MAXIMUM INCOME AND RENT LIMITS

The following charts which are applicable to all multifamily programs administered by the Agency list the maximum household income and corresponding rent by unit type. If your development is utilizing PennHOMES, use the chart for PennHOMES developments with Tax Credits. If your development is utilizing PHARE Housing Trust Funds, use the Housing Trust Fund Program Rents for those units. If your development is a Tax Credit only development use the chart for Tax Credit only developments.

The County corresponds to the County in which the development is located.

The percentage of Median Income corresponds to the income restriction selected by the owner as required by the various multifamily programs.

The rent limitation is the maximum total housing expense that may be paid by the tenant. Total housing expense includes, but is not limited to, the tenant rent paid to the owner, any utilities (excluding TV cable and phone) paid by the tenant, and any other payment that is mandatory for occupancy of the unit.

PennHOMES applications with SRO units that do not have cooking and sanitary facilities in each unit must use the HOME SRO rent.

The Income and Rent Limits provided in the Application may change based upon HUD issuance of revised limits. Applicants should check the Agency's website prior to the submission of the Application to ensure the current limits are used.

At application, for preservation developments or any occupied housing development, an increase in rents greater than 7% from the rents listed in the "current rentals" chart in the core application is not permitted.

At application, with the exception of preservation developments, Market Rents should be shown no less than 10% below the Market Rents reflected in the Market Study.

Effective Immediately - PHFA Rent Approval Policy

PHFA's *Rent Approval Policy* defines the policies and procedures required when requesting rent increases from tax credit application to annual increases for existing properties.

All rent increases must be approved by the Agency in writing prior to implementation.

APPLICATION TO CLOSING

All Tax Credit application rents may be increased up to 7% each year from application to closing. Any increase over 7% requires an updated Market Analysis to support the request and maximum rent limits still apply. Requests must be submitted to the Lending Analyst and then forwarded to the Housing Management Representative for review.

CLOSING TO OCCUPANCY

- If a project increased rents prior to closing, rents are permitted to increase up to 7% per year from closing to initial occupancy of the first unit.
- If rents did not increase at closing, rents are permitted to increase up to 7% per year from the application date to initial occupancy of the first unit.
    - Example: Application June 1, 2027, and Initial Occupancy, December 2030 – This project could receive a compounded 21% rent increase.

Application 2027	2028	2029	Initial Occupancy -2030
Tenant Rent: $1,000	$1,000	$1,070	$1,145
Increase Amount	7% = $70	7% = $75	7% = $80
New Tenant Rent Request	$1,070	$1,145	$1,225

- **If a rent increase is not requested during this period, the rents on the PHFA Closing Spreadsheet must be used for initial lease up.**
    - Increasing rents without PHFA written approval may result in negative ranking points on future tax credit applications.

EXISTING PROPERTIES (POST RENT-UP)

Agency financed properties must submit a *Rent Summary* for review and approval on an annual basis within thirty (30) days of the release of the PennHOMES rent and income limits. This is the only time a rent increase will be considered. The *Rent Summary* submission is the Agent's opportunity to request an increase to Tenant Rents for the upcoming year. The Agency caps annual Tenant Rent increases at 5%. *Rent Summaries* must be submitted to the Housing Management Representative (HMR) and upon review, the HMR will issue a written response with an approval or disapproval. *All requested increases must be approved by the Agency in writing prior to implementation.*

Agency approved increases are only applicable to the *portion of rent paid by the tenant* which is referred to in the *Rent Approval Policy* as "Tenant Rent(s)". Agency approved rent increases are not applicable to Utility Allowance or Gross Rent amounts. Tenant Rent

(including the requested increase) + the Utility Allowance for tenant-paid utilities cannot exceed the published maximum rents.

IMPLEMENTATION

Rent increases may be implemented upon receipt of written approval from the Agency. The Agent may apply the approved rent increases for move-ins, household recertifications, or at a date specified in the lease agreement. Please note, rent increase requests are limited to one request per year. O/As are encouraged to request rent increases after the rent and income limits are released.

RENT INCREASES EXCEEDING FIVE PERCENT (POST RENT-UP)

Tenant Rent increase requests exceeding the 5% threshold must be included on the annual *Rent Summary* submission to the Housing Management Representative (HMR) for review. A written request must also be provided including a detailed explanation of specific factors impacting the need for the increase and supporting documentation.

The HMR and the Financial Analyst (FA) will review the request and issue a written response with an approval or disapproval. Consideration is given to the following factors to ensure residents do not receive rent increases due to unsatisfactory management policies or implementation:

- Consistent, adequate, and trained staff at the site.
- Management policies and execution regarding:
    - Rental delinquency
    - Evictions
    - Occupancy and move-ins
    - Unit Turnovers
    - Rent collection
    - Overall affordability to residents
    - Management and usage of RFR account
- Review of project financials.

FUNDING TYPES SUBJECT TO RENT APPROVAL POLICY

- HOMES (pre-July 1995 HOMES funds/ per Chapter 12 of the Property Operations Manual)
- PennHOMES with Federal HOME
- PennHOMES Match including Match properties that have concluded their affordability period but still have an outstanding PHFA loan.
- PennHOMES with Tax Credits
- PHFA Mortgages (1st, 2nd, 3rd) National Housing Trust Fund (HTF)
- Capital Magnet Fund (CMF)
-

All rent increases must be approved by the Agency. Failure to abide by this policy may result in negative ranking points on future applications.

Revised 3/2024