

HOPWA grantees may adopt the Housing Choice Voucher (HCV) payment standard set by local Public Housing Agencies (PHAs) – either the *basic range*, or the *exception payment standard*.

As described in the Notice, for PHAs, the terms *basic range* and *exception payment standard* are defined as follows:

- *Basic range* - PHAs may set their payment standard within the “basic range,” which is between 90 percent to 110 percent of the FMR without HUD approval
- *Exception payment standard* - A PHA may also set exception payment standards below 90 percent, or above 110 percent, of the FMR, for designated parts of the FMR area with HUD's approval.

HOPWA Regulatory Options and Options Described in the Notice

What are the options?

HUD-Approved Community-Wide Exception Rent as the grantee's Rent Standard

Option 1 – Continued:

The option to adopt the HCV payment standard described in Option 1 **do not** apply to the use of Small-Area Fair Market Rents (SAFMRs). But SAFMRS may be considered by grantees when developing/justifying a rent standard proposal under Option 2.

Important!

HOPWA grantees may set their rent standards for their service area based on the payment standard (basic range or exception payment standard) adopted by **EACH** of the local PHAs operating within the grantee's service area. The rent standard then applies in assisting families or seeking to reside in a PHAs area regardless of the project sponsor implementing rental assistance in that area.

Example – Option 1

HOPWA grantees may set the rent standard for their service area based on the payment standard (basic range or exception payment standard) adopted by **each** of the local PHAs operating within the grantee's service area.

For example:

- Port Landing is a HOPWA Grantee and there are four PHAs operating within its service area. Port Landing may use **all four** of the PHA's HCV payment standards (set at the basic range or exception payment standard).
 - Note: Pay attention to the HCV payment standard amounts. Because, under this option, it may be possible that two of the PHAs payment standards are set within the basic range, while the other two are set using exception payment standard amounts.

This rent standard applies in assisting families residing or seeking to reside in a PHA's area regardless of the project sponsor implementing the rental assistance program in that area.

HOPWA Regulatory Options and Options Described in the Notice

What are the options?

HUD-Approved Community-Wide Exception Rent as the grantee Rent Standard

Option 2: A rent standard proposed and justified by the grantee and approved by the local HUD Field Office.

As described in the Notice, this option allows HOPWA grantees to propose and receive HUD approval for a rent standard outside of FMR or the HCV payment standard (basic range or the exception payment standard) set by the local PHA(s). This option allows:

- a. A rent standard based on the documented housing costs and the housing needs of low-income people living with HIV in the grantee's service area or a defined subset of that area; **or**
- b. Adopt the HCV payment standard (basic range or exception payment standard) of **one** of multiple PHAs in the grantee's service area to apply as the payment standard throughout the service area (e.g., one standard for the eligible metropolitan statistical area or eligible state's service area).

HOPWA Regulatory Options and Options Described in the Notice

What are the options?

HUD-Approved Community-Wide Exception Rent as the grantee Rent Standard

Option 2 – Continued:

Note! Rent standard amounts under Option 2, will only be approved in circumstances where grantees are able to document that other allowable options for establishing the rent standard do not provide eligible families a reasonable selection of decent, safe, and sanitary units.

For Option 2 only, Grantees should direct such requests to the Community Planning and Development (CPD) Director of the HUD Field Office serving the grantee. CPD Field Office contact information is available online at: https://www.hud.gov/program_offices/comm_planning/staff.

Example – Option 2a

Example, Option 2a:

A grantee may establish a rent standard based on the documented housing costs and the housing needs of low-income people living with HIV in the grantee's service area or a defined subset of that area.

Port Landing is a HOPWA Grantee and whose service area is Fun City EMSA.

- The grantee may propose and justify and receive HUD approval to use as its rent standards, the Small Area Fair Market Rent (SAFMR) amounts, for its entire service area.
 - **Note:** Review SAFMR amounts carefully. Because SAFMRs are set at the neighborhood level (by zip code), SAFMR amounts allow for higher housing costs in high-rent neighborhood and lower housing costs in low-rent neighborhoods.

