



**HOMELESSNESS 101 – MANAGING A HUD  
CONTINUUM OF CARE HOMELESS ASSISTANCE  
GRANT**

**CALCULATING RESIDENT RENT  
TRAIN THE TRAINER: ADVICE FOR  
TRAINERS AND LECTURE NOTES**

**Sponsored by the U. S. Department of Housing and Urban Development  
Office of Community Planning and Development  
San Francisco Regional Office**

**Prepared by HomeBase**

**March 31, 2009**



**U.S. Department of Housing and Urban Development, Office of Community Planning and Development, San Francisco Regional Office**

The Office of Community Planning and Development (CPD) seeks to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expand economic opportunities for homeless, low and moderate income persons.

\* \* \*



**HomeBase** is a San Francisco-based HUD Technical Assistance provider and nonprofit law and policy firm which supports communities in their work toward ending homelessness. HomeBase's web site is [www.homebaseccc.org](http://www.homebaseccc.org).

The work that provided the basis for this publication was supported by funding under an award with the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. The author and publisher were solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the view of the government.

## SECTION I: ADVICE FOR TRAINERS

This booklet has been developed to accompany materials about Calculating Resident Rent for HUD Continuum of Care Homeless Assistance grant recipients. It includes advice and lecture notes for people who are training others about how to calculate resident rent using those materials, which can be found online at [www.homebaseccc.org](http://www.homebaseccc.org), under the link to HUD Technical Assistance materials.

### *Preparing for the Training*

#### **Potential Training Partners: Inviting the CoC “Experts”**

People within your Continuum of Care with experience in calculating resident rent may be good “partners” to assist you in conducting the training. For example, they could be asked to take participants through the examples included in these training materials, or through examples they create from their own experiences. They also could serve as “resource experts” in the room to help answer questions or offer examples of policies and procedures manuals.

#### **Potential Participants: Inviting the Right People**

The people who would benefit from attending your training might include the following:

- People who calculate rent as part of their job description
- Case Managers, Representative Payees, Money Managers or other Financial Counselors working with tenants who might have questions about their rent
- Program/Property Managers responsible for policies, procedures and systems relevant to rental calculation and for supervising accurate rent calculation
- Contract compliance staff
- The leadership of your Continuum of Care (or appropriate CoC Committees) to understand the issues at play in forecasting tenant rent as a financial support for permanent housing units

#### **Potential Training Formats: Availability of Technology**

The Rental Calculation Worksheet (RCW) is in an Excel format. If you have the technology available to project the image of the RCW from the computer onto a screen or wall, that will permit you to complete examples together as a group. Alternatively, already completed paper examples of RCWs are part of the Appendices and can be reviewed collectively, but because they are complete, some participants may “read ahead.” Whether the technology is available may determine the order in which you present the information and have participants complete examples.

#### **Logistics: Planning Your Training Event**

##### Scheduling Training Room: Appropriate Size & Access to Necessary Resources:

Find a room large enough to accommodate slightly more than your training’s expected number of participants.

Ideally your training room will have desks or tables available for participants so they can take notes during your training. Make sure there are sufficient desks or tables and chairs to accommodate your

expected number of participants. Consider whether you need a registration table.

If you plan to use the PowerPoint presentation or use the electronic version of the Excel form, then make sure

- Your room has a screen
- You have access to a projector, computer (laptop/desktop in room), and saved electronic copies of the training materials

#### Publicizing Your Event: Timing, Requesting Pre-Training Information, Reminder Notice:

Plan to publicize the event about 30 days before your training date. Consider asking participants to provide you with information in advance: to confirm their participation so that you have enough materials; and to provide some information about both the level of their experience in calculating resident rent and whether their program is funded by Supportive Housing Program, Shelter Plus Care or Section 8 Moderate Rehabilitation grant funds so that you can focus your training appropriately. (Having a list of agencies in your CoC specifying the type of Homeless Assistance Grant they receive will help you inform attendees who do not know which type of grant their agencies receive.)

Send out a reminder email with the training time, location, and any other relevant information. Include your contact information in the case that participants have questions.

#### Staffing

Consider whether you need additional people to assist you on the day of the training to register or sign-in participants; arrange the tables and chairs in the training room; take notes while you are conducting the training; or otherwise assist you.

#### Refreshments

If possible, think about having refreshments to help hold people's attention.

#### Time

Plan for approximately 2 hours to cover the training materials. Participants may wish to spend more time "practicing" examples, in which case you could allot an additional ½ hour optional "exercise period" at the end of the training.

Consider scheduling your training session either before (e.g., 9-11 a.m.) or after (i.e., 1-3 p.m.) lunch, so that you do not need to take a long break for lunch.

Make sure your training room is available for enough time before or after the event, or both, for you to do any needed set-up for or clean-up after the training session.

### **Logistics: Preparing Training Materials**

#### Preparing Training Materials

Please make sure you have appropriately modified the training materials to fit your community and expected training participants. This includes providing your contact information for questions on the training materials. The Lecture Notes (the next section of this document) refer to page numbers within the Training Materials. Be sure to check that the page numbers match (sometimes documents print differently from different computers).

Create packets of the Calculating Resident Rent materials. Ensure that you have created a sufficient number of packets to provide them to the confirmed number of attendees with an extra copy for yourself. Make at least a few additional packets. Have additional copies if you are allowing attendees to take extra copies, or expect additional attendees who did not R.S.V.P.

- Electronic copies of the materials are on the accompanying CD-ROM and are available on the HomeBase website at [www.homebaseccc.org](http://www.homebaseccc.org). Each participant will need an electronic copy of the Rental Calculation Worksheet (Excel) to use the information learned post-training; if you are unable to provide a CD-ROM, be sure to include the link to the HomeBase website in the training materials.
- Consider copying each handout in a different color of paper to make it easier to refer quickly to the appropriate handout during the training session. Make sure you make a copy for yourself if you do this and utilize your color-coded copies during your training practice.
- Organize the packets prior to the event by putting them in folders, or clipping the materials together for participants.
- A training agenda will help participants understand the order in which information will be presented.

