



California Affordable Housing Initiatives, Inc.

Complete Package Requirements *Option 5 – Preservation Projects*

Preservation Projects are primarily 236 and 221d3 BMIR projects that entered into long-term Use Agreements approved under a Plan of Action (POA). A multiyear contract cannot exceed the lessor of 20 years or the remaining term of the projects Use Agreement.

- ☐ Owner signed Attachment 3A-2, Contract Renewal Request Form and Worksheet (sample attached);
- ☐ An RCS prepared in accordance with Chapter 9 of the Section 8 Renewal Guide (please refer to the projects Plan of Action to determine if an RCS is required);
- ☐ Owner's RCS Certification (sample attached);
- ☐ Tenant One-Year Notification Letter (sample attached);
- ☐ Tenant notification of rent increase (sample attached);
- ☐ Full Utility Allowance Analysis, if applicable (guidance attached);
- ☐ If there is a decrease in UA, 30 day tenant notification of UA decrease (sample attached); and
- ☐ A signed Owner's Certification of Compliance with Tenant Comment Procedures executed after the 30-day comment period (sample attached)
- ☐ Rent adjustment request as provided for in the POA (sample Budget/OCAF/AAF worksheets attached) – *See Complete Package Requirements for Budget/OCAF/AAF adjustments.*

NOTE: This list of documents is not exhaustive. Please be advised that other documents may be required for the renewal option selected. Additionally, with the exception of HUD-required (e.g. Attachment 3A-2), the sample attachments serve as acceptable templates. You are *not* required to use these documents.

Per the section 8 renewal guide, should a notice need to be issued for both a rent increase and a utility allowance decrease, a single notice is sufficient if the owner clearly identifies both items in the notice.

Please submit all Rent Adjustment and Contract Renewal documents via email in pdf format to cahi-submissions@cgifederal.com with a cc to your CAHI Central Contract Specialist.

Please contact your CAHI Central Contract Specialist if you have questions about complete package requirements. A listing of our staff including contact information can be found at: <http://www.cahi-oakland.org/Staff.aspx>

Contract Renewal Request Form Multifamily Section 8 Contracts

U.S. Department of Housing
and Urban Development
Office of Housing

OMB No. 2502-0587
(Exp. 04/30/2017)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Title V of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act of 1988 (P.L. 106-65, 111 Stat. 1384) authorizes the FHA Multifamily Housing Mortgage and Housing Assistance Restructuring Program. HUD implemented a statutory permanent program directed at FHA-insured multifamily projects that have project-based Section 8 contracts with above-market rents. The information collection is used to determine criteria eligibility of FHA-insured multifamily properties for participation in the Mark to Market program and the terms on which participation should occur. The purpose of the program is to preserve low-income rental housing affordability while reducing the long-term costs of Federal rental assistance. While no assurances of confidentiality are pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request.

Cover Sheet

PROJECT NAME

PROJECT ADDRESS

PROJECT OWNER

FHA PROJECT NO

DUNS NUMBER

TOTAL UNITS IN PROJECT

TOTAL SECTION 8 UNITS IN PROJECT

DATE OF SUBMISSION

DATE RECEIVED BY HUD

Section 8 contracts and stages in the project:

Section 8 Contract Number	Stage Number (if applicable)	Combine (Yes?)	# Units	Expiration Date	Renew (Yes?)
		<input type="checkbox"/>			<input type="checkbox"/>
		<input type="checkbox"/>			<input type="checkbox"/>
		<input type="checkbox"/>			<input type="checkbox"/>
		<input type="checkbox"/>			<input type="checkbox"/>
		<input type="checkbox"/>			<input type="checkbox"/>
		<input type="checkbox"/>			<input type="checkbox"/>
		<input type="checkbox"/>			<input type="checkbox"/>

I hereby elect to renew the above-indicated contracts under the following option (*Check the appropriate box(es) below and provide the corresponding worksheet(s):*):

This is an ☐ **Initial** or ☐ **Subsequent** Renewal of a MAHRA contract.

☐ **OPTION ONE - Request Renewal Under Mark-Up-To-Market Procedures**

☐ **Option One A** Entitlement Mark-Up-To-Market

☐ **Option One B** Discretionary Authority

I hereby request a contract renewal for a _____-year term. (A five-year minimum term)

☐ **OPTION TWO - Request Renewal With Rents At or Below Comparable Market Rents And Without Restructuring**

I hereby request a contract renewal for a _____-year term. (A maximum 20-year term)

☐ **OPTION THREE - Request Referral to OAHP for: Choose One**

☐ **OPTION THREE-A** - Reduction of Section 8 Rents to Comparable Market Rents without Restructuring (Lite)

☐ **OPTION THREE-B** - Restructure of the mortgage and reduction of Section 8 Rents to Comparable Market Rents (Full)

☐ **OPTION FOUR - Request Renewal of the Contract for Projects Exempt from or not Eligible for Debt Restructuring**

I hereby request a contract renewal for a _____-year term.

☐ **OPTION FIVE - Portfolio Reengineering Demonstration and Preservation Contract Renewals**

☐ **I request a contract renewal of my Demonstration Program Contract.**
(Based on Use Agreement)

☐ Mortgage Restructuring Demonstration Use Agreement

☐ Budget Based Without Mortgage Restructuring Demonstration Use Agreement

☐ **I request a contract renewal of my Preservation Program Contract.**

I hereby request a contract renewal for a _____-year term. (The term may not exceed the remaining term of the recorded Use Agreement.)