- SAFMR amount can be found here

<https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html>

Example – Option 2a

Example, Option 2a:

A grantee may establish a rent standard based on the documented housing costs and the housing needs of low-income people living with HIV in the grantee's service area or a defined subset of that area.

Port Landing is a HOPWA Grantee and whose service area is Fun City EMSA.

- The grantee may propose and justify and receive HUD approval to use as its rent standards, 150% above the FMR for its entire service area.

Example – Option 2b

Example, Option 2b:

Adopt the HCV payment standard (basic range or exception payment standard) of **one** of multiple PHAs in the grantee's service area to apply as the payment standard throughout the service area (e.g., one standard for the eligible metropolitan statistical area **or** eligible state's service area).

- Port Landing is a HOPWA Grantee and whose service area is Fun City EMSA. In this EMSA, there are four PHAs operating HCV programs. Port Landing may use **one** PHA payment standard schedule for its entire service area.

Important Information Included in the Notice!



Important Information Included in the Notice!

The Notice provides for conditional HUD approval of the use of the PHA payment standard or exception rent as the HUD-approved community-wide exception rent described in HOPWA regulations – when a HOPWA grantee has determined and documented that the FMR is not adequate.

If a PHA is using the FMR as its payment standard, grantees that wish to use a rent standard amount higher than the FMR, must use Option 2 and apply to the Field Office for an exception.

More Important Included in the Notice!

Due to prior lack of clear and consistent guidance regarding the meaning of “HUD- approved community-wide exception rent. HUD will not make findings (and discourages auditors from making findings against grantees on, or before the date of this Notice, or during 120 days following the notice if a grantee established its rent standards as described in [Housing Opportunities for Persons With AIDS \(HOPWA\) Grantee Oversight Resource Guide](#) or the [Housing Opportunities for Persons With AIDS \(HOPWA\) Rental Assistance Guidebook](#).

BUT...

Over the next 120 days following the publication of this Notice, HUD expects grantees to update policies for determining rent standards and be able to support any rent standard amounts above FMR as provided by this Notice

Unit-By-Unit Rent Standard Increases
Rent Standard Documentation
Requirements
Adjusting Rent Standards
Rent Standards and Rent Reasonableness

Unit-by-Unit Rent Standard Increases

Does the 10/20 rule still apply?

Yes, it does!

As a reminder, HOPWA regulations allow for increase rent standard amount an additional 10% for up to 20% of the total units assisted.

This Notice does not change that option.

Increases may be implemented regardless of the method utilized for establishing the rent standard. Grantees may grant authority to their project sponsors to authorize such increases; however, it is the **grantee's responsibility** to monitor project sponsors for compliance to ensure that no more than 20% of assisted units are benefitting from an increased rent standard amount.

Rent Standard Documentation Requirements

HOPWA grantees must:

Document rent standards in program policies and procedures and have available for HUD review the method used to establish rent standard amounts.

Identify rent standard amounts in project sponsor agreements

Monitor project sponsors to ensure compliance with rent standard amounts for assisted units throughout its service area

Maintain documentation supporting a grantee's determination that use of the FMR would not provide families a reasonable selection of decent, safe, and sanitary units in a range of neighborhoods in the grantee's service area (if using the PHA payment standard (basic range or exception payment standard) or field office approved exception rent.

Adjusting Rent Standards

Do rent standards need to be reassessed or reviewed?

Yes! But **WHEN** adjustments are effective for currently assisted households is not defined in the notice. This is different than previous webinars regarding establishing rent standards.

Grantees should reassess rent standard amounts annually and adjust if necessary to correspond to HUD's annual updates to the FMRs. If the FMR amounts requires changing rent standards, those amounts should be adjusted within 90 days following the release of the new FMRs.

Grantees should have written policies and procedures detailing the process and timing for implementing rent standard adjustments, including for families in HOPWA-assisted units under existing leases at the time of the adjustment.