Collect local information to include in the packets:

- Local PHA schedule of utility allowances
- Name, phone number and email address of local HUD contact

### Training Evaluation

Contemplate developing a training evaluation so you can improve the training over time. This may involve methods like creating an evaluation form for participants to complete during the last few minutes of the training, allocating time at the end of the session dedicated to providing suggestions, or providing another means for participants to provide you with feedback.

### **Logistics: Utilizing a Checklist of Materials to Bring to Your Training Session**

If possible, use a computer and projector in the room to review how to use these materials most effectively.

- Remember to save the training materials on the computer's desktop and have a memory stick/flash drive with the training materials in PDF, PPT, and Excel (spreadsheet for examples) as a back-up option.
- Bring power cords for the computer and projector, an extension cord, and a Mac connector cord (Macs only).

Other materials that help you in orienting the group, presenting the material, taking notes, and listing important points include the following:

- Name tags for the trainer, participants, and related staff
- Participant sign-in sheets or registration form (including blank versions)
- Training materials packets (sufficient number for participants)
- Lecture notes and other training notes
- Calculator
- Easel/Butcher Paper
- Markers

- Paper for participants' use
- Pens for sign-in and participants' use
- Paper clips
- Masking tape
- Post-it notes
- Scissors
- Candy/refreshments
- Training evaluation form

## **Practice Conducting the Training**

This is a complex topic on which people have many questions. Practice conducting the training to ensure you can cover the materials, provide 15 minutes to practice the exercises, and leave time for a question and answer period (suggested time: 15 minutes) within the 2 hours.

- Practicing will help you make sure you are familiar with the training materials and direct participants quickly to the material and section you are discussing. Color-coded materials can be especially useful in directing participants quickly to different documents.
- If you are able to project the excel Rental Calculation Worksheet from your computer, you also will need to practice using the Excel spreadsheet, so that you can demonstrate easily the rent calculation examples.

<i>Conducting the Training</i>
--------------------------------

### **Location/Room Set-Up**

Post signs about your event leading participants to it if you think participants may have difficulty finding your training room. Post a sign (e.g., “Welcome Rent Calculation Training Participants. Please come inside.”) immediately outside the door to your training room for late participants in case you decide to leave the doors closed.

Make sure the room is set-up in a manner that best facilitates your training session. This includes arranging tables and chairs so that all participants can see the projector screen and hear the trainer. Please consider if your room set-up will allow you to break up into small groups to practice an example if you are planning on doing this.

Think about ways to minimize any obvious distractions that may arise during your training session. For example, you may want to leave the doors closed if there is loud outside noise.

### **Lecture Notes**

Please see the next section of lecture notes that accompanies the PowerPoint presentation. This will provide additional suggestions on conducting the training.

If you choose to train without the PowerPoint, you still can follow the lecture notes to present the information.

As you walk through the steps to rent calculation, use the examples from the appendices to illustrate

the point.

## **Frequently Asked Questions**

Some questions that you may hear during your training might include:

*Do we have to do all of the calculations listed in the regulations? We know which one will be the highest amount.*

Yes. HUD wants to confirm that tenants are not being overcharged, so the documentation must confirm that all calculations were completed and the tenant is being charged the correct rent.

*How can I change the Excel form? It's password-protected!*

The document is password protected to avoid accidental deletion of the formulas. The password is "RENT". Please note that you should begin on the "Included and Excluded Income" sheet, that sheet automatically fills in some information on the main "Rent Calculation" sheet.

If you do not know the answer to a question, simply say that you do not know, and promise to contact your local HUD representative for the answer that you will send to the participants. (You will want participants' email addresses for this purpose if possible.)

<i>Questions/Comments/Suggestions</i>
---------------------------------------

If you have questions, comments, or suggestions about the Calculating Resident Rent materials, or doing a training, please contact Joni Canada, HomeBase Staff Attorney at [joni@homebaseccc.org](mailto:joni@homebaseccc.org) or 415-788-7961.



## SECTION II: LECTURE NOTES

These notes accompany the PowerPoint presentation.

### SLIDE 1

#### PowerPoint Cover Slide

**Note to Trainer:** Following is a list of suggested topics to cover as the training begins.

- Call the group to order, welcome and thank them for coming; introduce yourself and any other trainers and speakers
- Orient participants to the purpose of the training:
  - HUD and its Technical Assistance Provider, HomeBase, collaborated to prepare the Resident Rent Calculation stand-alone materials
  - You volunteered to attend a “train-the-trainer” session and then serve as a trainer within your Continuum of Care
  - During the training you will orient participants to the materials and how to use them so that by the end of the training, they will have
    - a 101-level understanding of how to calculate resident rent
    - easy-to-use tools to both figure out how to calculate and to do the actual calculation
    - a network of others in the local community who might serve as resources to share their successful practices, such as good income verification techniques
- Ask people in the room to introduce themselves, perhaps also stating:
  - their role in and level of experience with rent calculation
  - the type of HUD Continuum of Care Grant their program receives (you also could ask people for this information by a show of hands)
- Cover housekeeping details to make people comfortable:
  - location of bathrooms and refreshments (if available)
  - request that cell phones and pagers be silenced
- Quickly review the materials in the packets (materials *should* include those marked with \*):
  - a participants list (optional),
  - an agenda (showing training start and end times, optional)
  - the Calculating Resident Rent booklet – which states in writing what you will be teaching during the session,\*
  - the At-A-Glance chart,\*
  - the Rental Calculation Worksheet,\*
  - the Appendices booklet,\*
  - an e-copy of the Excel form (or HomeBase’s web address to download the form),\*
  - contact information for people able to answer questions (should include HUD); and/or
  - an evaluation form – ask people to please complete this to inform future trainings (optional)
- State your preference for questions – e.g. people may ask at any time, or you will “call” for questions after you have presented a section of information

