

CALCULATING RENT & OCCUPANCY CHARGES

RESOURCES

CONSULT THE CoC RULE

– **578.77 Calculating occupancy charges and rent; 578.103 (a) Recordkeeping requirements:**

<https://www.govinfo.gov/content/pkg/CFR-2017-title24-vol3/xml/CFR-2017-title24-vol3-part578.xml#seqnum578>

RESOURCES ON THE HUD EXCHANGE

Notice CPD-17-11 – Utility Calculation:

<https://www.hudexchange.info/resource/5630/notice-cpd-17-11-determining-program-participant-rent-contribution-in-the-coc-program/>

HUD Occupancy Handbook – Chapter 5: Determining Income & Calculating Rent:

https://www.hud.gov/sites/documents/DOC_35649.PDF

Annual Income Regulations

– **24 CFR 5.609:**

<https://www.gpo.gov/fdsys/pkg/CFR-2016-title24-vol1/pdf/CFR-2016-title24-vol1-sec5-609.pdf>

Mandatory Income Deductions

– **24 CFR 5.611:**

<https://www.gpo.gov/fdsys/pkg/CFR-2011-title24-vol1/pdf/CFR-2011-title24-vol1-sec5-611.pdf>

This resource is prepared by technical assistance providers and intended only to provide guidance. The contents of this document, except when based on statutory or regulatory authority or law, do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

SUMMARY

Recipients are required to follow the applicable rent contribution or occupancy charge requirements for the CoC program component type and budget line item (BLI).

- TH and PSH with Rental Assistance BLI – *Must* charge participant rent.
- RRH with Rental Assistance BLI – *May* charge participant a rent contribution depending on CoC's written standards.
- TH and PSH with Leasing or Operating BLIs – *May* impose occupancy charge.

See the At a Glance guides to [Rental Assistance](#), [Leasing](#), and [Operating Costs](#) for details.

CALCULATING RENT AND OCCUPANCY CHARGES

When charging rent or an occupancy charge, the recipient/subrecipient must follow these steps.

Step 1:

- Determine gross income including from assets by calculating 10% of monthly gross income.
- Adjust annual income with mandatory deductions by calculating 30% of monthly adjusted income,
- Determine whether a public assistance amount applies (“welfare rent”) in their State, and, if so, determine the amount.

For Rental Assistance (not including RRH): Must charge the highest of these three calculations.

For Leasing & Operating: May charge an amount up to the highest of these.

For RRH with Rental Assistance: In place of Step 1, must follow the CoC's local written standards for calculating a rent contribution, if charged, which must be followed fairly and consistently. Then follow Steps 2 & 3 to determine final rent.

Step 2: Determine the reasonable utility allowance (if allowable utilities are not included in the rent). [See sidebar for how to calculate this.](#)

Step 3: Final monthly rent = highest of 3 calculations minus reasonable utility allowance.

UTILITY ALLOWANCES

Carefully [review the Utility Calculation Notice in the sidebar](#). If any utility costs are paid by participants, then projects must determine reasonable utility allowance and factor these costs into participant rent or occupancy charges, even in projects that don't impose occupancy charges and RRH projects with local rent calculation formulas. Utilities include: gas, oil, electric, sewage, water, and trash removal, but not telephone, cable and internet.

RESOURCES

RESOURCES ON THE HUD EXCHANGE

Leasing Program

Rent Determination Worksheet:

<https://www.hudexchange.info/resources/documents/CoC-Program-Leasing-Rent-Determination-Worksheet.xlsm>

Rental Assistance Program

Rent Determination Worksheet:

<https://www.hudexchange.info/resources/documents/CoC-Program-Rental-Assistance-Rent-Determination-Worksheet.xlsm>

RECORDKEEPING

Recipients/subrecipients must maintain records as follows:

Recipient/subrecipient Records: Rent contribution policy (rental assistance); occupancy charge policy (leasing, operating) — including any exceptions; utility schedule used to determine utility amount.

Participant Records: Annual income records and calculations; calculations of rent contribution or occupancy charge and utility allowance; if utility reimbursement is owed to participant — documentation it was paid to participant or utility company.

DETERMINING ANNUAL INCOME

Carefully review sidebar resources for detailed list of [income and assets, inclusions and exclusions, and for calculation methods](#).

The recipient/subrecipient must:

First: Review income for all household members presenting for assistance together.

Second: Calculate the annual anticipated income from all sources and determine which sources are eligible for inclusions and exclusions.

Third: Examine income amount initially for all program components, and:

- For [Rental Assistance](#), recertify income at least annually and adjust rent contribution as income changes.
- For [Leasing and Operating](#), do not have to recertify annually but must examine a participant's request and adjust accordingly (e.g. change in family composition or decrease in income). Must have a project written policy to apply this policy fairly and consistently and to explain it to participants.

Assets: Must be reviewed as part of the initial and annual income determination.

- If net family assets are \$5,000 or less, income from the assets is part of the annual income total.
- If net family assets are more than \$5,000, the greater of the following is part of the annual income: actual income from assets, OR a percentage of the value of such assets based on current savings rate established by HUD (“imputed income from assets”).

ANNUAL ADJUSTED INCOME

Annual adjusted income is determined by deducting from annual gross income any of the five deductions below.

Deductions:

1. [Dependent](#): For each household member defined as a dependent age 17 or younger, disabled, or full-time student a deduction applies.
2. [Elderly or Disabled Households](#): Head of household is at least age 62 or a person with disabilities.

3. Childcare Expenses: Anticipated, allowable child care expenses for children 12 and younger.
4. Medical Expenses: Heads of household who are at least age 62 or disabled may count allowable medical expenses of all family members.
5. Disability Assistance Expenses: The anticipated cost for attendant care and/or auxiliary apparatus for each disabled family member, when the costs exceed 3% of annual income and meet other requirements.

Not all households are eligible for all deductions:

- Non-elderly/Non-disabled Family: Eligible for: Dependent, Child Care, and Disability Assistance Expenses only.
- Elderly or Disabled Family: Eligible for all five categories.

See sidebar for details on deduction amounts, allowable expenses, etc.