☐ **OPTION SIX - Opt-Out of the Section 8 Contract**

Owner's signature: _____ **Date:** _____

RENEWAL WORKSHEET FOR OPTION FIVE

Request Renewal of Contract for Portfolio Reengineering Demonstration or Preservation Projects

☐ My project is a **Portfolio Reengineering Demonstration Project**. I hereby request a **RENEWAL** of my contract under Option Five.

☐ The project has a recorded Mortgage Restructuring Demo Program Use Agreement with rents adjusted annually by the OCAF.

☐ The project has a recorded Budget Based Without Mortgage Restructuring Demo Program Use Agreement with rents adjusted annually by the OCAF. A RCS maybe required at the end of each 5-year period; at which time rents will be adjusted to comparable market rents.

☐ I understand that the contract may be renewed as a multiyear contract with the term not to exceed the number of years under the Demo Program Use Agreement.

☐ My project is a **Preservation Project** (LIPHRA or ELIPHRA). I hereby request a **RENEWAL** of my contract under Option Five in accordance with the approved Plan of Action. I understand that the contract may be renewed as a multiyear contract with the term not to exceed 20 years or the remaining term of the recorded Use Agreement.

I hereby certify that:

☐ Neither I, nor any of my affiliates, are suspended or debarred OR

☐ I, or my affiliates, are suspended or debarred and are requesting a contract renewal subject to HUD approval: AND

☐ This information is true and complete.

Project Name _____

Owner's Name _____

Owner's Signature _____ **Date** _____

Warning: Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions, including but not limited to: (i) fines and imprisonment under 18 U.S.C. §§ 287, 1001, 1010 and 1012; (ii) civil penalties and damages under 31 U.S.C. § 3729; and (iii) administrative sanctions, claims, and penalties under 24 C.F.R parts 24, 28 and 30.

Appendix 9-2-1

Sample Owner's Cover Letter

[Date]

[Owner's Name]

[Owner's Address]

RCS Submittal Cover Letter for [Project Name]

1. I have reviewed the content of the RCS and concluded that the RCS includes all material required by Chapter Nine and the Owner's Checklist in Appendix 9-2-2.
2. The RCS appraiser's [insert appraiser's name] narratives and Rent Comparability Grid accurately describe the subject project and properly treat non-shelter services and their funding sources as required by Section 9-12 and Appendix 9-1-1.
3. There is no family relationship or identity-of-interest between the principals of the subject's Ownership or management agent entity and the principals that manage/ own the projects used as comparables. [Owners must identify and provide information if there is an identity-of-interest existing between principals. See Handbook 4381.5, Paragraph 2-3 for a definition of the term "identity-of-interest".]
4. I certify that: a) neither the selection of the RCS appraiser nor the RCS appraiser's compensation was/is contingent upon the RCS appraiser reporting a predetermined rent nor direction in rent; and b) to the best of the Owner's knowledge, the RCS appraiser meets Section 9-8. A.'s conditions regarding absence of financial, employment, and family relationships.
5. I certify that the fee paid for the RCS is the only compensation the RCS appraiser will receive for the RCS work and there is no side agreement or other consideration.
6. The following person is our point of contact for HUD/CA's Decision Letter, or to address any questions that the HUD/CA staff may have on the RCS:
7. [Provide a name, email and phone number for a point of contact at the agent/Owner's office]
8. HUD/CA may talk with the RCS appraiser directly and copy the RCS appraiser on written materials. The RCS appraiser's contact information is provided below
[Insert RCS appraiser's name, address, email and phone number]
9. I certify that if I discontinue any service to tenants at this property which forms the basis of a rent adjustment in this RCS, I will inform HUD in writing within 30 days of the termination of that service.
10. I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and

administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).

[Owner's Name & Signature] [Date]

Encl: Owner's Checklist

Appendix 9-2-2

Sample Owner's Checklist

Owner's Materials

Signed Cover Letter
Signed Owner's Checklist
Scope of Repair

RCS Materials

RCS Appraiser's Transmittal Letter
Scope of Work
Description of Subject Project (including color photographs)
Identification of the Subject's Market Area
Description of Neighborhood
Narrative Describing Selection of Comparables
Locator Map for Subject and Comparables
Rent Comparability Grid for Each Primary Unit type
Narrative Explaining Adjustments and Market Rent Conclusions (one set of explanations for each Rent Grid)
Comparable Project Profiles (each including a color photo)
RCS Appraiser's Certification
Copy of RCS Appraiser's License (only if relying upon a temporary license)

Mandatory Market Rent Threshold Materials

Computation of the Project's gross rents and the SAFMR gross rents
Comparison of Project's gross rents to the SAFMR gross rents

Owner's Signature & Date

ONE-YEAR NOTIFICATION LETTER – *OWNER INTENDS TO RENEW*_____
(Date)

Dear Tenant:

The Department of Housing and Urban Development subsidizes the rent of your apartment through the project-based Section 8 program. Federal law requires that owners provide tenants with a one-year notification before the expiration of a Section 8 contract. The Section 8 contract that pays the government's share of your apartment rent at (name of project) expires on (one year from date of this letter).