## SLIDE 2

### Big Picture: What this Training Covers

#### Lecture Notes:

- This training is about calculating resident rent correctly under rules that apply to HUD's Continuum of Care Homeless Assistance Grant programs.
- HUD's Continuum of Care Homeless Assistance Grant programs are:
  - Supportive Housing Program, sometimes abbreviated as SHP
  - Shelter Plus Care; and
  - Section 8 SRO Moderate Rehabilitation.
  - Neither I nor the power point slides will continue to repeatedly reference "HUD's Continuum of Care Homeless Assistance Grant programs."
    - But the rules we talk about today pertain to those programs – and different rules will apply depending on which program funds your project and the materials note those differences.
- Today's training is not about calculating or charging Program Fees
  - Program Fees are different than rent.
  - Program Fees are the reasonable amount charged to program participants for services.
  - Program Fees are NOT PAID with HUD Continuum of Care grant funds, and do not count toward SHP cash match since they are outside the SHP project budget.
  - Program Fees are NOT charged in lieu of resident rents.
- This training is also not about the amount that your agency pays the landlord to lease apartments or SROs--it is about the amount the tenants pay for their housing.

**SLIDE 3**

**Overview: 6 Responsibilities**

**Lecture Notes:**

- This training will focus on six responsibilities you have to accurately calculate resident rent.
- Take out the Calculating Resident Rent booklet
  - turn to page 1 – you will see the six responsibilities listed there.
  - we are going to start with Responsibility 1

## SLIDE 4

### Responsibility 1: Rental Calculation Policies, Procedures and Systems

#### Lecture Notes:

- You need written policies and procedures and systems in place to ensure compliance with resident rent requirements
  - and they need to be specific enough that your staff or partners know **who** is responsible to do **what**.
- The consequences of making mistakes in rent calculations are expensive:
  - Overcharging rent results in projects being required to return excess payments, including to former tenants who can be difficult to locate.
  - Undercharging rent may result in not being able to subsidize as many units as you promised or returning already expended grant funds to HUD because the funds were not utilized as the grant agreement requires.
- Let's turn to what policies, procedures and systems you need to have in place.

## SLIDE 5

### 1A. Requirement to Charge Rent

**Note to Trainer:** It is important that participants know which grant funding their project receives and which regulations apply to it.

#### Lecture Notes:

- First, you need to determine the amount of rent you may or must charge
  - HUD's different programs have different requirements.
- Do you know what type of Continuum of Care Homeless Assistance Grant your project receives? If not, let's talk about it now. [**Note to Trainer:** this is when it will be useful for you to have a list of all grantees and sponsors in your Continuum of Care with the type of Homeless Assistant Grant received.]
- Supportive Housing Program projects may charge the full amount of allowable rent, but may charge some lesser amount, or no rent at all.
  - SHP projects' decision to charge and the amount to charge should fit the Continuum of Care programs' purposes to assist homeless persons in moving to self-sufficiency and permanent housing; and, for the permanent housing component, to help meet the long-term needs of homeless people to access and maintain permanent housing.
- Shelter Plus Care projects and Section 8 Moderate Rehabilitation SRO projects *must* charge the full amount of allowable rent.

## SLIDE 6

### 1B. Amount of Rent

#### Lecture Notes:

- We will discuss calculating rent shortly in detail, but the big picture is that tenant rental amounts for S+C or Section 8 Moderate Rehabilitation SRO projects are the highest of:
  - 30% of monthly adjusted income (specifically, 1/12th of annual adjusted income)
  - 10% of monthly gross income
  - For Section 8 Moderate Rehabilitation SRO or S+C SRO, a minimum monthly payment (e.g. \$25.00 to \$50.00 a month) the Housing Authority specifies, with exceptions we will cover later
  - In some states there is a fourth option – “Welfare Rent,” but that is not relevant in California, Arizona or Nevada.
- Note that because SHP does not have to charge rent, the rental amount can be between zero and the amounts stated on the slide. But the rental amount cannot exceed the amounts stated on the slide.
- SHP projects charging any rent must calculate what the maximum allowable rent is, even if they charge a lesser amount so that it is clear that tenants are not being charged more than allowable rent

## SLIDE 7

### 1C. Verified Information

#### Lecture Notes:

- The information you will need to calculate rent can be summarily characterized as household composition, and anticipated expenses, allowances and household-paid utilities.
  - “Anticipated” means what the income and expenses are expected to be in the next year.
- The information you will need to calculate rent will come from the household – both from completed forms and interviews – and will be verified by third parties.
  - You do not get to rely on the household’s self-declaration about these matters unless there is no other means of verification available.
- This 101-level training does not instruct you on how to collect information from the household, how to verify information and how to resolve conflicting information. But the “big picture” is:
  - Your agency’s policies, procedures and systems should guide staff in collecting, verifying and reconciling information.
  - These policies, procedures and systems will ensure compliance, as well as uniformity, in how households are treated and rent is calculated.
  - You might find the resource noted in the Calculating Resident Rent booklet at page 5, under Tips, helpful as a guide: the PIH Rental Integrity Summit, *Reducing Income and Rent Errors by Building a Quality Program, Public Housing Program*.

**SLIDE 8****1D. Other Policies, Procedures and Systems**

**Note to Trainer:** If an agency in your community is willing to share its policies, procedures and systems and they appear to comply with requirements, you may want to arrange for how they can be disseminated (e.g. email a copy to the training participants after the training, or supply the contact information of the agency willing to share).

