Rent Calculation
Quick Guide & Calculator

The New York City Housing Authority and New York City
Department Housing Preservation and Development

Emergency Housing Voucher Program

The following guide provides a quick reference on the various factors that impact rent calculations at Housing Preservation and Development (HPD) and New York City Housing Authority (NYCHA) (also referred to as Public Housing Agencies, or PHAs). This information is communicated to program applicants at voucher issuance for the Emergency Housing Voucher (EHV) program. This guide is designed to help you understand whether an applicant can afford a unit they are considering. Attached to the Rent Calculation Quick Guide is a Rent Calculator tool that allows you to make the calculations described below automatically. Please note that this guide and calculator is only intended to provide guidance and does not override any PHA decisions, policies, or procedures.

To determine the affordability of the unit, you must first review the unit size on the voucher and the corresponding voucher payment standard.[1] It is also important to remember that when a family selects a unit with a gross rent (requested rent + applicable utility allowance) that is more than the Public Housing Agency's (PHA) payment standard, the 40% rule applies and the tenant will be responsible for any amount over the payment standard. The 40% rule states that the family share of rent for that unit must not exceed 40 percent of the family's monthly adjusted income at the initial rental of the unit. Additionally, when completing the rent calculation also considers rent reasonableness, household immigration status, and utility allowance. More on these topics is below.

Rent Calculation Process:

1. Determine the applicable **payment standard** for the household size.[2] The **payment standard** is the maximum monthly subsidy HPD and NYCHA will pay for a unit, based on the number of bedrooms on the household's voucher and whether or which utilities are included in the rent. If you rent an apartment with fewer bedrooms than what is listed on your voucher, your Payment Standard will match the number of bedrooms in the unit, not the voucher. You can see how much an EHV can pay in each Zip Code by visiting nyc.gov/hpd-payment-standards.

Payment standard information continued on next page

---

[1] Please note: On August 15, 2022, HPD updated its subsidy standards/voucher size. HPD will allot one bedroom per person, with the exception of married or partnered adults, who will be allocated one shared bedroom. If you rent an apartment with fewer bedrooms than what is listed on your voucher, your Payment Standard will match the number of bedrooms in the unit, not the voucher.
[2] If the unit is in an Exception Payment Standard area, you must use the HPD payment standard look-up tool to find the correct payment standard based on the unit size and zip code.
https://www1.nyc.gov/site/hpd/services-and-information/subsidy-and-payment-standards.page

Verifying Number of Bedrooms

The number of bedrooms on the voucher is located in Box 1, pointed out below with the red arrow:

Impact of Unit Size Selection

- A household can select a larger or smaller unit size than listed on their voucher
  - HPD or NYCHA must use the payment standard and utility allowance for the **lower of the unit size** listed on the voucher or the unit size selected by the household.

2. Determine the applicable **utility allowance**. A utility allowance is applied if the cost of utilities for an assisted unit is not included in the rent but is paid by the tenant/family occupying the unit. For the latest HPD and NYCHA Utility Allowance Rates, please visit: https://www1.nyc.gov/site/hpd/services-and-information/subsidy-and-payment-standards.page

   Note: Sometimes, the calculation of family rent to the owner may result in a negative amount, in which case the family rent to the owner is zero, and the family will receive a utility reimbursement (called a utility assistance payment (UAP)) from the PHA.

3. Calculate the **Gross Rent (Total Cost of Housing).** The gross rent is **the entire monthly housing cost** and is calculated by adding the rent paid to the owner (by both the tenant and PHA) **and the utility allowance** for the unit. If the utilities are included in the rent, the rent to the owner and the gross rent will be the same. In determining whether a client can afford a unit, you must consider the **entire housing cost**.

> **Keep in Mind Rent Reasonableness Applies**: The PHA will determine if the **rent is reasonable**. HUD requires the rent to be reasonable in relation to rents be charged for comparable unassisted units, considering the location, size, type, and age of unit, as well as any amenities, housing services, maintenance, and utilities provided by the owner. The owner may not charge more for an assisted unit than they receive for similar unassisted units in the building or development. **HPD and NYCHA may not approve a unit that does not meet rent reasonableness standards**.

Example:

(Example) **Payment standard** for 2-bedroom unit =	$2,217
Rent to owner (not including utilities) =	$2,100
Example HPD **utility allowance*** for 2 bedroom unit (gas + elec.) =	$121 (utility allowance is a deduction from the total tenant payment applied by HPD/NYCHA)[3]
Gross rent (rent to owner + utility allowance) =	$2,221 (2,100 + $121)

*Refer to NYCHA and HPD utility standards linked in footnote (1)

4. Calculate the household's **Total Tenant Payment, or TTP. TTP** is the minimum amount the family will pay toward rent and utilities and is calculated using a statutory formula and family income information. TTP is also referred to as the estimated rent contribution.

