

# Housing Choice Voucher Program

## How Your Rent is Determined



This fact sheet is a general guide to participant's responsibilities and rights in the voucher program including income disclosure and verification, the definition of annual income and assets, and a listing of reference materials.

### Why Determining Income and Rent Correctly is Important

U.S. Department of Housing and Urban Development studies show that many families do not receive the correct subsidy. AHFC and participants have a responsibility to ensure that the family income and assets are reported, verified, and calculated properly.

#### AHFC's Responsibilities

1. Obtain accurate income information
2. Verify family income
3. Accurately calculate the family portion and subsidy
4. Recalculate rent, if required by AHFC policy, when changes in family composition are reported
5. Conduct regular income examinations
6. Provide information on AHFC policies upon request
7. Notify the family of any changes in requirements or practices for reporting income or determining subsidy

#### Family's Responsibilities

1. Provide accurate family composition information
2. Report all income from all sources to AHFC at all regular examinations and as otherwise required under AHFC policy. Exclusions to income are part of the reporting process
3. Keep copies of papers, forms, and receipts which document income, assets, and expenses
4. Sign consent forms for income verification
5. Follow lease requirements and house rules provided by the landlord

#### Annual Income/Financial Support

All income types and sources are listed at 24 CFR 5.609 and are available at: <http://www.gpo.gov>. Annual income is defined as all amounts, monetary or not, which:

1. Go to, or on behalf of, the family head, spouse (even if temporarily absent), or any other family member; or
2. Are anticipated to be received from a source outside the family during the 12-month period following the admission or reexamination effective date; and
3. Are not specifically excluded.
4. Are derived (during the 12-month period) from assets to which any member of the family has access.

A family's anticipated gross income determines not only eligibility for assistance, but also determines the rent a family will pay and the subsidy required. The anticipated income the family will receive during the next twelve (12) months is used to determine the family's rent.



### **Assets – Classic, Step, and Set Aside Programs**

When determining the amount of income from assets to be included in annual income, AHFC calculates it as follows:

- For families with less than \$10,000 in total assets, AHFC excludes any income derived from the asset.
- For families with total assets in excess of \$10,000, AHFC will determine the cash value of the total assets. AHFC then includes the higher of the HUD approved passbook rate or the actual income derived from the assets as part of annual income.

### **Assets – Traditional**

When determining the amount of income from assets to be included in annual income, AHFC calculates it as follows:

- For families with less than \$5,000 in assets, AHFC includes the income earned by those assets as part of family income.
- For families with total assets in excess of \$5,000, AHFC will determine the cash value of the total assets. AHFC then includes the higher of the HUD approved passbook rate or the actual income derived from the assets as part of annual income.

### **Determining Family Portion and Subsidy**

For the Classic and Set-Aside programs and families in the first year of assistance under the Step Program, the rent a family will pay is the highest of the following amounts:

- 28.5 percent of the family's monthly gross income **OR**
- AHFC Board Approved Minimum Rent
  - \$25 for Classic and Set Aside Program families
  - \$100 for Step Program families

For the Step Program, during the second through fifth years of a family's participation, AHFC will provide a fixed

subsidy to the landlord. The family will be required to pay the difference between the fixed subsidy and the unit rent to the landlord.

- Year 2 – the family will receive 60% of the payment standard as subsidy
- Year 3 – the family will receive 50% of the payment standard as subsidy
- Year 4 – the family will receive 40% of the payment standard as subsidy
- Year 5 – the family will receive 30% of the payment standard as subsidy

### **Exception to Year Two through Year Five Rent Schedule**

If the income-based rent paid in the first year under the Step Program is greater than the rent that would be applicable in the subsequent year(s) of their participation, the family's rent will not decrease. The family's portion will remain the same as that paid during the first year until the family reaches a year on the schedule in which their portion will increase.

### **Reference Materials**

- General HUD Program Requirements; 24 CFR 5.609
- Quality Housing and Work Responsibility Act of 1998, Public Law 105-276, 112 Stat. 2518 which amended the United States Housing Act of 1937, 42 USC 2437, et seq.
- The Housing Choice Voucher Guidebook, 7420.01G (2001)
- AHFC Moving to Work Annual Plan

### **Moving to Work Authority**

- AHFC's Moving to Work Agreement was approved by the AHFC Board of Directors on June 18, 2008 with Resolution 2008-19.
- Alternate calculation methods (Activity 2014-1 Reasonable Rent and Family Self-Sufficiency) were approved by the AHFC Board of Directors on February 27, 2013 with Resolution 2013-11.