**Lecture Notes:**

- As you can see from the slide, you also will want to have policies, procedures and systems in place to comply with each of your rent calculation responsibilities.

**Note to Trainer:** If no one has offered their policies and procedures pre-training, you could ask during the training: “Perhaps also someone in the room today would be willing to share their agency’s policies and procedures.” You may wish to review those policies and procedures before disseminating them to your Continuum of Care members. Alternatively, in offering them to others, you could alert recipients that they have the responsibility to ensure that the policies and procedures comply with the recipients’ grant responsibilities.

## SLIDE 9

### Responsibility 2: Calculate Rental Amount

#### Lecture Notes:

- Remember what we said earlier – our goal is to determine which of the rental calculations is highest – 30% of adjusted income, 10% of gross income or a flat, minimal amount per month.
  - For Shelter Plus Care and Section 8 SRO Mod Rehab, the highest of these is what must be charged
  - For SHP, the highest of these is the most that can be charged
  - For all programs, you need to make each of the calculations and keep the calculation in your files so you can prove you charged a legal amount
  - These training materials provide you a fairly simple system to do that
- We will go through each Step of Rent Calculation.
- The Calculating Resident Rent booklet takes you through each of the steps we are about to talk about and also includes some tips you might find useful. I am not going to read through all of the booklet with you today, but strongly encourage you to read through it.
- Also, the At-A-Glance Form in your packet provides an outline of each of the steps – when you become more experienced, you can put the At-A-Glance form on your bulletin board and use it as a simple cheat sheet.
- For now, have the Rental Calculation Worksheet and the Appendices booklet in front of you.
- If our goal is to see what is higher – a percentage of adjusted annual income or of annual income or a flat, minimal amount, then the first step in calculating resident rent is to figure out the household's anticipated income.

## SLIDE 10

### Step 1: Determine the Household's Annual Income

#### Note to Trainer:

You will be covering much ground with this one slide. The reason for having only one slide is that you will be guiding participants through other materials during this section and you may not want their attention diverted to the PowerPoint. However, you may wish to alter the PowerPoint presentation to include additional slides to account for some of what you will say orally if you wish.

#### Lecture Notes:

- The first step in rental calculation is determining the amount of the household's annual income.
- Take out the stand-alone copy of the Rental Calculation Worksheet. This document also is Appendix A and B in the Appendices booklet.
  - You will prepare one of these forms for each household each time you calculate rent
  - You will keep this document in your files to prove how you calculated the rent
  - The first two pages of the Rental Calculation Worksheet is the first tab of the Excel document
- At the very top you will put in the household's identifying information and who completed the Rental Calculation Worksheet.
- The next Section on the first page is Anticipated Annual Income.
  - You will see in the first column that there are categories of income – numbers 1 – 8; and
  - You will see that the next four columns have space for the anticipated annual income of four household members
- To complete this section, we need to know what income each household member anticipates receiving over the next year
- That raises two issues:
  - Who is a member of the household?
  - What income belongs on the chart?
- The Public Housing Authority establishes the definition of a “household” for rent calculation purposes -- this definition may vary from the “household” definition you use for your APR or HMIS.
  - Unrelated persons can constitute a household
  - Income of all adults living in the unit must be included
  - Pages 7 and 8 of the Calculating Resident Rent booklet have these definitions
- Your policies and procedures have instructed your staff on who is a member of the household – now the income of each household member is going to be examined to determine what income goes onto our Rental Calculation Worksheet.

- Look at the last page of the Rental Calculation Worksheet
  - This is tab 2 of the Excel document
  - On the left hand side are four charts – one for each member of the household who has income – on these charts you will itemize the “included” anticipated income of each household member – more on what is “included” income in a moment
  - On the right hand side of the page are four corresponding charts where you list the anticipated income of each household member that is “excluded” income
  
- What income is included and what income is excluded?
  - Federal regulations tell us what is included and what is excluded
  - The regulations organize the inclusions and exclusions by “type” of income – categories 1-8 – look back at the first page of the Rental Calculation Worksheet – category 1 is Wages, category 2 is Social Security, etc.
  
- Now look at the Appendices booklet, Appendix C at page A-7
  - At the top of the page you see Category 1 – Wages and Salaries
  - And then you see certain types of Wages and Salaries and the chart tells you whether to include or exclude that income
  - Specifically, the first row says that wages are “included”; it also shows, on the second row, that employment from children under the age of 18 is “excluded”
  - Let’s apply that to an example:
    - if the mother in your household, whose name is Mary, and who is 35 years old has a job
      - ⇒ on the Rental Calculation Worksheet, the second tab – that’s the last page – you would put Mary’s name on the chart on the left hand side, and put the anticipated, annual income from Mary’s job on the row that says Category 1
    - if Mary’s child, Serena, who lives in the household, is 12 years old, and earns babysitting money
      - ⇒ on the Rental Calculation Worksheet, the second tab – that’s the last page – you would put Serena’s name on the second chart on the right hand side – excluded income -- and put the source and anticipated amount of Serena’s annual income from babysitting – you also can indicate the “period” – for example, monthly or annually
  
- Go again to the Appendices booklet, page A-7
  - we looked at some types of income that are in Category 1 – Wages and Salaries; you will see that those types of income continue to page A-8
  - then Category 2 appears – Periodic Payments for Social Security
  - then on page A-9 appear categories 3 and 4 and the chart continues in this manner through all 8 categories
  - I don’t know about you, but thinking about income sources in these federal categories 1-8 is not intuitive
  - So HomeBase prepared Appendix D to help out – look at page A-11 – here are all income sources by type in alphabetical order
  
- In Appendix D, you can search for the type of income, and then find, in the last two columns, whether that income is included, and if so, which federal category it belongs in, and whether that income is excludable, and if so, which federal category it belongs in