While there will be no immediate change in your rental assistance, we are required to inform you of our intended actions when the contract expires one year from now.

THIS LETTER IS TO NOTIFY YOU THAT WE INTEND TO RENEW THE CURRENT SECTION 8 CONTRACT WHEN IT EXPIRES.

If Congress makes funds available, which it has in the past and is expected to in the future, we will renew the Section 8 contract. However, in the unlikely circumstance that we cannot renew our contract, it is our understanding that, subject to the availability of funds, HUD will provide all eligible tenants currently residing in a Section 8 project-based assisted unit with tenant-based assistance. If we later decide not to renew the current Section 8 contract when it expires, we will provide you with at least one year of advance notification of this decision.

If you have any questions or would like information on the Section 8 Program, the following sources may be of assistance:

Contract Administrator (if applicable)

Name: California Affordable Housing Initiatives, Inc., 505 14th Street, Suite 900, Oakland, CA 94612

Telephone Number: 510-238-5300

HUD Regional Center

Name: _____

Telephone Number: _____

HUD Web

<http://www.hud.gov> - click on "I want to" and the on "Find Rental Assistance."

Sincerely,

(Owner)

(contact info)

cc: Local HUD Office/ (Contract Administrator)

SAMPLE 30-DAY NOTICE TO TENANT LETTER 24 CFR 245

Date

Take notice that on *(date)* we plan to submit a request for approval of an increase in the maximum permissible rents for *(name of apartment complex)* to the United States Department of Housing and Urban Development (HUD). The proposed increase is needed for the following reasons:

- 1.
- 2.
- 3.

The rent increases for which we have requested approval are:

# of Bedrooms	Current Rent	Proposed Rent
---------------	--------------	---------------

(insert rent information by bedroom size here)

A copy of the materials that we are submitting to HUD in support of our request will be available during normal business hours at *(address)* for a period of 30 days from the date of service of this notice for the purpose of inspection and copying by tenants of *(name of apartment complex)* and if the tenants wish, by legal or other representatives acting for them individually or as a group. During a period of 30 days from the date of service of this notice, tenants of *(name of apartment complex)* may submit written comments on the proposed rent increase to us at *(address)*. Tenant representatives may assist tenants in preparing those comments. (If, at HUD's request or otherwise, we make any material change during the comment period in the materials available for inspection and copying, we will notify the tenants of the change or changes, and the tenants will have a period of 15 days from the date of service of this additional notice (or the remainder of any applicable comment period, if longer) in which to inspect and copy the materials as changed and to submit comments on the proposed rent increase). These comments will be transmitted to HUD along with our evaluation of them and our request for the increase. You may also send a copy of your comments directly to HUD at the following address:

California Affordable Housing Initiatives, Inc.
505 14th Street
Suite 900
Oakland, CA 94612

RE: *(Project Number)* *(name of apartment complex)*

HUD will approve, adjust upward or downward, or disapprove the proposed rent increase upon reviewing the request and comments. When HUD advises us in writing of its decision on our request, you will be notified. If the request is approved, any allowable increase will be put into effect only after a period of at least 30 days from the date you are served with that notice and in accordance with the terms of existing leases.

Signed by managing owner/agent



GUIDANCE FOR DETERMINING UTILITY ALLOWANCES

HUDs current UA guidance outlined in [HUD Notice 2015-04](#) instructs owner/agents to establish a baseline for each bedroom size **once every three years**. For two years after the baseline submission, utility allowances for each bedroom size and each utility type at the property will be adjusted by state-specific increase factor called a Utility Adjustment Factor (UAF). These factors will be published annually by HUD.

NOTE: *RHS/USDA properties must comply with the requirements outlined in HUD Notice 2015-04.*

Baseline Submission Requirements

1. Request utility data from either the utility company or the tenant household for at least the number of units determined by the sample size methodology detailed below. A sample tenant release can be found [here](#).
 - a. This must be done for each bedroom size at the property;
 - b. If the property consists of multiple identical buildings (or building that are substantially similar, then the sampling may be performed at the property level, encompassing all buildings on a site. If buildings are not identical, the sample must be done for each bedroom size/unit type;
 - c. Backup documentation must be submitted;
 - i. Copies of the tenant data received from utility providers, can be submitted in a summary format; or
 - ii. Copies of the printouts indicating a summary of monthly data if the tenant was able to obtain data online from their utility provider for the previous 12 months, or 10 months if the case may be; or
 - iii. If actual monthly utility bills from a tenant were received, the O/A may submit a spreadsheet summarizing the average of the monthly bills. The actual utility bills will not need to be submitted to the CA but will need to be retained in the tenant files for the term of tenancy plus 3 years and will be subject to the CA review;
 - iv. There may be cases where a combination of the above will need to be performed and your CCS will notify you of any additional requirements;
 - d. The data collected must be for the same time period;
 - e. The data used must not be more than eighteen (18) months from the contract anniversary date;
 - f. Samples submitted must be from the units receiving Section 8 assistance;
 - g. A unit should be excluded from the sample if it:
 - i. Is receiving an increased UA as a reasonable accommodation;
 - ii. Has been vacant for 2 or more months (units included in the sample should have at least 10 months of occupancy); or
 - iii. Is receiving a flat rate as part of a low-income rate assistance utility program.
2. Determine the average utility cost for each bedroom size without removing any units from the sample size beyond those excluded as indicated in (g.) above. Do **not** remove the highest and/or lowest utility cost household when determining the average. The monthly cost of consumption is the NET COST *after* the application of discounts. Do **not** include late fees in the monthly cost



of consumption. (The monthly usage amount included in the UA analysis should not be reduced by the California Climate Credit, as those credits are to be counted as income for recertification purposes).

