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/](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](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 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:

<table>
<thead>
<tr>
<th>HOME Rent Limits</th>
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<tbody>
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HOME Rent Limits

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<th>0 Bed</th>
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<th>3 Bed</th>
<th>4 Bed</th>
<th>5 Bed</th>
<th>6 Bed</th>
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<tbody>
<tr>
<td>Low HOME Rent</td>
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<tr>
<td>High HOME Rent</td>
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</tbody>
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Project Based Assistance

Does this property receive project-based assistance? □ Yes □ No

***Skip this section if you do not have Project-Based units in your project.***

Through which Program does your project receive assistance?

□ RD Section 515 □ RD Section 538 □ Project Based Section 8 □ 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.

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<tr>
<th>LIHTC Rent Limits</th>
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<table>
<thead>
<tr>
<th>Effective Date of LIHTC rent schedule:</th>
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If applicable, provide the LIHTC Rent Limits.

Proposed Net Rent Structure

Include Low and High Utility Costs (attach documentation)

<table>
<thead>
<tr>
<th>Net Rent Structure (if applicable) tenant pays utilities</th>
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</thead>
<tbody>
<tr>
<td>Low Rent Room</td>
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<tr>
<td>Low Rent Utilities</td>
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<tr>
<td>Total Low Rent</td>
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<tr>
<td>High Rent Room</td>
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<tr>
<td>High Rent Utilities</td>
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<tr>
<td>Total High Rent</td>
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</tbody>
</table>
Proposed Gross Rent Structure (tenant does not pay utilities as they are included in the rent)

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<tr>
<td>Low Rent Room</td>
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<td>Low Rent Utilities</td>
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<td>Total Low Rent</td>
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<td>High Rent Room</td>
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<td>High Rent Utilities</td>
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<tr>
<td>High Rent Total</td>
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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)
• 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.
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.
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 DOHOME@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 DOHOME@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
Rent and Occupancy Report

- Document “facelift”
- % of AMI rather than code
- Don’t forget the inspection dates
Rent Schedule Form

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

Department of Commerce
Community Development Division
HOME Program
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