- Let's try some common income sources for tenants in our projects [**Note to Trainer:** you might choose other examples from the Appendix and might have the categories you choose highlighted in yellow on your copy of the Appendix so you can find them easily]
  - Are Social Security Disability Income (SSDI) payments included in income [yes]
  - Are TANF, or CalWORKs payments included in income [yes]
  - How about Employment Training program wages [no]
  - Are stipends that are paid to a tenant for facilitating the Residents Council included in income [no]
  - Is income from a live-in aid included in the household's income (the definition of a live-in aide is in the Calculating Resident Rent booklet, page 8) [no]
  - Is income earned by a full-time student included [only up to \$480]
  
- Let's talk about another important step in calculating income that applies to Supportive Housing Program and Section 8 SRO projects only: you may need to adjust annual income for the *Earned Income Disallowance*. Do not forget this step – many of the tenants in our programs will qualify for this disallowance.
  - Look at the Calculating Resident Rent booklet, page 10 at the top
  - The Earned Income Disallowance is meant to give people who are disabled an incentive to work or to work more hours
  - In calculating anticipated annual income, first determine if there will be an increase in income due to one of the reasons stated on page 10 [**Note to Trainer:** read those reasons]
  - If so, then deduct the amount of the increase in income at the applicable rate stated on page 10 [**Note to trainer:** read those reasons]
  - The resulting amount is put onto the Rental Calculation Worksheet as income
  
- A few other things to know about using the Rental Calculation Worksheet – go back to the last page
  - Once you have entered information into the charts on the left hand side – includable income – the totals by category will automatically carry over to the first tab of the Excel spread sheet on rows 1-9
  - The sources and amounts of excluded information do not total – they remain on this sheet as your record of what you excluded and why
  - Finally, do not worry about whether you have put the income into the correct federal category 1-8 – if all includable income is on the chart, even if it is in the wrong category 1-8, the rental calculation still will be correct
  
- Now look again at the first page of the Rental Calculation Worksheet – once you have entered the information about annual income, the total Annual Income will automatically calculate and appear at line 10.
  - Remember the goal – determining which rental rate is the highest – one of the rates is 10% of annual income – row 34 automatically calculates that amount
  
- In a moment we will begin calculating annual adjusted income
  
- If you operate a Shelter Plus Care program you may wish to modify the Rental Calculation Worksheet to include your locality's household income limits
  - go to the Calculating Resident Rent booklet, page 7 – under Threshold Eligibility Issues, the last bullet, for an explanation of the income limits

- go to the Calculating Resident Rent booklet, page 2 for instructions on how to modify the worksheet by removing the password protection on the Excel spreadsheet (Tools menu, Protection sub-menu, Unprotect Sheet command, password is RENT).
- Now we are ready to begin calculating adjusted annual income

## SLIDE 11

### Step 2: Determine the Dependent Allowance

#### Lecture Notes:

- Step 2 of calculating rent is to determine if the household is entitled to a Dependent Allowance
- Information about the Dependent Allowance is in the Calculating Resident Rent booklet at page 12
- The allowance is \$480 per dependent
- Your work is to determine how many dependents there are in the household
- Dependents are defined as:
  - minors,
  - household members who are disabled or handicapped; and
  - full-time students
- But, dependents are NOT
  - Head of household or spouse
  - In SHP and S+C, a person living with the eligible participant because he or she is important for the care of the eligible person or
  - Foster children
- Consider how these rules play together
  - If the head of household is disabled, is the head of household a dependent? [no]
- Look at the Rental Calculation Worksheet, line 11 – once you have determined the number of dependents, enter that number on line 11
- Excel will automatically multiply that number times \$480 and line 12 will show the amount of the Dependent Allowance
- Two tips to keep in mind in determining who are dependents
  - When parents do not reside together but share custody of their children and both parents live in assisted housing, only one parent at a time may claim
  - The definition of a “full time student” comes from the educational institution
- Now we will go to the next step in calculating rent

## SLIDE 12

### Step 3: Determine the Child Care Allowance

#### Lecture Notes:

- The next step in determining adjusted income is to calculate the Child Care Allowance
- We are at page 12 of the Calculating Resident Rent booklet
- The Child Care Allowance is the amount of:
  - unreimbursed,
  - anticipated reasonable child care costs for children 12 years old and under
  - needed to permit a household member to work; or
  - needed to permit a household member to pursue education.
- The deduction amount cannot exceed the income received from work.
- If child care costs are incurred for a household member to work, and to pursue education, separate calculations will be made.
- Turn to the Rental Calculation Worksheet – lines 13-18 calculate this allowance
  - You will see that some of the rows concern child care that permits household members to *work*, and some of the rows concern child care that permits household members to pursue *education*
  - Why would separate calculations be made? [because child care costs incurred for work cannot exceed the work earnings]
  - On line 13 you enter the cost of child care that allows a household member to work, along with the name of that household member
  - On line 14 you enter the cost of child care that allows a household member to further education, along with the name of that household member
  - On line 15 you enter the amount of the child care cost for *work* that is reimbursed, along with the agency that is reimbursing the cost
  - On line 16 you enter the amount of the child care cost for *education* that is reimbursed, along with the agency that is reimbursing the cost
  - On line 17 you enter the earnings from work that are dependent on the child care
  - On line 18 will appear the amount of allowance – this will be automatically calculated by the excel document
- The selection of who will provide child care is up to the household – so even if there is an unemployed adult in the household available to provide childcare, your agency may not disallow the deduction
- This calculation requires your agency to set some policies:
  - how your agency will determine what is the reasonable cost of child care (e.g. through a market survey); and

- which household member's income will be used as the cap on the allowance if the child care permits two household members to work – you have discretion to use the income of the lowest-paid household member

**Note to Trainer:** this might be a good time to look at an example that covers the first 3 Steps in Calculating Resident Rent.

