



## HOPWA Office Hours

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

January 10, 2023

1:30– 3:00 pm EST

The Cloudburst Group



# Presenters and Panelists

## **Presenters: The Cloudburst Group**

Heather Rhoda, Subject Matter Expert

Steve Ellis, Senior Analyst

## **Panelists: HUD's Office of HIV Housing (OHH)**

Amy Palilonis, Deputy Director

Lisa Steinhauer, Senior Program Specialist

Kate Briddell, Management Analyst

Vanessa Larkin, Management Analyst



# Agenda

This HOPWA office hours is intended to:

- Provide a brief overview (and reminder) about HOPWA rent standard requirements and [HOPWA Notice CPD-22-10: Clarification of Rent Standard Requirement for the Housing Opportunities for Persons With AIDS \(HOPWA\) Program](#)
- Describe HOPWA rent standard options and requirements
- Review common questions and answers about establishing HOPWA rent standards

# HOPWA Notice CPD-22-10



# HOPWA Notice: CPD-22-10

- There is no expiration date associated with the Notice. The Notice and the rent standard options described in the Notice remain in effect until it is amended, superseded, or rescinded.
- The purpose of the 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.
- Rent standards are used in conjunction with rent reasonableness and the resident rent payment to determine the maximum subsidy for a family receiving HOPWA rental assistance.
- To use HOPWA rental assistance in a unit, the gross rent, including utilities, of the unit must meet HOPWA rent standards and rent reasonableness.

# HOPWA Notice: CPD-22-10

Rent standard options that require Field Office review/approval will only be approved in circumstances where grantees can document that other allowable options for establishing the rent standard do not provide eligible families with a reasonable selection of decent, safe, and sanitary units.

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](https://www.hud.gov/program_offices/comm_planning/staff).



# HOPWA Rent Standard Options and Requirements



# HOPWA Rent Standard Options

## Option 1:

- Fair Market Rent (FMR)

## Option 2:

- HUD-Approved Community-Wide Exception Rent - Adopt the Housing Choice Voucher (HCV) Payment Standard Set by PHAs (basic range or exception payment standard)

## Option 3:

- HUD-Approved Community-Wide Exception Rent - Adopt a Rent Standard Proposed and Justified by the Grantee and Approved by the Local HUD Field Office



# Option 1: FMR

A grantee may use all the applicable FMR amounts as the HOPWA program rent standard **without** Field Office approval.

NOTE: When a grantee's service area includes more than one set of FMR amounts and the grantee wants to use only one set of FMRs for their entire service area, this requires Field Office approval and is not covered by option 1.

# Option 2: HUD-Approved Community-Wide Exception Rent – HCV Payment Standard

A grantee may adopt the Housing Choice Voucher (HCV) payment standard set by local Public Housing Agencies (PHAs) when those amounts are set within the *basic range* **or** at an *exception payment standard* amount of the FMR **without** Field Office approval.

## Definitions:

- *Basic range* – when the PHA's payment standard amounts are set between 90 percent to 110 percent of the FMR.
- *Exception payment standard* – when the PHA's payment amounts are set below 90 percent, or above 110 percent of the FMR.

# Option 2: HUD-Approved Community-Wide Exception Rent – HCV Payment Standard (Continued)

To use the HCV payment standard option, grantees must adopt **each** of the local PHAs payment standards within their HOPWA service area.

- The applicable HOPWA rent standard then applies based upon where a HOPWA-assisted family wants to reside, not the service area of the project sponsor implementing HOPWA in a specific area.

Grantees **do not** need approval from their Field Office to use each of the PHA payment standards as their HOPWA rent standard unless:

- The PHA uses SAFMR for any portion of its payment standards, **or**
- The grantee wants to use only **one** of multiple PHA payment standards for their entire service area
  - NOTE: While these two are not covered under option 2, they may be permissible under option 3.

# Option 3: HUD-Approved Community-Wide Exception Rent

## Adopt a Rent Standard Proposed and Justified by the Grantee and Approved by the Local HUD Field Office

A grantee may propose and receive HUD **approval** to use another rent standard outside of the other two options.