   The amount the household pays **is the highest** of the following:

   ‣30% of monthly adjusted income'[4]
   ‣Shelter Allowance (Welfare Rent),[5] OR
   ‣$50* (NYCHA) / $0 (HPD) (the "**minimum rent**" or the minimum total tenant payment established by HPD and NYCHA)

   *Note: For NYCHA: If the household is unable to pay the minimum rent ($50) requirement because of financial hardship, a household may submit a written request detailing the financial hardship/ minimum rent exemption (financial hardship). NYCHA will review the request to determine if an exception to the minimum rent requirement should be granted.[6]

---

[3] The utility allowance is applied to the tenant-share and would reduce the tenant-share amount. Only if the tenant-share amount becomes zero would there be an instance of HPD/NYCHA providing a utility allowance credit to the participant directly.

[4] 30% of monthly adjusted income OR 10% of monthly income. A household's adjusted gross income is the household's gross income plus the cash value of assets minus any exclusions and allowable deductions. For more information, see NYCHA's Public Housing Rent Calculation Frequently Asked Questions here: https://www1.nyc.gov/assets/nycha/downloads/pdf/Rent-Calculation-FAQ.pdf and 24 CFR § 5.611 - Adjusted income.

[5] When public assistance is paying the tenant share of rent, the welfare rent is paid directly to the owner by the Department of Social Services (DSS) and the subsidy pays the difference up to the contract rent.

[6] A household may submit a written request detailing the financial hardship/ minimum rent exemption (financial hardship). The submission of the request can be sent in the form of a letter with the Rental Package, the Annual Recertification, Interim Request or Eviction Certification response. The submission must include supporting documentation.

Example:

(Example) Adjusted Household Monthly Income =	$1,000
30% of monthly adjusted income) =	$300
Estimated Household rent contribution =	$300 (30% of adjusted monthly income)
Maximum family share at initial occupancy =	$400 (40% of adjusted monthly income)[7]

5. Calculate the estimated **Housing Assistance Payment** that will be paid by HPD or NYCHA directly to the owner:

   The housing assistance payment for an applicant is the lower of the **gross contract rent minus the TTP or the payment standard minus the TTP**.

6. **Example Rent Calculations**:

   Below are examples for a household with a composition of U.S Citizens and eligible immigrants and a Mixed Immigration Status Family, where some family members have an eligible immigration status and some family members do not have an eligible immigration status:

   U.S Citizens and Eligible Immigrants Household Example (based on #4 example):

Example Payment Standard for a 2-bedroom unit =	$2,217
Rent to owner (not including utilities) =	$2,100
Example HPD utility allowance for 2 bedrooms (gas + elec.) =	$121 (utility allowance is a deduction from the total tenant payment applied by HPD/NYCHA)
Gross rent (rent to owner + utility allowance) =	$2,221
Household rent contribution =	$300 (30% of adjusted monthly income)
Maximum initial rent contribution =	$400 (40% of adjusted monthly income)
HAP is (the lower of the payment standard minus the household rent contribution **OR** Gross Rent minus household rent contribution) =	$1,917 (any amount greater than this amount will be the responsibility of the family to pay)
Household rent contribution when the gross rent is higher than the payment standard (gross rent minus the HAP) =	$304

See examples of financial hardship on page 16 of NYCHA's Administrative Plan:
https://www1.nyc.gov/assets/nycha/downloads/pdf/HCVAdministrativePlan-05-18-2020.pdf
[7] If the tenant-share of the rent is more than 40% of the adjusted monthly income, then this would violate the 40% rule and the rental would be rejected. 24 C.F.R. § 982.508.

Mixed Immigration Status Families- Example

To receive Housing Choice Voucher Program assistance, at least one family member must be a U.S. citizen or eligible immigrant. Eligible immigrants are persons who are in one of the immigrant categories as specified by HUD in 24 CFR Part 5. Households that include eligible and ineligible individuals are called "mixed." Such applicant households will be given notice that their **assistance will be pro-rated** and that they may request an informal review if they contest this determination. This means the amount of assistance will be reduced by the ineligible number of family members in the household. Another way to say it is that the percent of assistance is based on the number of eligible household members.