- Let's look at an Example to apply what we have learned so far
- Take out the Appendices booklet and go to page A-19

**Note to Trainer:** take the group through this Scenario, reading the facts of the Scenario, and then calculating Steps 1-3. This can be done either as a full group exercise, or as a small group exercise

- Now we will go to Step 4 in Calculating Resident Rent.

## SLIDE 13

### Step 4: Determine the Disabled Assistance Allowance

**Note to Trainer:** This is a step commonly overlooked by Continuum of Care grant recipients so pay special attention to it during the training.

#### Lecture Notes:

- Step 4 requires us to determine if the household is entitled to a Disabled or Handicapped Assistance Allowance.
  - We are on page 14 of the Calculating Resident Rent booklet
  - I use both the words “Disabled” and “Handicapped” this one time because HUD’s regulations have changed over time – your grant agreement, which has the regulations in effect attached -- may use the term disabled or the term handicapped. For our purposes, we can use the terms interchangeably, and I will use the word “disabled.”
- The Disabled Assistance Allowance reimburses the household for
  - reasonable,
  - unreimbursed expenses for either
    - attendant care for a disabled household member provided by a non-household member; or
    - “auxiliary apparatus” that enables a disabled household member or another household member to work. An example would be specially equipping an automobile so a disabled household member can drive to work.
- The amount that is deducted from income for the Disabled Assistance Allowance is the amount of the unreimbursed expense
  - that exceeds 3% of gross income,
  - up to the amount earned by the adult household members as a result of the Disabled Assistance.
- Do not be put off by the math –
  - Look at the big picture. The legislature figured that every household should be able to afford up to 3% of its income to pay for Disabled Assistance and Elderly or Disabled Medical expenses. We have not covered Elderly or Disabled Medical expenses, but we will do that in the next Step. For now, understand that the law gives credit for unreimbursed expenses that exceed 3% of annual income.
  - And, you will not actually have to do the math – if you insert the correct data onto the excel spread sheet, it will do the math for you.
- Turn to the Rental Calculation Worksheet – lines 19-25 calculate this allowance
  - On line 19 you enter the full amount of the expenses – both for attendant care and auxiliary apparatus.
  - On line 20 you enter the amount of those expenses that is reimbursed.
  - Then the Excel spread sheet starts doing the math:
    - at line 21, the excel spreadsheet will automatically calculate the difference between expenses and reimbursements

- at line 22 it will calculate 3% of annual income
- at line 23 it will show the difference between the unreimbursed expenses and 3% of annual income
- At this point, the last piece of information needed is whether the unreimbursed expenses in excess of 3% of annual income is greater or less than the amount of household earnings that are dependent on the Disabled Assistance
  - Therefore, on line 24, you will enter the Family Member Earnings which are dependent on the Disabled Assistance
  - Then the excel document will show at line 25 the amount of the Disabled Assistance Allowance

**Note to Trainer:** Appendix E Scenario 2 is an example applying the Disabled Assistance Allowance that you may wish to cover at this point. If time is tight, you could read the scenario facts together, skip Steps 1-3 and go straight to step 4.

- Let's look at an example; turn to the Appendices booklet, page A-24.
- Now we will go to Step 5 in Calculating Resident Rent.

## SLIDE 14

### Step 5: Determine the Medical Expenses Allowance (Elderly or Disabled)

#### Lecture Notes:

- Step 5 calculates the Elderly or Disabled Resident Allowance for Medical Expenses.
  - We are on page 15 of the Calculating Resident Rent booklet.
- The Medical Expense Allowance reimburses the household for
  - unreimbursed medical expenses
  - exceeding 3% of annual income
  - incurred by the household's head, co-head, spouse, or sole member
    - who is at least 62 years of age; OR
    - disabled
- Definitions of “head, co-head and spouse” are in the Calculating Resident Rent booklet, p. 8.
- The amount of this allowance depends on the amount of the Disabled Assistance expenses calculated in Step 4 because like Medical Expenses, only anticipated unreimbursed Disabled Assistance expenses in excess of 3% of the annual income may be deducted.
- Like Step 4, do not be put off by the math –
  - You will not actually have to do the math – if you insert the correct data onto the excel spread sheet, it will do the math for you.
- Turn to the Rental Calculation Worksheet – lines 26-29 calculate this allowance
  - On line 26 you enter the full amount of the medical expenses for the qualifying members of the households – those who are over 62 years of age or disabled
    - Medical expenses include the cost of medical insurance premiums
    - You may want to use the IRS Publication 502 as guidance in defining medical expenses; that document is available on-line on the IRS website
  - On line 27 you enter the amount of those expenses that is reimbursed.
  - Then the Excel spread sheet starts doing the math:
    - at line 28, the excel spreadsheet will automatically calculate the difference between expenses and reimbursements
    - at line 29 it will show the amount of the Medical Expenses Allowance taking into consideration 3% of annual income and what already has been claimed in Step 4 for the Disabled Assistance Allowance

**Note to Trainer:** Appendix E Scenario 3 is an example applying the Medical Expenses Allowance that you may wish to cover at this point. If time is tight, you could read the scenario facts together, skip Steps 1-4 and go straight to step 5.

- Let's look at an example; turn to the Appendices booklet, page A-28.
- Now we will go to Step 6 in Calculating Resident Rent.

