

Rent Increase Requests & Annual Rental Certifications



**MONTANA HOME INVESTMENT
PARTNERSHIPS PROGRAM**

COMMUNITY DEVELOPMENT DIVISION

MONTANA DEPARTMENT OF COMMERCE



When Can a Rent Adjustment Occur?



- **Rent increases may occur when:**
 - HUD-published High HOME and Low HOME rent limits increase
 - The tenants pay utilities and the PJ's utility allowance decrease
 - The tenant becomes over-income qualified
- **Rent decreases may occur when:**
 - HUD-published HOME rent limits decrease
 - If the tenant pays utilities and the utility allowance increases more than the HUD-published HOME rent limits

Rent Decreases



- If the HUD published rents decrease lower than the currently charged rents, the Grantee/Owner is **NOT** required to decrease the rents to lower than the Low HOME and High HOME Rents at the time of HOME funds were committed to the project
- Any changes in rents for occupied units are subject to the terms of the tenant's lease

Reasons for MDOC Approval



- **MDOC is required to review a HOME-assisted property's rent structure to ensure:**
 - **Rents comply with HOME rent limits**
 - **Rents are reasonable**
 - **Continued compliance with the HOME Program**

Units with LIHTC Assistance



- **Low HOME Rent Limit**
 - Capped at the lesser of the Low HOME rent limit or the LIHTC rent limit for that unit
- **High HOME Rent Limit**
 - Capped at the lesser of the High HOME rent limit or the LIHTC rent limit for that unit
- **If the LIHTC limit is the lesser, supporting documentation must be submitted**

HUD Rent Limits



- HUD Rent Limits are published by HUD and can be found at:
 - <https://www.hudexchange.info/manage-a-program/home-rent-limits/>
- HUD Fair Market Rates are published at:
 - http://www.huduser.org/portal/datasets/fmr/fmr_il_history.html

MDOC HOME Program Rent Increase Requests



- **Can be mailed to:**

**Montana Department of Commerce
Community Development Division – HOME Program
301 South Park Avenue
PO Box 200523
Helena, MT 59620-0523**

- **Can also be emailed to:**

DOCHOME@mt.gov

Rent Increase Form and Instructions



- Available in both Excel and Word formats
- Contact HOME staff for a copy of the Rent Increase Request form and instructions

Rent Adjustment Request Form



Basic Grantee information

Proposed date of Rent Increase

Tenant Utility Information
(provide supporting documentation)

HOME Unit Mix

| Rent Schedule Form | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|------------------------------|-----------------------------|
| Project Name: | | | | | | | | |
| Project Address: | | | | | | | | |
| Name of HOME Grantee: | | | | | | | | |
| Name of Owner: | | | | | | | | |
| Effective Date of Proposed Schedule: | | | | | | | | |
| Name of Preparer: | | | | | | | | |
| Phone Number of Preparer: | | | | | | | | |
| Utility Allowances | | | | | | | | |
| Do tenants pay for utilities at the project? | | | | | | | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| If Yes, attach Section 8 Utility Schedule identifying the tenant-paid utilities | | | | | | | | |
| HOME Unit Mix | | | | | | | | |
| Indicate the number of total HOME-assisted units by bedroom size for the project. For projects with 5 or more HOME units, at least 20% of the units by each bedroom size must be designated as Low-HOME units. | | | | | | | | |
| | 0 Bed | 1 Bed | 2 Bed | 3 Bed | 4 Bed | 5 Bed | 6 Bed | |
| Total Number of HOME Units | | | | | | | | |
| Number of Low-HOME Units | | | | | | | | |

Rent Adjustment Request Form, con't



Effective date of referenced HOME Rent Schedule (as published by HUD)

Low and High HOME Rent Limits

Only applicable if HOME project has Project-Based assistance units

| HOME Rent Limits | | | | | | | |
|---|---|---|-------|-------|-------|---------------------------------|-----------------------------|
| Provide the HOME Program rent limits for your project area using the table below. | | | | | | | |
| Effective Date of HOME Rent Schedule: | | | | | | | |
| | | | | | | | |
| HOME Rent Limits | | | | | | | |
| | 0 Bed | 1 Bed | 2 Bed | 3 Bed | 4 Bed | 5 Bed | 6 Bed |
| Low HOME Rent | | | | | | | |
| High HOME Rent | | | | | | | |
| Project Based Assistance | | | | | | | |
| Does this property receive project-based assistance? | | | | | | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ***Skip this section if you do not have Project-Based units in your project.*** | | | | | | | |
| Through which Program does your project receive assistance? | | | | | | | |
| <input type="checkbox"/> RD Section 515 | <input type="checkbox"/> RD Section 538 | <input checked="" type="checkbox"/> Project Based Section 8 | | | | <input type="checkbox"/> Other: | |
| If other, explain: | | | | | | | |
| | | | | | | | |
| Attach a copy of the letter or rent schedule you received from Rural Development or HUD with the approved rent rates and effective dates for this property. | | | | | | | |

