

October 26, 2015

TO: Owners and Managers of HOME Funded Properties in Georgia

FROM: The Office of Portfolio Management  
Compliance Monitoring & Asset Management  
60 Executive Park South, NE  
Atlanta, Georgia 30329

Regarding: 2015 DCA HOME Rent Request/Approval

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### **DCA HOME/NSP RENT REQUEST/APPROVAL FORM**

Because of changes in the HOME Final Rule August 2013, DCA is required to review and approve the HOME gross rent and utility allowances for all HOME funded properties on an annual basis. At this time, the deadline to submit all annual rent request forms is **Wednesday November 11, 2015**.

The Office of Portfolio Management has created a Rent Request/Approval form to have a consistent practice and format for reviewing and approving HOME gross rent and utility allowances annually for your HOME designated units. This form is mandatory and includes the HUD published income and rent limits HOME as well as the Tax Credit income limits. Once you complete the requested property information on the form, DCA will conduct a review of the rent information and provide a response within **15 business days** of the date the request is received.

**REQUEST FOR RENT REVIEW EMAIL TO [COMPLIANCE@DCA.GA.GOV](mailto:COMPLIANCE@DCA.GA.GOV)**

**Email Subject Line:** GA ID #, Property Name, HOME Rent Review, County Location

**Example: GAXX-000 ABC Properties HOME Rent Review, Fulton County**

All requests will be reviewed and returned within **15 business days** of receiving the request.

### **HOME/ LEASE REQUIREMENTS**

Rent increases can only be implemented for new leases and at the end of the lease term for your current residents with a 30-day notice

## DOCUMENTS AND DETAILS TO INCLUDE IN THE EMAIL REQUEST

Include details in the body of the email that would assist us in our review of your rent request. You should let us know if there is more than one (1) utility type used on your HOME units, if you are requesting a change to your utility methodology, if you have units larger than 4 bedrooms, or if you have questions about the information provided on the HOME Rent Request/Approval form.

Provide the following supporting documents:

1. Exhibit B with rent and set-aside details from the Land Use Restriction Agreement for HOME (LURA)
2. All Utility Allowance Schedule(s) used for your HOME units
3. If Applicable provide the following documents
  - a. Exhibit B with rent and set-aside details from the Land Use Restrictive Covenant for Tax Credits, if applicable (LURC)
  - b. If your HOME units are “Fixed”, a list of the HOME designated units must be included
  - c. Confirmation of Rural designation from the USDA website
  - d. Additional information to support your HOME rent determination, (e.g., rent evaluation information) **Note:** If you find discrepancies in the rent calculation for your property and/or dispute the amounts included in the form, please draw attention to the area in your email message or include supporting documentation for review.

## HOME GROSS RENT DETERMINATION

The HUD published High HOME and Low HOME rent is used in the determination of gross rent for properties with HOME funding. DCA’s HOME policy is more restrictive than statute. HOME units with Tax Credits cannot exceed 60% AMI or FMR. HUD considers FMR in the determination of the High HOME and Low HOME rent. For properties layered with Tax Credit and HOME the lesser of the applicable gross rent for each program will be the approved rent for HOME designated units. Review your Land Use Restriction Agreement (LURA) for your property’s requirements

## UTILITY ALLOWANCE

For the annual review of your HOME rent, you must complete the Utility Allowance information in the HOME Rent Request/Approval form. If there is more than one (1) utility allowance schedule (i.e., actual consumption allowance and PHA allowance), applied to your HOME designated units, you must complete a separate HOME rent request form showing the specific utility allowance information from each schedule

If there is more than one (1) utility source used to determine your total utility allowance, each source must be included in the applicable section in the Utility Allowance section of the HOME Rent Request/Approval form. (i.e., electric, water/sewer, etc.)

## **HOME LAYERED WITH TAX CREDITS INCOME LIMITS USED TO CALCULATE TAX CREDIT RENT**

The Tax Credit income limits published from 2009-2015 are included in the rent review form, and are used in the determination of gross rent for HOME properties layered with Tax Credits (“Layered”). For Layered properties, the HUD published HOME rent will be compared with the applicable Tax Credit rent based upon the County/MSA area and effective date of the Gross Rent Floor (also known as the Placed in Service Date). In the (FYI) Property Rent tab in the spreadsheet, a summary of the property HOME income and rent limits is provided.

LIHTC properties are eligible to use the highest income limit beginning with the income limits effective as of the placed in service date, even if there is a decrease in later years. This means that the Tax Credit rent is effectively “held harmless” or not required to be decreased because there is a decrease in the current income limits

## **HOME STATE SET-ASIDE RENTS (Deeper Rent Restrictions) HOME LAYERED with TAX CREDITS**

The State set-aside rents are usually lower than 50% or between 50% and 60% AMI. These rent and income limits are the most restrictive program limits in effect at the property as detailed in your LURA. For properties layered with Tax Credit and HOME, the applicable Tax Credit rent is compared with the calculated rent from the HOME income limits and the more restrictive of the two required program rents will apply to the unit.

## **HOME STATE SET-ASIDE RENTS (Deeper Rent Restrictions) HOME ONLY**

The HOME income limits are separate from the HOME published rent limits. The HOME income limits are used to calculate the required deeper HOME rent restrictions in properties without another governing rent limit, such as Tax Credits.

If your property LURA does not provide a specific rent restriction, but lists a calculation based upon the AMI for each bedroom size, there is a section in the form to assist with the rental calculation. Feel free to contact our office if you need assistance.

## **HOME with PROJECT BASED RENTAL ASSISTANCE**

DCA includes the review of Rental assistance in the HOME rent review. If you have a Project Based Rental Assistance (PBRA) contract on your HOME designated units, you must be aware of the rules regarding the applicable contract rent that can be charged for your Low HOME and High HOME designated units. The rent review form includes a question about PBRA. If you choose “Yes”, you must list only the HOME units with PBRA rental assistance on the form, and complete a separate form for all other HOME units without PBRA.