## SLIDE 15

### Step 6: Determine the Elderly or Disabled Household Allowance

#### Lecture Notes:

- Step 6 calculates the Elderly or Disabled Household Allowance
  - We are on page 17 of the Calculating Resident Rent booklet.
- Any household with a head, co-head, spouse of sole member who is at least 62 years of age or disabled is entitled to a \$400 allowance
- This is the allowance that will apply in the most circumstances to our programs
  - if a household has been found eligible for your Continuum of Care Homeless Assistance Grant permanent housing program, is there a head, co-head, spouse or sole member who is disabled? [yes]
  - Which programs *might* not give an allowance for a disabled household? [transitional housing programs funded under the Supportive Housing Program that charge rent]
- Turn to the Rental Calculation Worksheet – the \$400 allowance for the Elderly or Disabled Household is recorded at line 30
  - This is an allowance per household, not per elderly or disabled adult

**Note to Trainer:** Appendix E Scenarios 1-3 all include the Elderly/Disabled Household Allowance. You can have the participants look at these scenarios at Step 6 if you wish to illustrate the point.

- Let's look at examples we already have covered in part to see how the Elderly/Disabled Household Allowance is recorded; turn to the Appendices booklet, start at Scenario 1, which begins at page A-19, Step 6, [then go through Scenario 2 and 3, Step 6, as desired].
- Having completed step 6, you have done all you need to do to “adjust” annual income. The next step is to determine the rental amount

## SLIDE 16

### Step 7: Determine the Amount of Resident Rent

#### Lecture Notes:

- We are on page 17 of the Calculating Resident Rent booklet
- To determine Resident Rent, remember the goal – to determine what is the highest of:
  - 30% of monthly adjusted income (specifically, 1/12th of annual adjusted income)
  - 10% of monthly gross income
  - For Section 8 Moderate Rehabilitation SRO or S+C SRO, a minimum monthly payment (e.g. \$25.00 to \$50.00 a month) the Housing Authority specifies, with exceptions we will cover in this section
- Have the Rental Calculation Worksheet and the Appendices booklet, page A-22 open side-by-side in front of you
  - As you can see on the Rental Calculation Worksheet
    - line 33 will show 30% of monthly adjusted income
    - line 34 will show 10% of monthly gross income
  - Now look at the Appendices booklet, page A-22
    - If you have the Rental Calculation Worksheet complete, line 36 will choose the higher of 30% of monthly adjusted income or 10% of monthly gross income as the maximum amount per month that can be charged
- For most of us, we now know what we can charge for rent, subject to a utilities offset – that we will cover in Step 8
- There are a few exceptions:
  - First exception: If you have a Supportive Housing Program you may charge a lesser amount of rent
    - On the Rental Calculation Worksheet, you would insert the lesser amount of rent per your agency's formula at line 35.
    - For example, let's say that your agency chooses to charge 20% of monthly adjusted income or 10% of monthly gross income, whichever is higher in its SHP-funded program.
    - Your agency can change the formula in the excel spread sheet – see page 2 of the Calculating Resident Rent booklet for the password – and the spread sheet will automatically also calculate that amount.

**Note to Trainer:** The rest of the exceptions apply to Section 8 SRO Mod Rehab and Shelter Plus Care/SRO Projects. If there are no such projects in your Continuum of Care, you may skip these points – simply alert the participants that there also are exceptions for these types of projects and they should pay attention to the information should they receive these types of funds in the future.

- Second exception: If you are a Section 8 SRO Mod Rehab or Shelter Plus Care/SRO Project, and line 36 is less than the minimum your Public Housing Authority has set for

rental – between \$25 and \$50 -- then the monthly rental amount will be the minimum set unless there is a “financial hardship”

- The Third Exception then is for “financial hardship” in Section 8 SRO Mod Rehab or Shelter Plus Care/SRO Projects.
  - We are on page 19 of the Calculating Resident Rent booklet
  - Some households will not have to pay even that \$25-\$50 minimal rent if they have a financial hardship – you see on page 19 what constitutes a financial hardship – I will not read those to you, but know that the information is there.
  - Also pay attention to the first bullet under the “Tips” section if a participant requests a financial hardship – the household has certain rights while the Public Housing Authority is determining whether or not to grant the hardship request.
- The Fourth Exception is for Section 8 SRO Mod Rehab or Shelter Plus Care/SRO Project households who wish to pay 40% of adjusted income to rent a more costly unit
  - See the Calculating Resident Rent booklet, page 19 for information on that choice and altering the Rental Calculation Worksheet to include that calculation.
- If utilities are included in the rental amount, you have completed the rental calculation.
  - Look at the Rental Calculation Worksheet
    - Line 36 gives you the monthly rental amount
    - Line 40 gives you the annual rental amount
    - Line 41 gives you the daily rental amount
- If utilities are NOT included in the rental amount, we must go to step 8

## SLIDE 17

### Step 8: Determine Household-paid Utilities Offset/Reimbursement

**Note to Trainer:** Grant recipients are making errors in calculating rent by failing to adjust for utilities that households pay. Therefore pay close attention to this issue during the training. Knowing what your local Public Housing Authority's utility allowance is will be helpful during this section of the training.

#### Lecture Notes:

- The final step in Calculating Rent, is to adjust the rental amount, or to calculate an amount to reimburse the household for the reasonable cost of utilities the household pays
  - We are on page 20 of the Calculating Resident Rent booklet
- This step is extremely important – the rules about how much a household can be charged for rent ASSUMES that the household is not paying utilities
  - Therefore, if the household pays utilities, the rental amount must be adjusted and in some circumstances, the household may be entitled to a reimbursement
  - Utilities include water, gas, electricity, garbage, sewer but exclude telephone
- Here are the steps to follow:
  - Obtain verified information of the anticipated cost of utilities that are not included in the rental amount (in other words, the amount the household must pay for utilities)
    - To determine if the amount is reasonable, compare the amount the household anticipates paying to your public housing authority's schedule of utility allowances
  - On the Rental Calculation Worksheet:
    - At line 37, insert the amount the household will pay for utilities (or your local public housing authority's utility allowance if that amount is less)
    - If the cost of utilities is less than the permitted monthly rental amount, line 38 will show the adjusted amount of rent that can be charged to the household
    - If the cost of utilities is more than the permitted monthly rental amount, line 39 will show the amount that must be paid to the household as a utility reimbursement
- If you have a Section 8 SRO Mod Rehab or S+C/SRO project in which households are paying 40% of adjusted annual income for rent, you will need to either change the excel formula or to calculate the utilities offset or utilities reimbursement by hand.