Rent Adjustment Request Form, con't



If applicable, provide the LIHTC Rent Limits.

Proposed Net Rent Structure

Include Low and High Utility Costs (attach documentation)

| Maximum Low Income Housing Tax Credit Rent Limits (if applicable) | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|
| ***Skip this section if you do not have LIHTC units in your project.*** | | | | | | | |
| Provide the Low Income Housing Tax Credit rent limits for your project and project area. | | | | | | | |
| Effective Date of LIHTC rent schedule: | | | | | | | |
| LIHTC Rent Limits | 0 Bed | 1 Bed | 2 Bed | 3 Bed | 4 Bed | 5 Bed | 6 Bed |
| 30% | | | | | | | |
| 40% | | | | | | | |
| 50% | | | | | | | |
| 60% | | | | | | | |
| Net Rent Structure (if applicable) tenant pays utilities | | | | | | | |
| | 0 Bed | 1 Bed | 2 Bed | 3 Bed | 4 Bed | 5 Bed | 6 Bed |
| Low Rent Room | | | | | | | |
| Low Rent Utilities | | | | | | | |
| Total Low Rent | | | | | | | |
| High Rent Room | | | | | | | |
| High Rent Utilities | | | | | | | |
| Total High Rent | | | | | | | |

Rent Adjustment Request Form, con't



Proposed Gross Rent Structure (tenant does not pay utilities as they are included the rent)

Signature of Elected Official or Authorized Representative (as identified in the Management Plan)

Counter Signature (Property Manager or Grant Administrator/Authorized Representative as identified in the Management Plan)

| Gross Rent Structure (if applicable) | | | | | | | |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| | 0 Bed | 1 Bed | 2 Bed | 3 Bed | 4 Bed | 5 Bed | 6 Bed |
| Low Rent Room | | | | | | | |
| Low Rent Utilities | | | | | | | |
| Total Low Rent | | | | | | | |
| High Rent Room | | | | | | | |
| High Rent Utilities | | | | | | | |
| High Rent Total | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

| Signatures | |
|--|---|
| Accepted By: | |
| | Grantee Chief Executive Officer or Elected Official |
| Date: | |
| Counter Signature (ex. Property Manager): | |
| Printed Name: | |
| Title: | |
| Date: | |

Rent Adjustment Request Form, con't



- Upon Review, the HOME Program Officer will determine if the request meets the requirements of the HOME Program
- If the Request meets the HOME requirements, the Officer will sign and mail back the approved form
- If the Request does not meet the HOME requirements, the HOME Officer will work with the Grantee/Owner/Authorized Representative to determine the next steps.

| HOME Program Approval | |
|-----------------------|--|
| HOME Program Officer: | |
| Printed Name: | |
| Date: | |

Appeal Process



- If HOME denies the Rent Increase Request the Grantee/Owner will have 30 days from the date of the letter to appeal the decision
- Must provide additional information/documentation to support appeal
- HOME Program will provide response to the appeal within 15 days of receipt

Records Retention



- **Grantee/Owner must retain the following documents for the entirety of the Period of Affordability and according to the Records Retention Schedule as stated in the contract**
 - Rent Increase Form with all signatures
 - Approval Letter
 - Supporting Documentation



Annual Rental Certifications and Annual Homebuyer Assistance Checks

Purpose of Annual Rental Certifications



- **During the Period of Affordability**
- **Ensure compliance with the HOME Program**
- **Helps to ensure long-term financial viability of a property**
- **Ensures income limits, rent limits, and vacancy rates are in compliance**

Components of Annual Rental Recertification



- **Montana HOME Annual Rental Certification Checklist**
- **Annual Certification for Rental Housing form**
- **Rent and Occupancy Report**
- **Rent Schedule Form**
- **Operating Budget for the current year for project**
- **Statement of Financial Position for project**
- **Statement of Cash Flows for project**
- **Statement of Activities**