- a. A sample format for utility allowance submissions, which includes built-in formulas to average utility costs for each unit size, can be found [here](#).
3. Provide an explanation for any sample sizes that do not meet the required criteria established in [Notice 2015-04](#). (samples that do not meet the required criteria do not need to be submitted)
4. Recommend the UA amount to the contract administrator for approval.
5. Follow the requirements in 24 CFR 245.405(a) and 245.410 to notify tenants of a utility allowance decrease.

Sample Size Requirements

Number of Units	Minimum Sample
1 – 20	All
21 – 61	20
62 – 71	21
72 – 83	22
84 – 99	23
100 – 120	24
121 – 149	25
150 – 191	26
192 – 259	27
260 – 388	28
389 and above	29

Factor-Based Analysis

For the two years after a baseline utility analysis is completed, the UA amounts for each bedroom size and each utility type can be adjusted by the established Utility Allowance Factor (UAF) in lieu of a baseline utility allowance.

After completely the property's utility analysis under the factor-based utility analysis method, O/As should compare the adjusted utility analysis to their paid utilities over the previous twelve months. If



the results indicate a significant disparity between the two, the O/A should complete a baseline analysis to help ensure the allowance(s) provided are accurate.

When the factor-based method is used to determine UAs, the O/A should submit their recommendation for the UA amount to contract administrator for approval.

Refer to HUD Notice 2015-04 for more information about:

- Utility Allowance Changes Outside of the Contract Rent Adjustment Schedule
- Allowances for New Construction or Substantial Rehabilitation
- Administrative Procedures
- Requirements for Tenant Households
- Penalties for Tenant Noncompliance
- Voluntary Use of EPAs Energy Star Portfolio Manager
- Information Collection

This policy will be updated accordingly as HUD releases additional information. Please your [CAHI Contract Specialist](#) with any questions.

For questions about the methodology outlined in Notice 2015-04, please contact Kate Brennan at Catherine.M.Brennan@hud.gov in the office of Asset Management and Portfolio Oversight.

SAMPLE UA DECREASE NOTICE

PLEASE refer to 24CFR 245.420, Section 8 Renewal Guide 2-17 B.1. & C.1. HUD Notice H 2015-04 and 4350.1 Chapter 7 FOR specific and current requirements for your project

NOTICE TO TENANTS THAT A UTILITY ALLOWANCE DECREASE HAS BEEN CALCULATED AND SUBMITTED TO HUD FOR APPROVAL*

Date

Dear Residents,

Take note that a Utility Allowance (U/A) decrease has been calculated based on the utility costs at **Property Name**, and a request to adjust the U/A has been submitted to the United States Department of Housing and Urban Development (HUD)/Contract Administrator (CA). This change will take effect on **UA effective date**.

You have the right to participate as provided in §245.420. A copy of the materials that we are submitting to HUD/CA in support of our request will be available during normal business hours at **address** for a period of 30 days from the date of service of this notice for inspection and copying by tenants of **property name** and, if the tenants wish, by legal or other representatives acting for them individually or as a group.

During a period of 30 days from the date of service of this notice, tenants of **property name** may submit written comments on the proposed rent adjustment to us at **address**. Tenant representatives may assist tenants in preparing those comments. These comments will be transmitted to HUD/CA, along with our evaluation of them and our request for the decrease.

You may also send a copy of your comments directly to the Contract Administrator at the following address:

CAHI
505 14th Street, Suite 900
Oakland, CA 94612

Attention: Project Based Contract Administration

HUD will approve, adjust upward or downward, or disapprove the proposed UA decrease upon reviewing the request and comments. When HUD/CA advises us in writing of the decision on our request, you will be notified. If the request is approved, any allowable adjustment will be put into effect only after a period of at least 30 days from the date you are served with that notice and in accordance with the terms of existing leases.

Owner/agent Name

Property Name

OWNER'S CERTIFICATION AS TO COMPLIANCE WITH TENANT COMMENT PROCEDURES IN 24 CFR 245 (FORMERLY IN 24 CFR 401)

FHA or Non-Insured Project Name _____ Project No. _____

Acting on behalf of _____, the Project Owner, I certify that project management has taken ALL of the actions listed below.

- 1) Distributed a Notice to Tenants, in the forms and manner required by 24 CFR 245.310 and 245.410. (24 CFR 245.410 applies only if a reduction in utility allowances is proposed.)
- 2) Took reasonable steps to assure that any posted Notices remained intact and in legible form for the full comment period required by 24 CFR 245.
- 3) Made all materials submitted to justify the increase available during normal business hours in a place reasonably convenient to project residents.
- 4) Honored any resident's request to inspect those materials.
- 5) Reviewed and evaluated all comments received from project residents or their authorized representatives.
- 6) Examined all materials submitted to HUD/the State Agency in support of the rent increase request. I also certify, that all information submitted with my rent increase request is true, correct and complete.

