



LEGAL AID SOCIETY OF HAWAI'I



PUBLIC HOUSING: HOW TO CALCULATE RENT TOTAL TENANT PAYMENT (“TTP”)

IMPORTANT

This brochure applies to tenants in public housing developments operated by the Hawaii Public Housing Authority (“HPHA”).



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Revised July 2016. [H20] Public Housing – Calculating Rent

Total Tenant Payment (“TTP”)

Total Tenant Payment (“TTP”) refers to the amount of money families in public housing are required to pay for rent each year. There are two different types of rent: (1) Income-Based Rent, and (2) Flat Rent. Housing managers calculate both Income-Based Rent and Flat Rent on a yearly basis. Tenants are given their choice between Income-Based Rent and Flat Rent each year during their annual re-certification.

Income-Based Rent

Income-Based Rent is more common among families in public housing because it is usually cheaper than Flat Rent. The formula for calculating Income-Based Rent is set by the U.S. Department of Housing and Urban Development (“HUD”), and is not open to interpretation by Hawaii Public Housing Authority. If you chose to pay Income-Based Rent, you will pay the GREATER of the following:

- 30% of the household’s “adjusted monthly income;”
- 10% of the household’s “monthly income;”

Flat Rent

For families earning above-average income in public housing, Flat Rent may be cheaper than Income-Based Rent. Essentially, Flat Rent is a price ceiling on the amount of rent you can be charged. It is determined by the Fair Market Rents established by HUD. If you choose to pay Flat Rent, your monthly rent will equal the current fair market rent for units comparable in size in the surrounding neighborhood.

NOTE: Flat Rent includes monthly utilities (less telephone and cable television).

How Does HPHA Know My Income?

HPHA requires that you show proof of income every year during your annual re-certification. HPHA also has access to a computer system that reports and verifies income from various sources. If you intentionally withhold information about your income, HPHA will likely begin eviction proceedings, and you may be charged with fraud.

IMPORTANT: You can avoid paying higher rent and/or penalties, and possibly eviction by complying with annual recertification reviews, and by reporting changes to your income immediately as they occur. Read Legal Aid’s brochure, “*Public Housing: What to do if Your*

Income Changes,” for more information on the effects of changes to your income and how to report them to your property manager.

Calculating Income-Based Rent

Recall that Income-Based Rent means you pay the GREATER of:

- 30% of the household’s “**adjusted** monthly income;”
- 10% of the household’s “monthly income;”

Adjusted Income is defined as Annual Income minus any HUD allowable deductions. So, to calculate your Adjusted Income, you must first calculate your Annual Income, and then subtract certain amounts deemed “deductible” by HUD.

STEP 1: CALCULATE YOUR ANNUAL INCOME

Generally, **Annual Income** means the total anticipated income from all sources received by each member of the family. Examples of what does, and what does not, constitute Annual Income are listed below.

Annual Income Includes:

- Wages, tips, over-time, and salary
- Welfare assistance and social security payments
- Child Support payments
- Returns on investments (ROI)
- Recurring gifts (for example, if someone gives you \$50.00 each month)

Annual Income Does Not Include:

- Employment income from children under 18 years of age
- Employment income from children 18 years of age or older, who are full-time students
- Foster care payments
- Sporadic gifts (for example, birthday/Christmas gifts)
- Groceries provided by persons not living in the household (for example, Meals on Wheels)
- SNAP (Food Stamp) benefits
- Earned Income Disregard (EID): All income earned by a tenant who was previously on welfare but is now employed under a Federal or State job program such as, First to Work
- Earned Income Disregard (EID): One half of income earned by a tenant who was previously on welfare and participated, subsequently, in a work-training program
- The Earned Income Tax Credit

NOTE: See the back of this brochure for more examples.

AVERAGING INCOME

When Annual Income cannot be anticipated for a full twelve months, HPHA will use your current or most recent pay-stubs to calculate “Average Income” (your projected Annual income). If pay-stubs are not available, HPHA will use your Annual Income from the previous year.

The purpose of averaging income is to keep income-based rent consistent for those families whose income changes from month-to-month.

The method for calculating Average Income depends on the regularity, source, and type of your income. For example, if there are bonuses or overtime wages, which your employer cannot guarantee for the next twelve months, HPHA will use bonuses and overtime reported during the previous year.

NOTE: When Average Income is used, HPHA should conduct periodic (bi-weekly, monthly, or quarterly) reexaminations to determine if and/or when income changes occur.

STEP 2: ALLOWABLE DEDUCTIONS AND OTHER EXCLUSIONS

There are two types of allowable deductions: (1) Mandatory Deductions, and (2) Permissive Deductions. The sum of these should be subtracted from your Annual Income to get your Adjusted Income. Mandatory Deductions are set by HUD, and are not open to interpretation by HPHA. They must always be excluded in the calculation of your Adjusted Income. Permissive Deductions are additional deductions set by HPHA. Ask your housing manager if HPHA has adopted any Permissive Deductions before calculating your Adjusted Income.

MANDATORY DEDUCTIONS:

1. \$480.00 for each dependent.

A “dependent” is any member of the family who is neither the head of household, nor his/her spouse, and who is:

- Under the age of 18;
- A person with a disability; OR
- A full-time student

NOTE: You may not take a deduction for a child who is 18 or older, a full-time student, AND earns more than \$480.00 per year.