Examples include:

- Adopt **one** FMR when there are **multiple** FMRs in the grantee's service
- Adopt **one** PHA payment standard when there are **multiple** PHAs in the grantee's service area
- Small Area FMRs (SAFMRs) published by HUD (whether a PHA uses SAFMRs or not)
- A mix of different methods (for example, FMR in part of a service area, HCV payment standard in another part, and SAFMR rent in a third part of the service area)

**AND....**

# Option 3: HUD-Approved Community-Wide Exception Rent

## Adopt a Rent Standard Proposed and Justified by the Grantee and Approved by the Local HUD Field Office

A grantee may propose and receive HUD **approval** to use another rent standard outside of the other two options.

Other examples include:

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

# Questions & Answers

## About HOPWA Rent Standard Options



# What is a rent standard and who establishes it?

- Rent standards are **established by the grantee** and set the maximum allowable rent for unit sizes from **efficiency (0-bedroom) to 6-bedrooms**. This means that the total amount of rent (or gross rent) for any unit must meet (cannot exceed) the established rent standard.
- Rent standard amounts include rent and utilities.

# What does gross rent mean?

Gross rent equals the unit rent plus the utility allowance amount. When a tenant is **not** responsible for utilities, the unit rent and gross rent are the same.

Example 1 Tenant responsible for utilities	Example 2 Tenant NOT responsible for utilities
Unit rent: \$1,500	Unit rent: \$1,500
Utility allowance amount: \$223	Utility allowance amount: \$0
Gross rent: \$1,723	Gross rent: \$1,500 (same as the unit rent)

The **unit rent** is the amount the landlord requests for a unit.

A **utility allowance amount** is added to the unit rent amount ONLY when the assisted household is responsible for utilities supplied to a unit. The utility allowance amount should be based on a utility allowance schedule (established by the local public housing authority).



# Did the rent standard options described in the Notice expire?

**No!** The options have **not expired**.

But the Notice did include a compliance deadline, which reads as follows:

“Due to the prior lack of clear and consistent HUD guidance regarding HUD-approved community-wide exception rent, HUD will not make findings (and discourages auditors from making findings) against grantees that on or before the date of this CPD Notice or during the 120 days following this publication of this Notice (June 29, 2022). However, **after 120 days following the publication of this Notice (October 29, 2022), HUD expects grantees to update their policies for determining rent standards and make sure that their current rent standard meets this Notice.**”

# What should grantees be doing about this Notice?

Even if a grantee is not planning on changing their rent standards, every grantee must:

- Review rent standard amounts being used to determine if the methodology now requires Field Office approval. For example:
  - If you have been using SAFMRs as the HOPWA rent standard, you must obtain Field Office approval to continue using SAFMRs.
  - If you have multiple PHAs in your service area, and you've only been using **one set** of PHA payment standards, you must obtain Field Office approval to continue using only one set of PHA payment standards.

# What should grantees be doing about this Notice?

Even if a grantee is not planning on changing their rent standards, every grantee must:

- Update HOPWA program policies and procedures to clarify:
  - The methodology used to set rent standards
  - When rent standards are updated
  - How/when updated rent standards apply to newly assisted households and currently assisted households
- Identify rent standard amounts in project sponsor agreements
- Monitor project sponsors to ensure compliance with rent standard amounts for assisted units throughout the 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.

# Per HOPWA regulations, to which HOPWA funded activities do rent standards apply?

Rent standard regulatory requirements only apply to:

- Tenant-Based Rent Assistance (TBRA)
- Permanent and Transitional Facility-Based Housing, including Master Leased units

HOPWA rent standards do not regulatorily apply to:

- Short-Term Rent, Mortgage, and Utility Assistance (STRMU)
- Permanent Housing Placement (PHP)

# Did we miss our chance to update our rent standard since the 120 Day period mentioned in the Notice passed?

No, not at all!

As a reminder, the 120 days described in the Notice is related to the number of days from the date of the Notice, that grantees must get into compliance with HOPWA rent standard requirements.



# Which rent standards options do not require Field Office approval?

## Field Office approval is NOT required for:

- Rent standard amounts using all the Fair Market Rent amounts associated with the grantee's service area, **or**
- Rent standard amounts using each of the PHA's HCV payment standards that are set within the basic range (90% to 110% of the FMR) or exception payment standards (below 90 percent or above 110 percent of the FMR) associated with its service area
  - Remember this does not apply if a PHA has set any of its payment standard amounts using SAFMRs.