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any, false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than 5 years, or both.

Signed by: _____ Name _____
Title _____ Signature Date _____

APPENDIX 2

OCAF Rent Adjustment Worksheet

U.S. Department of Housing
and Urban Development
Office of Housing

OMB NO. 2502-0587 (exp. 04/30/2017)

Multifamily Section 8 Contracts

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Project Name:

Project Address:

Project Owner

FHA Project No.

DUNS Number

Total Units in Project:

Total Section 8 Units In Project

Date of Submission:

Date Received by HUD:

Step 1:

Calculate the current Section 8 Rent Potential for EXPIRING contracts

(A)	(B)	(C)	(D)
Unit Type and Contract and/or Stage	# of Units	Current Section 8 Contract Rents	Current Section 8 Rent Potential (B x C)
			- - -
			- - -
			- - -
			- - -

(E) Monthly Expiring Section 8 Contract Rent Potential
(Total of column D)

(F) Annual Section 8 Rent Potential for Expiring Contracts
(E x 12)

Step 2:

Calculate Increase Factor Adjusted by OCAF for Expiring contracts

(G)	Total Annual Rent Potential For Non-Expiring Section 8 Contracts	
(H)	Total Annual Rent Potential For Non-Sec. 8 Units	
(I)	Total Annual Project Rent Potential (F + G + H)	
(J)	Expiring Section 8 Portion of Total Project Rent Potential (F ÷ I)	
(K)	Total Annual Project Debt Service	
(L)	Annual Expiring Section 8 Share of Debt Service (J x K)	
(M)	Annual Expiring Section 8 Potential Less Expiring Sec. 8 Share of Debt Service (F - L)	
(N)	OCAF Adjustment	
(O)	Annual Expiring Section 8 Rent Potential Attributed to Operations Multiplied by Published OCAF (M x N)	
(P)	Adjusted Contract Rent Potential (L + O)	
(Q)	Lesser of (P) or Comparable Rent Potential From Rent Comparability Study	
(R)	Increase Factor (Q ÷ F)	

Step 3:

Calculate OCAF Adjusted contract Rent Potential for Expiring Section 8 contracts ONLY

(S)	(T)	(U)	(V)	(W)	(X)
Unit Type and Contract and/or Stage	# Units	Current Contract Rents	OCAF Adjusted Rent (R x U)	Annual Adjusted Rent (V x 12)	Adjusted Annual Rent Potential (T x W)

(Y) Annual Adjusted Rent Potential of the Expiring Contracts(s)

(total Column X):

I (We) hereby certify that the statements and representations contained in or accompanying this instrument are true, accurate and complete to the best of my (our) knowledge and belief.

Project Name: _____

Owner's Name: _____

Owner's signature: _____ Date: _____

WARNING: Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions, including but not limited to: (i) fines and imprisonment under 18 U.S.C. 287, 1001, 1010 and 1012; (ii) civil penalties and damages under 31 U.S.C. 3729; and (iii) administrative sanctions, claims, and penalties under 24 C.F.R parts 24, 28 and 30.

Budget Worksheet

Income and Expense Projections

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0324
(exp. 11/30/2024)

Item#1695

Public reporting burden for this collection of information is estimated to average 5.33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is collected in accordance with Title II of the National Housing Act which requires that HUD regulate rents for certain cooperative and subsidized rental projects. The Department formulated the processes by which owners could request increases. The requirement for tenant participation in the rent increase process, which is included in Section 202(b) of the HCD Amendments of 1978, necessitated that the Department design procedures to give consideration to tenant comments. The information gathered is not of a confidential nature. The information is required in order to obtain benefits.

Project Number		Name of Project			
Description of Account	Acct.No.	Statement of Profit/Loss FY__	Current FY (no. of mos.)	Budget from () to ()	
Rental Income 5100	Rent Revenue - Gross Potential	5120			
	Tenant Assistance Payments	5121			
	Rent Revenue - Stores and Commercial	5140			
	Garage and Parking Spaces	5170			
	Flexible Subsidy Revenue	5180			
	Miscellaneous Rent Revenue	5190			
	Excess Rent	5191			
	Rent Revenue/ Insurance	5192			
	Special Claims Revenue	5193			
	Retained Excess Income	5194			
	Total Rent Revenue Potential at 100% Occupancy	5100T			
Vacancies 5200	Apartment	5220			
	Stores and Commercial	5240			
	Rental Concessions	5250			
	Garage and Parking Spaces	5270			
	Miscellaneous	5290			
	Total Vacancies	5200T			
	Net Rental Revenue (Rent Revenue less Vacancies)	5152N			
Income 5300	Nursing Homes/ Assisted Living/ Board & Care/ Other Elderly Care/ Coop/ Other Revenues	5300			
Financial Revenue 5400	Financial Revenue -Project Operations	5410			
	Revenue from Investments-Residual Receipts	5430			
	Revenue from Investments-Replacement Reserve	5440			
	Revenue from Investments-Miscellaneous	5490			
	Total Financial Revenue	5400T			
Other Revenue 5900	Laundry and Vending Revenue	5910			
	Tenant Charges	5920			
	Interest Reduction Payments Revenue	5945			
	Gifts (nonprofits)	5970			
	Miscellaneous Revenue	5990			
	Total Other Revenue	5900T			
	Total Revenue	5000T			
Admin. Expenses 6200/ 6300	Conventions and Meetings	6203			
	Management Consultants	6204			
	Advertising and Marketing	6210			
	Other Renting Expense	6250			
	Office Salaries	6310			
	Office Expenses	6311			
	Office or Model Apartment Rent	6312			
	Management Fee	6320			
	Manager or Superintendent Salaries	6330			
	Administrative Rent Free Unit	6331			
	Legal Expenses - Project	6340			
	Audit Expenses	6350			
	Bookkeeping Fees/Accounting Services	6351			
	Miscellaneous Administrative Expenses	6390			
	Total Administrative Expenses	6263T			