Supporting Documentation



- **Tenant Lease (if updated in the last 12 months)**
- **Affirmative Fair Housing Marketing Plan (if updated in the last 12 months)**
- **Tenant Selection Policy (if updated in the last 12 months)**

Montana HOME Annual Rental Certification Checklist



- For Grantee/Owner reference
- Lists all components of Annual Rental Certification

Montana HOME Annual Rental Certification Checklist

In order to complete the Annual Rental Certification, please complete and attach the following documents/documentation:

- Annual Certification for Rental Housing form
- Rent and Occupancy Report
- Rent Schedule Form
- Operating Budget for the current year for the project
- Statement of Financial Position for the project
- Statement of Cash Flows for the project
- Statement of Activities
- If you have changed your Lease in the last 12 months, please attach a copy highlighting the differences
- If you have changed your Affirmative Fair Housing Marketing Plan in the last 12 months, please attach a copy highlighting the differences
- If you have changed your Tenant Selection Policy in the last 12 months, please attach a copy highlighting the differences

Send all of documents to DOCHOME@mt.gov. Please title the email: Annual Rental Recertification/ (Grantee Name)/ (Project Name).

If you have any questions, please contact the Community Development Division at DOCHOME@mt.gov, or 406-841-2770.

Annual Certification for Rental Housing Form



- New form
- Simplified
- Fill out applicable sections of Page 1
- Do need Original Contract and Grantee information

| Montana HOME Investment Partnerships Program Annual Certification for Rental Housing | |
|---|-------------------------------------|
| Certification Period | January 1, 2015 – December 31, 2015 |
| Project Name | |
| Project Address | |
| City, Zip Code | |
| Ownership Entity | |
| Original Contract # | |
| Original Grantee | |
| Current Owner | |
| Owner Contact Person | |
| Street Address | |
| City, State, Zip Code | |
| Phone | |
| Email | |
| Date Entity Commenced Ownership of Project | |
| CHDO (Yes or No) | |
| Non-Project Organization (Yes or No) | |
| Management Information (If different from Owner) | |
| Management Company Name | |
| Management Contact Person | |
| Professional Title | |
| Street Address | |
| City, State, Zip Code | |
| Phone | |
| Email | |
| Date Company Commenced Management of Project | |
| On-Site Contact Person | |
| On-Site Phone | |
| On-Site Contact Email | |
| Service Provider (If Applicable) | |
| Company Name | |
| Contact Person, Title | |
| Street Address | |
| City, State, Zip Code | |
| Email | |
| Description of Services | |
| Contract or MOU Effective Date | |

Rent Schedule Form



- Provides details about the current rent and utility limits for the project
- To ensure project is in compliance with HOME

| Rent Schedule Form | | | | | | | | |
|--|--|-------|-------|-------|-------|-------|------------------------------|-----------------------------|
| Project Name: | | | | | | | | |
| Project Address: | | | | | | | | |
| Name of HOME Grantee: | | | | | | | | |
| Name of Owner: | | | | | | | | |
| Effective Date of Proposed Schedule: | | | | | | | | |
| Name of Preparer: | | | | | | | | |
| Phone Number of Preparer: | | | | | | | | |
| Utility Allowances | | | | | | | | |
| Do tenants pay for utilities at the project? | | | | | | | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| If Yes, attach Section 8 Utility Schedule identifying the tenant-paid utilities | | | | | | | | |
| HOME Unit Mix | | | | | | | | |
| Indicate the number of total HOME-assisted units by bedroom size for the project. For projects with 5 or more HOME units, at least 20% of the units by each bedroom size must be designated as Low-HOME units. | | | | | | | | |
| | 0 Bed | 1 Bed | 2 Bed | 3 Bed | 4 Bed | 5 Bed | 6 Bed | |
| Total Number of HOME Units | | | | | | | | |
| Number of Low-HOME Units | | | | | | | | |
| Fixed or Floating HOME Units? | <input type="checkbox"/> Fixed <input type="checkbox"/> Floating | | | | | | | |
| HOME Rent Limits | | | | | | | | |
| Provide the HOME Program rent limits for your project area using the table below. | | | | | | | | |
| Effective Date of HOME Rent Schedule: | | | | | | | | |
| Current HOME Rent Limits | | | | | | | | |
| | 0 Bed | 1 Bed | 2 Bed | 3 Bed | 4 Bed | 5 Bed | 6 Bed | |
| Low HOME Rent | | | | | | | | |
| High HOME Rent | | | | | | | | |