NOTE: If your PHA uses FMR as their payment standard - any grantee choosing to use a different methodology than what is listed above, **MUST** seek Field Office approval for their rent standard.

# What rent standard options require Field Office approval?

## Field Office approval IS required to use anything else, such as:

1. The HCV payment standard of one of multiple PHA payment standards to serve as the HOPWA rent standard throughout the entire service area
  - Unless there is ONLY one PHA located in the grantee's entire service area
2. The SAFMRs published by HUD
3. A grantee-defined rent standard based on the documented community housing costs and/or housing needs of low-income people living with HIV in the grantee's service area, including:
  - Defined percentage range above or below the local PHA's HCV payment standard amount(s)
  - Defined percentage range above or below FMR
  - Previous HUD-issued FMR
  - Other options (e.g., this might include rent standard set using a combination of amounts that otherwise require Field Office approval)

# How do we request approval for a Community-Wide Exception Rent Standard?

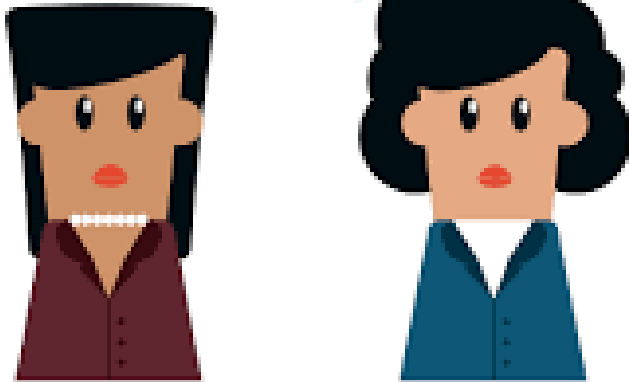
- For Community-Wide Exception Rent Standards that require HUD approval, Grantees must submit the request to their local HUD Field Office.
- Project sponsors **may not** submit Community-Wide Exception Rent Standard requests. They **must** be submitted to HUD by the grantee.
- OHH published an optional checklist that grantees may use in developing their Community-Wide Exception Rent Standard request. The checklist highlights the type of information HUD looks for in an approvable request.
- The optional checklist is available on the HUD Exchange at: <https://files.hudexchange.info/resources/documents/HOPWA-Grantee-Community-Wide-Exception-Rent-Standard-Submission-Checklist.pdf>



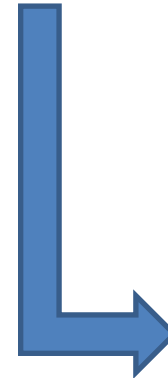
# How do we know if the local PHA is using SAFMRs?

Ask the PHA!

“Hi, PHA.” Are your payment standard amounts based on HUD’s SAFMRs?”



You might also see a set of payment standards that look something like this – amounts associated with **zip codes**.



Dallas, TX HUD Metro FMR Area Advisory Small Area FMRs By Unit Bedrooms					
ZIP Code	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
<u>75001</u>	\$1,740	\$1,830	\$2,160	\$2,720	\$3,550
<u>75002</u>	\$1,640	\$1,730	\$2,040	\$2,570	\$3,350
<u>75006</u>	\$1,300	\$1,370	\$1,620	\$2,040	\$2,660
<u>75007</u>	\$1,340	\$1,410	\$1,660	\$2,090	\$2,730
<u>75009</u>	\$1,710	\$1,800	\$2,120	\$2,670	\$3,480
<u>75010</u>	\$1,440	\$1,520	\$1,790	\$2,260	\$2,940
<u>75011</u>	\$1,240	\$1,310	\$1,540	\$1,950	\$2,540
<u>75013</u>	\$1,540	\$1,620	\$1,910	\$2,410	\$3,140
<u>75014</u>	\$1,200	\$1,260	\$1,490	\$1,880	\$2,450
<u>75015</u>	\$1,200	\$1,260	\$1,490	\$1,880	\$2,450
<u>75016</u>	\$1,200	\$1,260	\$1,490	\$1,880	\$2,450
<u>75017</u>	\$1,200	\$1,260	\$1,490	\$1,880	\$2,450
<u>75019</u>	\$1,540	\$1,630	\$1,920	\$2,420	\$3,160
<u>75022</u>	\$1,880	\$1,990	\$2,340	\$2,960	\$3,850
<u>75023</u>	\$1,490	\$1,570	\$1,850	\$2,330	\$3,040

Link to HUD SAFMRs: [Small Area Fair Market Rents | HUD USER](#)

# Can we use a rent standard that is different than a HOPWA grantee operating in the same state?

Yes!