Description of Account		Acct.No.	Statement of Profit/Loss FY__	Current FY (no. of mos.)	Budget from () to ()
Utilities 6400	Fuel Oil/Coal	6420			
	Electricity	6450			
	Water	6451			
	Gas	6452			
	Sewer	6453			
	Total Utilities Expense	6400T			
Operating & Mainten. Expenses 6500	Payroll	6510			
	Supplies	6515			
	Contracts	6520			
	Operating and Maintenance Rent Free Unit	6521			
	Garbage and Trash Removal	6525			
	Security Payroll/Contract	6530			
	Security Rent Free Unit	6531			
	Heating/Cooling Repairs and Maintenance	6546			
	Snow Removal	6548			
	Vehicle & Maint. Equip. Oper. and Repair	6570			
	Misc. Operating & Maintenance Expenses	6590			
	Total Operating & Maintenance Expenses	6500T			
Taxes and Insurance 6700	Real Estate Taxes	6710			
	Payroll Taxes (Project's share)	6711			
	Property and Liability Insurance (Hazard)	6720			
	Fidelity Bond Insurance	6721			
	Workmen's Compensation	6722			
	Health Insurance & Other Employee Benefits	6723			
	Misc. Taxes, Licen., Permits, & Insurance	6790			
	Total Taxes & Insurance	6700T			
Financial Expenses 6800	Interest on Mortgage Payable	6820			
	Interest on Notes Payable (Long-Term) *	6830			
	Interest on Notes Payable (Short-Term) *	6840			
	Mortgage Insurance Premium/Service Charge	6850			
	Miscellaneous Financial Expenses	6890			
	Total Financial Expenses	6800T			
Expenses 6900	Nursing Homes/ Assisted Living/ Board & Care/ Other Elderly Care/ Coop/ Other Revenues	6900			
	Total Cost of Operations	6000T			
	Reserve for Replacements Dep. Required				
	Principal Payments Required				
	Debt Service for other approved loans				
	Debt Service Reserve (if required)				
	General Operating Reserve (Coops)				
	Total Cash Requirements				
	Less Total Revenue				
	Net Cash Surplus (Deficiency)				

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1001, 1012; 31 U.S.C. 3729, 3802)

(Signature)

Date (mm/dd/yyyy)

APPENDIX 1

PART I ADJUSTMENTS WORKSHEET

CONTRACT ADMINISTRATOR WORKSHEET FOR
PROCESSING RENT INCREASES FOR AAF RENT ADJUSTMENTS FOR NEW
CONSTRUCTION
AND SUBSTANTIAL REHABILITATION UNIT TYPES IF THE PRE-ADJUSTMENT
GROSS RENT EXCEEDS THE
EXISTING HOUSING FAIR MARKET RENT
(NOT USED TO CALCULATE BUDGET BASED RENT INCREASES)

Property Name: _____ Unit Type: _____

ESSENTIAL INFORMATION TO DETERMINE ADJUSTED CONTRACT RENT FOR
EACH UNIT TYPE

Unit Type _____BR

For each unit type:

Number of Contract Units: _____

Number of Units With Turnover: _____

Number of Units Without Turnover: _____

Existing Housing FMR
for Unit Type \$_____

AAF from Table I _____

Comparable Rent (Estimated Market
Rent from HUD-92273-S8, line 46)
\$ _____

AAF from
Table II _____

Pre-adjustment Contract Rent \$ _____

Utility Allowance \$ _____

Pre-adjustment Gross Rent for Unit Type \$ _____

Initial Difference \$ _____

Step 1: Is this contract a New Construction or Sub Rehab contract? ; AND
Is the current gross rent for this unit type (before application of the AAF) above the Existing Housing FMR?

If the answer to BOTH questions is **YES**, then go to Step 2.

If the answer to EITHER question is **NO**, this worksheet does not apply. Contract rent for this unit type is adjusted under Part II of this Notice. Go to Part II Adjustments Worksheet at Appendix 2.

Step 2: Multiply the Table I AAF times the pre-adjustment contract rent. (NOTE: Use a factor of 1.000 if the published Table I AAF is below 1.000.)

Pre-adjustment Contract Rent	x Table I Factor	= Step 2 Amount
---------------------------------	------------------	-----------------

Step 3: Add the initial difference to the comparable rent.