Financial Information



- **Operating Budget for the current year for the project**
 - Looking for:
 - ✦ Reserve accounts
 - ✦ Regular deposits in reserve accounts
- **Statement of Financial Position for the project**
 - Looking for:
 - ✦ Assets and liabilities
- **Statement of Cash Flows for the project**
 - Looking for:
 - ✦ Positive cash flow for the previous year
- **Statement of Activities for the project**
 - Looking for:
 - ✦ All revenues for the project

Additional Documents



- If the following have been updated in the last twelve (12) months they are required to be attached to the Annual Rental Certification:
 - Tenant Lease
 - Affirmative Fair Housing Marketing Plan
 - Tenant Selection Policy
- For each of these the HOME Program asks that the differences are highlighted for quick reference

Reminders for Tenant Leases



- **Tenant leases cannot contain the following prohibited lease terms:**
 - **Agreement by the tenant:**
 - ✦ **To be sued**
 - ✦ **That the owner may seize property without notice & a court decision on the rights of the parties involved**
 - ✦ **To not hold owner legally responsible for actions or failure to act**
 - ✦ **That the owner may institute a lawsuit without notice to tenant**
 - ✦ **That the owner may evict without instituting a civil court proceeding**
 - ✦ **To waive the right to a jury trial**
 - ✦ **To waive the right to appeal court decision**
 - ✦ **To pay attorney fees or other costs regardless of the outcome**

Reminders for Tenant Leases, con't



- An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds except for:
 - Serious or repeated violation of the terms and conditions of the lease;
 - Violation of applicable Federal, State, or local law;
 - Completion of the tenancy period for transitional housing; or
 - For other good cause
- Lease must stipulate the owner must give 30-day written notice if terminating the lease

Affirmative Fair Housing Marketing Plan



- For projects with five or more units, the project must have an Affirmative Fair Housing Marketing Plan for Multi-Family Housing
- Must include:
 - Plan to inform and solicit applications from person in the housing market area
 - Efforts to include women, minorities, and special needs populations, including those with disabilities

Tenant Selection Policy



- **What we look for:**
 - Eligibility requirements and income limits for admission to housing
 - Whether or not there is an elderly restriction or preference
 - ✦ Restriction or preference must cite the supporting documentation to ensure nondiscrimination in the selection of tenants
 - Must be consistent with purpose of increasing access to housing opportunities for low-income households

Montana HOME Review



- **The HOME Program will review the Annual Rental Certifications on a first-come-first-serve basis**
- **If there are questions, the HOME Program Specialist will contact the Authorized Representative**
- **Projects must be certified annually to remain in compliance with HOME requirements. Non-compliance with HOME requirements may result in repayment of HOME funds**
- **Approvals will be sent through the mail**

Common Questions from HOME



- **The following are common questions asked by the HOME Program to Grantees/Owners during the Annual Rental Certification Review:**
 - When were the HQS/UPCS inspections conducted in the last year?
 - Would you please submit the current cash flow information?
 - Where is your Affirmative Fair Housing Poster on display?
 - When was your Affirmative Fair Housing Plan last updated?

HOME Program Approval



- If the completed items and supporting documents meet the requirements as set forth by HUD the HOME Program will approve the Annual Rental Certification
- The original signed certification and an approval letter will be mailed to the Authorized Representative
- The Grantee/Owner is required to keep all documents for the entirety of the Period of Affordability per the contract

Records Retention



- **The HOME Program will retain a copy of each Rental Certification and approval letter for the entirety of the Period of Affordability**
- **The Grantee/Owner is required to retain the following items:**
 - Entire Annual Rental Certification Packet, including budget statements
 - Letters of Approval from the HOME Program
 - All supporting documents (including tenant income verifications)

Annual Rental Certification Submissions



- Annual Rental Certifications can be submitted any of three ways:

- DOCHOME@mt.gov
- Through the State File Transfer System
- Through the mail to:

**Department of Commerce
Community Development Division
HOME Program
P.O. Box 200523
Helena, MT 59620-0523**

Questions?



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Community Development Division
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