**Note to Trainer:** If there are training participants that have households that pay utilities themselves, then it would be a good idea to go through an example, Scenario 4, page A-32 of the Appendices booklet. Depending on time you can go through the entire example or simply read the facts aloud and go straight to step 8. If you go straight to step 8, point out the relationship between lines 36, 37 and 38: \$95 minus \$40 is \$55.

- Let's look at an example of how the utilities adjustment works.
- In the Appendices booklet, turn to page A-32.

- You now know the rental amount for each of your households. Your responsibilities are not over. We now will quickly review the rest of your responsibilities.

**Note to Trainer:** You will cover the balance of the responsibilities quickly. Encourage participants to read the Calculating Resident Rent booklet for fuller information.

**SLIDE 18****Responsibility 3: Maintaining a Filing System and Documentation to Prove Compliance****Lecture Notes:**

- You should have a file for each household, that anyone could open and discern how rent was calculated for that household, including for example:
  - The verified information relied upon
  - Evidence of the actual calculations
  - Notes regarding any special circumstances or deviations from policies and procedures
- Your records also need to document rent received from each household and account for the disposition of resident rent. Be sure to issue receipts for cash paid as rent.
- Requirements for file content should be standardized and part of your agency's policies, procedures and systems.
- The Calculating Resident Rent booklet, at page 21 suggests what should be contained in each file.
- Not only is keeping this documentation one of your grant responsibilities, but fulfilling it assists when staff are absent or turn-over, and will make it easy to prove that you have complied with calculation responsibilities when HUD or your grantee comes to monitor.

**SLIDE 19**

**Responsibility 4: Review Rental Amounts**

**Lecture Notes:**

- The next responsibility is to review the rental amounts.
  - We are on page 22 of the Calculating Resident Rent booklet.
- Rental amounts must be reviewed:
  - at least annually; and
  - whenever a household requests an interim review because a change in their household composition or decrease in their income has occurred.
- Your agency's policies and procedures should include when and under which circumstances rental amounts will be reviewed.
  - Because the purpose of the HUD Homeless Assistance Programs is to decrease homelessness, HUD does *not* require programs to capture all rental possible, for example by reviewing rental amounts monthly.

**SLIDE 20**

**Responsibility 5: Use of Program Income and Accounting for Rental Income**

**Lecture Notes:**

- HUD has certain financial management requirements that apply to rent. Agency policies should reflect compliance with these requirements.
- We are on page 23 of the Calculating Resident Rent booklet.
- If you are a Supportive Housing Program grant recipient:
  - Rent paid by program participants is considered program income, directly generated by SHP activities and earned as the result of the grant. This makes rent “Federal Funds,” which means:
    - Rent must be used for the approved project in accordance with the grant agreement.
    - Rent (other than that used for participants’ savings) must be used prior to drawing down grant funds to reduce the financing costs of the US Treasury.
    - The grantee must accurately and completely track the source and use of participant paid rents. This standard requires the grantee to account for the computation, receipt, and disposition of participant paid rents.
    - Expenditures of participant paid rents are subject to the Single Audit Act (see OMB Circular A-133, Definitions, Federal Financial Assistance).
- For S+C activities, grantees must check to ensure that each tenant pays rent on time and in the correct amount. Grantees are required to track the application of participant rent toward the contract rent, but are not expected to account for the use of the rental receipts by the landlord.
- If you need a reminder of how rental funds can be used by Supportive Housing Program and Shelter Plus Care grant recipients, see pages 23 and 24 of the Calculating Resident Rent booklet.

**SLIDE 21**

**Responsibility 6: Monitor for Compliance and Quality Control**

**Lecture Notes:**

- Your last responsibility is to monitor performance.
- You need to monitor to ensure that you are meeting your grant requirements and to make sure that your policies, processes and systems are working the way you intended, and if not, to make corrections.
- More than one agency may be involved in rental calculation; be sure to assign responsibilities between those agencies – for example, grantees and project sponsors -- and to put the agreements regarding responsibilities in writing. Grantees should monitor project sponsors.
- In monitoring if errors are discovered, consider what the best “fix” might be – different forms, different processes, more training – and then implement measures to correct errors.

**SLIDE 22****Most Important things to Remember****Note to Trainer:**

Please edit this slide as applicable for your community. This text is just a suggestion.

**SLIDE 23****Other Resources****Note to Trainer:**

Please edit this slide as applicable for your community. This text is just a suggestion, although the ultimate authority in answering questions will be HUD. You may want to instruct project sponsors to direct their questions to project grantees, and to instruct project grantees to an expert in your community to assist in articulating their questions or concerns to HUD.

**SLIDE 24****Final Slide****Note to Trainer:**

At this point the training is over. You may wish to:

- Thank participants for attending.
- Remind participants to complete the evaluation form and where they should leave it. Point out that the San Francisco Regional Office of HUD's Office of Community Planning and Development created this training in response to grant recipients' request and feedback on the evaluation form can include requests for other types of technical assistance and trainings.
- State any local Continuum of Care next steps: for example,
  - if an agency is concerned that they may not have been calculating resident rent correctly, if there is anyone who could help them in assessing that situation and preparing to report to HUD; and
  - if an agency is willing to share their best practice policies and procedures, how that information will be shared.
- Give credit to your Continuum of Care staff who assisted with the training (actually training and in the administration of the training).
- Instruct participants on any other house-keeping matters, for example
  - Where recycling receptacles are located;
  - If you need help in cleaning-up or moving tables; or
  - If parking tickets can be validated, how that is done.