\$ _____	+	\$ _____	=	\$ _____
Comparable Rent		Initial Difference		Adjusted Comparable Rent

STEP 4: Determine if the amount calculated in Step 2 is more than the adjusted comparable rent calculated in Step 3.

\$ _____	\$ _____
Amount calculated In Step 2	Adjusted Comparable Rent (from Step 3)

- b. If the amount calculated in Step 2 is more than the adjusted comparable rent, go to Step 6a and enter the amount of the adjusted comparable rent (in this case, the adjusted contract rent equals the adjusted comparable rent).

- b. If the amount calculated in Step 2 is equal to or less than the adjusted comparable rent, go to step 5.

Step 5: For units in which turnover occurred in the last year, use AAF Table I to calculate the rents. For units in

which no turnover occurred in the last year use AAF Table II to calculate the rents. (NOTE: Throughout this Worksheet, when applying the published AAF, the factor of 1.000 must be used in all cases where the published factor is below 1.000.)

TURNOVER UNITS

Step 5a:

$$\begin{array}{l} \$ \underline{\hspace{2cm}} \\ \text{Pre-Adjustment} \\ \text{Contract Rent} \end{array} \times \begin{array}{l} \underline{\hspace{2cm}} \\ \text{Table 1} \\ \text{Factor} \end{array} = \$ \underline{\hspace{2cm}} \\ \text{Adjusted Contract} \\ \text{Rent for Turnover} \\ \text{Units (enter this} \\ \text{amount in Step 6b)} \end{array}$$

UNITS WITH NO TURNOVER

Step 5b:

$$\begin{array}{l} \$ \underline{\hspace{2cm}} \\ \text{Pre-Adjustment} \\ \text{Contract Rent} \end{array} \times \begin{array}{l} \underline{\hspace{2cm}} \\ \text{Table 2} \\ \text{Factor} \end{array} = \$ \underline{\hspace{2cm}} \\ \text{Adjusted Contract} \\ \text{Rent for Non-} \\ \text{Turnover Units} \\ \text{(enter this amount in} \\ \text{Step 6c)} \end{array}$$

Step 6: Enter the adjusted contract rent.

- a) From Step 4a \$ for all units; **OR**
- b) From Step 5a \$ for units with turnover
Number of Units with turnover:
- c) From Step 5b \$ for units with no turnover
Number of Units with no turnover:

Step 7: Repeat Steps 1 through 6 for each unit type.

STEP 8: If Step 5 resulted in different rent levels for the same unit type, then a common rent level for this unit type must be derived. Use the rent levels listed in Step 6 to derive a new monthly Contract Rent Potential.

\$ _____ for units with turnover X _____ (units) = \$ _____

\$ _____ for units with no turnover X _____ (Units) = \$ _____

Add the two numbers calculated above to derive total Contract Rent Potential

$$\begin{array}{ccccc} \$ \underline{\hspace{2cm}} & + & \$ \underline{\hspace{2cm}} & = & \$ \underline{\hspace{2cm}} \\ \text{Turnover} & & \text{No Turnover} & & \text{Total} \end{array}$$

Divide Total Contract Rent Potential by the number of units for this unit type to obtain the new rent level for all _____ BR units.

\$ _____ Total Contract Rent Potential divided by _____ units =
\$ _____ New Rent Level

STEP 9: The new rent level for all _____ BR units is approved at \$ _____.

APPENDIX 2

PART II ADJUSTMENTS WORKSHEET

FIELD OFFICE WORKSHEET FOR
PROCESSING RENT INCREASES FOR AAF RENTS FOR NEW CONSTRUCTION
AND SUBSTANTIAL REHABILITATION UNIT TYPES THAT DO NOT EXCEED
THE EXISTING HOUSING FAIR MARKET RENTS AND FOR ALL LMSA AND PD
SECTION 8 CONTRACT TYPES.

(NOT FOR USE ON BUDGET BASED RENT INCREASES)

Property Name: _____ Unit Type: _____

ESSENTIAL INFORMATION

Existing FMR
Level for Unit Type \$ _____

Current Contract
Rent for Unit Type \$ _____

Step 1: If this contract is a New Construction or a Substantial Rehab contract, is the current gross rent for this unit type (before application of the AAF) below the Existing Housing FMR? ;

OR

If this contract is an LMSA or PD contract, is the method of adjustment for gross rent the application of the AAF (as opposed to budget-based)?

(NOTE: Budget-based rents are NOT processed under this Notice. See Chapter 7, Handbook 4350.1)

If the answer to the **applicable question is YES**, then proceed to Step 2.

If the answer to the **applicable question is NO**, then this unit type should be adjusted under Part I of this Notice. This worksheet does not apply.

Please find Part I Adjustments Worksheet at Appendix 1.

If the second question is applicable and the answer is NO, then this Notice is not applicable and the rents should be adjusted under Chapter 7, Handbook 4350.1.

Step 2: For units in which turnover occurred in the last year, use AAF Table I to calculate the rents. For units in which no turnover occurred in the last year, use AAF Table II to calculate the rents. (NOTE: Throughout this Worksheet, when applying the published AAF, the factor of 1.000 should be used in all cases where the published factor is below 1.000.)