2. \$400.00 for any elderly AND/OR disabled family member.

Federal law defines “elderly” as being 62 years of age or older.

3. Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his/her education.

“Child care expenses” relates to those spent on children under the age of 13.

4. Add up the following expenses:

- (i) Unreimbursed medical expenses for each elderly and/or disabled family member; and
- (ii) Unreimbursed attendant care and/or medial apparatus expenses for each member of the family with disabilities, which are necessary for any member of the family (including the member who is a person with disabilities) to be employed.

You may deduct any amount of the sum total of the above-mentioned expenses that exceeds three percent of your Annual Income.

To calculate 3% of your Annual Income, multiply Annual Income by (0.03). Then, subtract this number from the sum total of the above-mentioned expenses. If you are left with a POSITIVE number, then you may deduct this amount from your Annual Income.

NOTE: For more information on allowable deductions, read Legal Aid’s brochure, “Public Housing: The Earned Income Disregard,” or call our Intake Hotline. (See contact information at the back of this brochure).

STEP 3: CALCULATE YOUR ADJUSTED INCOME

- Use the formula below to calculate your Adjusted Income.

ANNUAL INCOME \$ _____	-	ALLOWABLE DEDUCTIONS \$ _____	=	ADJUSTED INCOME \$ _____
Calculated in “STEP 1”		Calculated in “STEP 2”		

STEP 4: COMPARE (30% ADJUSTED INCOME VS. 10% ANNUAL INCOME)

Once you have calculated both your Annual Income (Step 1), and your Adjusted Income (Step 3), make the following calculations to determine your Total Tenant Payment:

REMEMBER: You will be paying the GREATER of the two amounts below.

- **Multiply your Adjusted Income by 30% (0.30).**

ADJUSTED INCOME \$ _____	$\times (0.30) =$	YEARLY RENT \$ _____
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This number represents 30% of your Adjusted Income for the entire year. Divide this number by 12 to find your monthly housing payment.

- **Multiply your Annual Income by 10% (0.10).**

ANNUAL INCOME \$ _____	$\times (0.10) =$	YEARLY RENT \$ _____
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This number represent 10% of your Annual Income for the entire year. Divide this number by 12 to find your monthly housing payment.

IMPORTANT: If your utilities are NOT included in your rent, then a monthly “Utility Allowance” should be deducted (subtracted) from the GREATER of the two above-listed amounts. A schedule of applicable utility allowances should be posted in the Housing Management Office.

<u>Amounts INCLUDED in Annual Income</u>	
<ul style="list-style-type: none"> • Wages * • Salaries * • Overtime Pay * • Commissions * • Fees * • Tips * • Bonuses * • Net Income from the operation of a business • Interest • Dividends • Severance Pay • Welfare Assistance • Alimony (amounts received) • Child Support (amounts received) 	<ul style="list-style-type: none"> • <i>Periodic (regular) amounts from:</i> <ul style="list-style-type: none"> ○ Social Security ○ SSI ○ Annuities ○ Insurance Policies ○ Retirement Funds ○ Pensions ○ Disability Benefits ○ Death Benefits • Disability Compensation • Unemployment Compensation • Worker’s Compensation • Regular Gifts (e.g. someone regularly pays your utility bill).

** The full amounts, before any payroll deductions, count towards Annual Income*

Amounts *EXCLUDED* from Annual Income

- Income from employment of children under 18 years of age
- Foster Care payments
- Lump-sum additions to family assets (e.g., one-time payments), such as:
 - Inheritances
 - Insurance payments
 - Capital gains
 - Personal injury settlements
 - Lump-sum SSI payments
- SNAP benefits (Food Stamps)
- Basic Educational Opportunity Grants (Pell Grants), Supplemental Opportunity Grants, State Student Incentive Grants, College Work Study, and Byrd Scholarships
- LIHEAP payments
- Earned Income Tax Credits
- Reimbursements for medical expenses (e.g. from you insurance provider)
- Income of a live-in aide
- Student financial assistance paid directly to the student or educational institution
- Armed Forces “combat pay”
- Temporary, non-recurring, or sporadic income (e.g., birthday gifts)
- Adoption assistance payments over \$480 per adopted child
- Earnings over \$480 for each full-time student 18 years of age or older
- Amounts received under HUD-funded work training programs

NOTE: These lists do not include *every* source included in, or excluded from, Annual Income. Refer to HUD Federal rules or call the Legal Aid Society of Hawaii to learn more about your financial situation.

IMPORTANT: If you believe your rent was calculated incorrectly, you should serve (hand-deliver) a written grievance hearing request on your Housing Manager immediately. (*See Legal Aid’s Brochure, “Public Housing: The Grievance Process”*). If the issue cannot be resolved during your grievance hearing, call the Legal Aid Society of Hawaii for assistance.

Legal Aid Society of Hawai'i

924 Bethel Street
Honolulu, HI 96813

www.legalaidhawaii.org

Legal Aid's Hotline:

O'ahu: 808.536.4302

Neighbor Islands: 1.800.499.4302

REMEMBER:

This brochure is meant to provide general information, and does not provide specific legal advice about your individual case. The law often changes. Each case is different.

Hawai'i Immigrant Justice Center *at the*
Legal Aid Society of Hawai'i

www.hijcenter.org
www.legalaidhawaii.org

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