

**EXHIBIT 1-1
SUMMARY OF DIFFERENCES BETWEEN PRE-MERGER CERTIFICATES AND
HOUSING CHOICE VOUCHERS**

Topic	Certificates	Housing Choice Vouchers
Fair Market Rents (FMRs) and Payment Standards	No new certificates will be issued. Therefore, FMRs no longer affect certificates. Payment standards do not apply to certificates.	The PHA sets the payment standard between 90% and 110% of the FMR. Families may lease a unit that rents for more or less than the payment standard.
Family Share	The total tenant payment (TTP) is the greater of 30% of adjusted income, 10% of gross income, the welfare rent (in as-paid states only) or the PHA minimum rent. Families may not make side payments or elect to pay more than the TTP.	The TTP is the greater of: 30% of adjusted income, 10% of gross income, the welfare rent (in as-paid states only), or the PHA minimum rent. If the family chooses a unit with a gross rent that exceeds the payment standard, the family pays the TTP plus the amount by which the gross rent exceeds the payment standard.
Subsidy	The subsidy is the difference between the TTP and the gross rent. The gross rent cannot exceed the FMR limit.	The subsidy is the difference between the TTP and 1) the payment standard or 2) the gross rent, whichever is lower.
Affordability	Family rent is based on income. There was no affordability standard.	The family may not pay more than 40% of monthly adjusted income at admission or when a family moves to a new unit with a gross rent that exceeds the payment standard.
Rent Increases	Annually on the anniversary date, the PHA uses annual adjustment factors published by HUD to approve rent increases which are subject to a rent reasonableness test.	Rent increases are not limited by the annual adjustment factor but are subject to a rent reasonableness test.

****Notes regarding rent increases:**

There are discrepancies in the regulations regarding the Housing Choice Voucher Program. The Housing Choice Voucher Program Guidebook states that rent increases are not subject to the annual adjustment factor; however, 24 CFR Part 982, which regulates the program, states that the annual increase is the lesser of:

- a. The current rent multiplied by the annual adjustment factor;
- b. The increase that passes the "reasonableness" test by the local PHA (in other words, the amount that can be justified); or
- c. The amount requested by the owner.

Also, the guidebook states that increases can be implemented in accordance with the lease, provided the PHA is given at least 60 days to process the increase according to their guidelines. In most instances, this means that there can be no increase during the initial lease term, but increases can be implemented at any time after the initial lease term is concluded, not just on the anniversary date of the HAP contract if proper notice is given. 24 CFR Part 982 states that increases can only occur on the anniversary of the HAP contract, and any rent increase requests must be submitted to the PHA at least 60 days before the anniversary date.

Consult your local PHA to determine which directives they require you to follow. The following pages, excerpted from the Housing Choice Voucher Program Guidebook, detail the role of HUD, the PHA, the Owner and the Family. According to the guidebook, the PHA is allowed to establish local policies in administering the program.

Role of HUD

HUD has four major responsibilities:

- Develop policy, regulations, handbooks, notices, and guidance to implement housing legislation;
- Allocate housing assistance funds;
- Provide technical assistance and training to PHAs; and
- Monitor PHA compliance with program requirements and performance goals.

Role of the PHA

The PHA administers the housing choice voucher program under contract with HUD and has the following areas of responsibility:

- Establishing local policies;
- Determining family eligibility and reexamining of family income;
- Maintaining the waiting list and selecting families for admission;
- Calculating of family share of the rent and the amount of the housing assistance payment;
- Establishing of utility allowances;
- Conducting outreach to owners, with special attention to those with units outside of areas of poverty or minority concentration;
- Assisting persons with disabilities in finding satisfactory housing;
- Approving units, including assuring compliance with housing quality standards and determining the reasonableness of rent;
- Making housing assistance payments to owners;
- Conducting informal reviews and hearings at the request of applicants and participants challenging PHA administrative decisions;
- Administering the FSS program; and

- Complying with fair housing and equal opportunity requirements, HUD regulations and requirements, the consolidated ACC, HUD-approved applications for program funding, the PHA's administrative plan, and federal, state and local laws.

PHA responsibilities are defined in the consolidated ACC, the HAP contract, and in applicable regulations. Generally, the PHA does not own the assisted unit and does not perform owner functions. However, PHAs may screen applicants for family behavior or suitability for tenancy.

Role of the Owner

The owner has the following major responsibilities:

- Screening tenants, selecting tenants, and entering into leases with tenants;
- Complying with the HAP contract, lease, and tenancy addendum;
- Carrying out normal owner functions during the lease term, such as enforcing the lease, performing maintenance, collecting the family share of rent from the family, and charging tenants for any damage to the unit;
- Maintaining unit compliance with HQS;
- Complying with fair housing and equal opportunity requirements; and
- Paying for utilities, maintenance, and services (unless paid for by the family under the lease).

Owner responsibilities for the housing choice voucher program are defined in the HAP contract, the lease, and HUD regulations at 24 Code of Federal Regulations (CFR) Part 982.

Role of the Family

Responsibilities of the family include:

- Supplying true and complete required information including:
 - Any information that the PHA or HUD determines necessary in the administration of the program, including evidence of citizenship or eligible immigration status;
 - Information as requested for regular or interim reexaminations of family income; and
 - Social security numbers and signed consent forms for obtaining and verifying information;
- Fixing any breach of HQS caused by the family;

- Allowing the PHA to inspect the unit at reasonable times and after reasonable notice;
- Not committing any serious or repeated violation of the lease;
- Not engaging in drug-related criminal activity or violent criminal activity;
- Notifying the PHA and the owner before moving or terminating the lease with the owner;
- Promptly giving the PHA a copy of an eviction notice from the owner;
- Using the assisted unit as a residence only and as the only residence of the family. Members of the household may engage in legal profit-making activities within the unit, but only if those activities are incidental to the primary use of the unit as a residence. The members of the family also may not receive another housing subsidy in the same unit or a different unit;
- Promptly informing the PHA of any change in household composition and obtaining PHA approval to add a family member by any means other than birth, adoption, or court-awarded custody of a child;
- Notifying the PHA of any absence from the unit and complying with PHA policies governing absence from the unit;
- Not subletting the unit, assigning the lease, or having any interest in the unit; and
- Not committing fraud, bribery, or any other corrupt or criminal act in connection with any assisted housing programs.

Family obligations are stated on the Housing Voucher (form HUD-52646), in the lease, and in the program regulations at 24 CFR, Part 982, for housing choice voucher holders.

Exhibit 1-3, *Key Activities in Program Administration*, summarizes key activities in program administration for both PHAs and program participants. The remainder of this guidebook provides detailed guidance on all aspects of program operations.

**EXHIBIT 1-3
KEY ACTIVITIES IN PROGRAM ADMINISTRATION**