Rent Standards and Rent Reasonableness

Does rent reasonableness still apply?

Yes! As a reminder, establishing a **rent standard** sets the limit for housing costs, which includes rent plus utilities for units of different sizes – ranging from efficiency units to six-bedroom units.

- For example, the rent standard for all one-bedroom units might be \$2,000.

Conducting rent reasonableness is a method used to determine if the gross rent for a proposed unit (the unit in which HOPWA rental assistance could be used) is reasonable compared to unassisted units in the private market.

 **Gross rent = landlord requested rent + tenant-paid utilities**

Finally, HOPWA rental assistance cannot be used in a unit unless the gross rent for the unit meets your program rent standards AND rent reasonableness.

For refresher on conducting rent reasonableness review
the presentation about [HOPWA Property Standards and Rent Standards Waivers](#)



Considerations for Establishing Rent Standards

What amounts should you use?

Considerations for Establishing Rent Standards

What amounts should you use?

HOPWA grantees using funding for rental assistance must have a **rent standard** that sets the limit for housing costs for each unit size—from efficiency to six-bedroom units.

HOPWA grantees should strive for a balance between efficient use of HOPWA rental assistance dollars and increasing affordable housing options available to low-income people living with HIV and their families.

Rent standard amounts that are too low – could limit finding acceptable units or units in neighborhoods close to medical care, transportation, employment, schools, and other resources. Amounts that are too low could also unintentionally concentrate housing options to lower rent, high poverty areas.

Rent standards amounts that are too high – could limit the number of eligible families HOPWA grantees are able to serve but also afford families with greater choice - opportunity to live in areas close to medical care, transportation, employment, schools, and other resources.

Considerations for Establishing Rent Standards

What amounts should we use?

Consider the following factors regarding what rent standard amounts should be used for your program:

- The location and condition of units in your service area
- The number of households currently receiving rental assistance
- The total number of people you intend to serve (based on estimated need – rental assistance waiting lists, if applicable)

Considerations for Establishing Rent Standards

What amounts should we use?

Consider the following factors regarding what rent standard amounts should be used for your program:

- Current and future HOPWA allocations or awards
- Number and estimated amount of rent increase requests expected
- Increases in housing assistance payments and overhead costs associated with delivering rental assistance from year to year
 - If charged to HOPWA, staff salary, fringe and other costs associated with delivering rental assistance can only be charged to the that budget line – TBRA, Facility-Based Housing (permanent, transitional and master leasing)

Forecasting expenditures is critical – make sure to regularly review actual costs against forecasted expenditures!

HOPWA Community-Wide Exception Rent Request and Documentation Requirements for Option 2



HOPWA Community-Wide Exception Rent Request and Documentation Requirements Option 2

When a grantee proposes using Option 2, the grantee must submit along with its request to their Field Office, the following information and documentation.

Grantee Information

- Name of Grantee Organization
- HOPWA Grant Number(s) for active grants which the rent standard would apply
- Defined Service Area
- Grantee Contact Name (Person who submitted the request to HUD)
- Grantee Contact Email

HOPWA Community-Wide Exception Rent Request and Documentation Requirements

Option 2

As described on earlier slides, under Option 2, there are three HOPWA Community-Wide Exception Rent Standards to choose from:

1. Housing Choice Voucher (HCV) payment standard (basic range or exception payment standard) of one of multiple Public Housing Agencies (PHAs);
2. Small Area FMRs (SAFMRs) published by HUD; and
3. Grantee-defined rent standard based on the documented community housing costs and/or the housing needs of low-income people living with HIV in the grantee's service area.

HOPWA Community-Wide Exception Rent Request and Documentation Requirements Option 2

1. HCV payment standard of one of multiple PHAs in the grantee's service area to apply as the payment standard throughout the service area (e.g., one standard for the eligible metropolitan statistical area or eligible state's service area).

Be sure to include the following information and documentation in the request:

- The name of the PHA
- Attach documentation of the payment standard used by the PHA.
 - For example, documentation should include information about whether the PHA's payment standards are set within the basic range or set using exception payment standards.