Proration Example for a Mixed Immigration Status Household:

Housing Assistance Payment by HPD/NYCHA is the lower of the payment standard (in this example = $2,217) minus the household rent contribution (in this example, $300 is 30% of monthly adjusted income) **OR** Gross Rent ($2,221) minus household rent contribution ($300)	
HPD/NYCHA rent subsidy before proration = $1,917	
Proration Factor	3 eligible household members out of 4 total household members = .75 proration factor
HPD/NYCHA rent subsidy after proration	$1,917 x .75 = **$1,437.75**
Household rent contribution after proration	$2,221 - $1,437.75 = **$783.25**
Household rent contribution before proration = $300, after proration = $783.25	

Please see the following pages for additional resources and a calculator tool.

Additional Resources:

For more detailed information on how to calculate rent, please see:

- HUD's Housing Choice Voucher Program Guidebook: HCV_Guidebook_Calculating_Rent_and_HAP_Payments.pdf (hud.gov)
- HPD's HCV Briefing Book, Chapter 5 (p. 24): https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/section-8-briefing-book-abridged.pdf
- NYCHA's Section 8 Administrative Plan (starting on p.15): https://www1.nyc.gov/assets/nycha/downloads/pdf/HCVAdministrativePlan-05-18-2020.pdf

For more detailed information on how to calculate income in EHV and HCV, please see the below links:

- 24 CFR 5.609(b) and (c), Income Inclusions and Exclusions: https://www.hud.gov/sites/documents/DOC_35699.PDF
- NYCHA's Public Housing Rent Calculation Frequently Asked Questions: Rent-Calculation-FAQ.pdf (nyc.gov)

For example rent calculations, see *Appendix B: Rent Calculation Example* in HPD's HCV Briefing Book starting on page 98:

https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/section-8-briefing-book-abridged.pdf

NYC EHV Calculator

Introduction

This worksheet is intended to help Emergency Housing Voucher (EHV) recipients, Housing Navigators, or case workers estimate the amount a household will pay in rent. The numbers generated through this worksheet are **estimates**; it is important to verify the amount a household will actually pay with HPD or NYCHA. Please refer to the Rent Calculation Quick Guide accompanying this worksheet for further information, definitions of terms, and resources. Housing Navigators or case workers can assist recipients with completing this worksheet and answering questions that might arise as they complete it.

Step One: Subsidy Standard Determination

Enter the **payment standard** for your voucher size:

> Please use the Payment Standard Lookup tool on NYC Housing Preservation and Development's website to find the correct payment standard. Learn more about payment standards in the quick guide above.

Enter the utility allowance:

> To find the utility allowance, please see HPD's utility allowance page or NYCHA's utility allowance page. Learn more about utility allowances in the quick guide above.

Enter the landlord/owner's proposed rent:

Your **gross rent** (utility allowance + proposed rent) is:

Enter whichever one is the lowest of the payment standard or the gross rent:

(Rent Calculation Worksheet continued on next page)

Step Two: Total Tenant Payment

Enter your household's monthly adjusted income:

> Learn more about adjusted income in the quick guide <u>above</u>.

> **30% of your household's monthly adjusted income** is:

> Enter your **shelter allowance/welfare rent** (if applicable):

> Enter the HPD/NYCHA **minimum rent**:

> The HPD minimum rent is $0; the NYCHA minimum rent is $50.[8]

Your **Total Tenant Payment**, or TTP is the <u>highest</u> of the three measures:

- 30% of your household's monthly gross income;
- Shelter allowance/welfare rent; OR
- HPD/NYCHA's minimum rent.

Enter the highest number here:

This is the estimated <u>minimum</u> amount of rent that <u>you will pay</u>.

Step Three: Housing Assistance Payment

The payment standard minus the TTP is:

The gross rent minus the TTP is:

Enter the lower of these two numbers:

This amount is the estimated **Housing Assistance Payment** or HAP. It is the estimated amount that <u>HPD or NYCHA will pay</u> directly to the owner on your behalf.

---

[8] (Note: If your voucher is issued by NYCHA and you are unable to pay the minimum rent of $50 due to financial hardship, you may submit a written request detailing your financial hardship. NYCHA will review your request to determine if an exception to the minimum rent requirement can be granted.)

Additional Immigration Status Proration Calculator

If your household has **mixed immigration status** (one or more of you is a U.S. Citizen or in an eligible immigration category and one or more of you is not in an eligible immigration category), your assistance will be pro-rated. This section will help you estimate the amount of assistance you can expect to receive. For more information about mixed immigration status households, please see the quick guide above. If your household does not have mixed immigration status, you can disregard this section.

Enter the total number of household members:

Enter the total number of household members with eligible immigration status:

Your proration factor is:

Your estimated prorated HAP payment is:

Your **estimated rent contribution after proration** is:

This is the estimated amount you will pay to the owner. It is calculated by subtracting the prorated HAP payment from the gross rent/payment standard.

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

NYC
Department of Housing Preservation & Development

NEW YORK CITY HOUSING AUTHORITY