HOPWA regulations do not require HOPWA grantees located in the same state to use the same rent standard amounts.

In fact, HUD-published FMRs are often not the same amounts throughout an entire state as shown here. If two grantees in the same state used FMRs as their rent standards and serve different areas, the rent standard amounts will naturally be different.

The FY 2023 Oregon FMR Summary

Final FY2023 Oregon FMR Metropolitan Area Summary						
Metropolitan Area Name	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	FMR Percentile
<a href="#">Albany, OR MSA</a>	\$893	\$1,000	\$1,263	\$1,728	\$2,019	40
<a href="#">Bend-Redmond, OR MSA</a>	\$999	\$1,184	\$1,492	\$2,120	\$2,541	40
<a href="#">Corvallis, OR MSA</a>	\$1,107	\$1,158	\$1,430	\$2,032	\$2,410	40
<a href="#">Eugene-Springfield, OR MSA</a>	\$902	\$1,025	\$1,349	\$1,917	\$2,298	40
<a href="#">Grants Pass, OR MSA</a>	\$781	\$887	\$1,167	\$1,659	\$1,832	40
<a href="#">Medford, OR MSA</a>	\$861	\$978	\$1,287	\$1,829	\$2,192	40
<a href="#">Portland-Vancouver-Hillsboro, OR-WA MSA</a>	\$1,500	\$1,610	\$1,839	\$2,574	\$2,995	40
<a href="#">Salem, OR MSA</a>	\$924	\$978	\$1,245	\$1,769	\$2,037	40

# Can we still use the 10/20 rule if our rent standard isn't FMR?

Yes!

As a reminder, HOPWA regulations allow a grantee to increase the rent standard amount by an additional 10% for not more than 20% of the total assisted units on a unit-by-unit basis.

This means that regardless of the method used to establish HOPWA rent standards, a grantee can also increase those amounts on a unit-by-unit basis as described above.

# When we update our rent standards, if our rent standard amounts are lower than the previous year, what do we do?

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.

Policies and procedures should cover the timing for implementing increases and decreases to rent standards and how/when those changes affect newly assisted households, currently assisted households, and landlord-requested rent increases.

# HOPWA Resources and Information

- July 6, 2022, Webinar - [Clarification of Rent Standard Requirements for HOPWA](#)
- August 4, 2022, Office Hours - [Clarification of Rent Standard Requirements for HOPWA: Office Hours](#)
- [HOPWA Community-Wide Exception Rent Standard Checklist](#)
- [HOPWA Notice CPD-22-10: Clarification of Rent Standard Requirement for the Housing Opportunities for Persons With AIDS \(HOPWA\) Program](#)
- [HOPWA Regulations](#)
- [AIDS Housing Opportunity Act](#)
- [CPD Field Office Contact Info](#)

# HOPWA Resources and Information

- [Rent Reasonableness Refresher under the HOPWA Property Standards and Rent Standards Waivers Webinar](#)
- [HOPWA Income and Rent Calculation Curriculum](#)
- [HUD Fair Market Rents](#)
- [HUD Small Area Fair Market Rents](#)



# Questions



# Upcoming HOPWA Webinars & Office Hours

Topic	Dates
New HOPWA Consolidated APR/CAPER Orientation Office Hours	Wednesday, January 25, 2023 3 – 4:30 pm EST





# HOPWA Technical Assistance and Ask-A-Question

## Get Assistance!

### HOPWA Technical Assistance (TA)

- Grantees needing TA assistance may submit an online request through the HUD Exchange at: <https://www.hudexchange.info/program-support/technical-assistance/>

## Get Answers!

### HOPWA Ask-A-Question (AAQ) desk

- Grantees and Project Sponsors can submit HOPWA program and policy questions through the HOPWA AAQ: [HOPWA Ask A Question \(AAQ\) Portal](#)