HOPWA Community-Wide Exception Rent Request and Documentation Requirements

Option 2

2. Small Area FMRs (SAFMRs) published by HUD.

Be sure to include the following information and documentation in the request:

- List the Metropolitan areas within your (the grantee) service area
- List the zip codes where SAFMR will be used within your service area
 - If HUD does not publish SAFMR for all zip codes in the grantee's service area, include a description of a plan to establish rent standards for the uncovered areas. The plan should include:
 - Identification the areas/portion of your service area where HUD does not provide SAFMR
 - Description of the methodology used to determine a rent standard in the uncovered area. This could include options such as defaulting to FMR or using local PHA payment standards (basic range or exception payment standard).
 - Defined rent standard amounts by unit size for efficiency through 6-bedroom units for the uncovered area

HOPWA Community-Wide Exception Rent Request and Documentation Requirements

Option 2

3. Grantee-defined rent standard based on the documented community housing costs and/or the housing needs of low-income people living with HIV in the grantee's service area.

Be sure to include the following information and documentation in the request:

Information and a description of the type of community-wide exception rent standard proposed. Examples of approvable methods include the following:

- Defined percentage range above or below the local PHA's HCV payment standard
- Defined percentage range above or below FMR
- Previous HUD-issued FMR
- Other

HOPWA Community-Wide Exception Rent Request and Documentation Requirements Option 2

3. Grantee-defined rent standard based on the documented community housing costs and/or the housing needs of low-income people living with HIV in the grantee's service area.

Supporting documentation should clearly define and justify the community-wide exception rent standard being proposed including submitting the following documentation:

- Reason for choosing a grantee-defined community-wide exception rent standard
- Methodology used to determine the proposed rent standard
- Documentation of actual housing costs in the defined service area for efficiency through 6-bedroom units
- Source documents for units currently available
- Documentation of housing needs for HOPWA clients in the service area
- Proposed rent standard limits by unit size for efficiency through 6-bedroom units
- How utilities are incorporated into the proposed rent standard.
- **REMINDER:** All rent standards for each unit size include rent plus the cost of all tenant-paid utilities, excluding cable, television, or internet services.

Next Steps

For HOPWA Grantees

- Review the Notice **carefully**
- Review rental assistance budgets (both housing assistance payment costs and relevant overhead costs)
- Review the current number of households receiving assistance and applicable waitlists
- Review and assess community need to ensure to ensure rent standards are set to afford a range of housing options in different neighborhood within your service area
 - Involve **both** your project sponsors and persons with lived expertise currently utilizing (or seeking to use) HOPWA rental assistance
- Review your service area housing stock/current portfolio of housing options (units where assistance is being utilized and where assistance is not being utilized and determine why)

Questions regarding the content of this Notice may be directed to HUD OHH's email address at

HOPWA@hud.gov.



Question & Answer Time!



Stay Tuned for Exciting Upcoming HOPWA Webinars & Office Hours

Topic	Dates
HOPWA Rent Standards – Office Hours	August 4, 2022
HOPWA Expedited Waiver – Office Hours	TBD
HOPWA Allocation Increases: Best Practices for Managing Budgets and Balances	TBD August 2022
New APR/CAPER Tool Rollout	TBD August 2022
Use of Client-Centered Low-Barrier Methods – Webinar Series	TBD Fall 2022

Technical Assistance and Ask-A-Question

Get Assistance!

HOPWA Technical Assistance (TA)

- HUD is making additional TA available to grantees to support HOPWA/COVID-19 planning, program development, problem-solving. Those needing TA assistance in managing COVID-19-related program issues may submit an online request through the HUD Exchange at:
<https://www.hudexchange.info/program-support/technical-assistance/>

Get Answers!

- Submit a question to the HOPWA Ask-A-Question (AAQ) desk
 - Grantees/Sponsors may ask program, policy, and COVID-related questions through the HOPWA AAQ: [HOPWA Ask A Question \(AAQ\) Portal](#)