Turnover units

\$ _____ X _____ = \$ _____
Current Rent Table I Factor New Rent Level

Units with no Turnover

\$ _____ X _____ = \$ _____
Current Rent Table II Factor New Rent Level

Step 3: The new rent level(s) for _____ unit type is:

\$ _____ for units with turnover (Number of Units _____)

\$ _____ for units with no turnover (Number of Units _____)

Step 4: Since the calculation in Step 3 resulted in different rent levels for the same unit type, then a common rent level for this unit type must be derived. Use the rent levels listed in Step 3 above to derive a new monthly Gross Rent Potential (GRP).

\$ _____ for units with turnover X _____ (Units) = \$ _____

\$ _____ for units with no turnover X _____ (Units) = \$ _____

Add the two numbers calculated above to derive the total Contract Rent Potential

$$\begin{array}{rcccl} \$ & \underline{\hspace{2cm}} & + & \$ & \underline{\hspace{2cm}} & = & \$ & \underline{\hspace{2cm}} \\ \text{Turnover} & & & \text{No Turnover} & & & \text{Total Contract Rent} & \\ & & & & & & \text{Potential} & \end{array}$$

Divide Total GRP by the number of units for this unit type to obtain the new rent level for all _____BR units.

$$\begin{array}{rcccl} \$ & \underline{\hspace{2cm}} & \text{Total GRP divided by} & \underline{\hspace{1cm}} & \text{units} & = & \$ & \underline{\hspace{2cm}} \\ & & & & & & \text{New Rent Level} & \end{array}$$

Step 5: The new rent level for all _____ BR units is approved at \$_____.

APPENDIX 3

SAMPLE FORMAT FOR
OWNER'S CERTIFICATION OF COMPLIANCE WITH THE REQUIREMENTS OF
NOTICE:
*Annual Adjustment Factor Rent Increase Requirements Pursuant to
42 U.S.C. 1437f(c) (2) (A).*

Property Name: _____

FHA Number: _____

Section 8 Contract Number: _____

The attached represents a request for a rent increase for the aforementioned property and the following unit type(s) (e.g. 1 BR, 2BR/2BA, 3 BR, etc.):

I certify as the owner of the property (or the agent empowered to act on behalf of the owner) that all of the following items are true:

- Preparations of all copies of form HUD-92273-S8 were completed IN ACCORDANCE WITH INSTRUCTIONS CONTAINED IN Chapter Nine of the Section 8 User Guide.
- If project funds were used to pay for the completion of form(s) HUD-92273-S8, I certify that I am in compliance with the Contracting Guidelines set forth in Paragraph 6.50 of Handbook 4381.5, REV-2.
- If a figure is submitted for the initial difference this figure is the same dollar difference that existed between the original comparable used in underwriting (or the FMRs) and the contract rents at the time of initial occupancy. If no initial difference is submitted, then I authorize HUD to use 10% of the initial Section 8 contract rent for each unit type as the initial difference.
- The figures submitted with this request regarding the number of units in which turnover has occurred since the last HAP anniversary date are complete and accurate.

Under penalties and provisions of Title 18, United States
Cost, Chapter 47, Section 1001, the statements contained in this
request have been examined by me and to the best of my knowledge
and belief are true, correct and complete.

Owner/Agent

APPENDIX 4
OWNER
SAMPLE FORMAT FOR REPORTING UNIT TURNOVER

This form or any other format may be used for reporting the number of units in which turnover occurred since the last HAP contract anniversary date. This information need only be submitted for the unit types in which a rent increase is being requested under this Notice.

This information reflects the number of units in which turnover has occurred since __/__/__ (HAP Anniversary Date)

Unit Type_____ Total Number of Units _____

_____Units have incurred turnover

_____Units did not incur turnover

Unit Type_____ Total Number of Units _____

_____Units have incurred turnover

_____Units did not incur turnover

Unit Type_____ Total Number of Units _____

_____Units have incurred turnover

_____Units did not incur turnover

Unit Type_____ Total Number of Units _____

_____Units have incurred turnover

_____Units did not incur turnover

Unit Type_____ Total Number of Units _____

_____Units have incurred turnover

_____Units did not incur turnover

Owner/Agent

APPENDIX 5
AAF RCS ADJUSTMENT WORKSHEET

_____ My Rent Comparability Study (RCS) is less than five years old.

- ◇ The date of my original RCS is _____.
- ◇ A updated RCS was completed on _____. (Attach a list with the names and titles of persons contacted for each comparable property).
- ◇ Based on the updated RCS, the New Comparable Market Rent Potential is _____.

I hereby certify that:

_____ The original RCS that was submitted on _____, has been updated and that the revised comparable market rent is as stated above; AND

_____ neither I, nor any of my affiliates, are suspended or debarred,

OR

_____ I, or my affiliates, are suspended or debarred and are requesting a contract renewal subject to HUD approval; AND

_____ this information is true and complete.

Project Name _____

Owner's Name _____

Owner's signature: _____ Date: _____

Warning: There are fines and imprisonment--\$250,000/5 years--for anyone who makes false, fictitious, or fraudulent statements or entries in any matter within the jurisdiction of the Federal government (18 USC 1001). In addition, any person who knowingly and materially violates any required disclosure of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.