

Effective Immediately - PHFA Rent Approval Policy

Owner/Agents (O/A) may request increases from reservation up to initial occupancy and then may request an increase on an annual basis for existing properties.

Reservation to Closing

All Tax Credit applications rents may be increased up to 5% from reservation to closing. Any increase over 5% requires an updated Market Analysis to support the request. Maximum Rent Limits still apply. Requests must be submitted to the Lending Analyst and will be forwarded to the Management Representative for review. Controllable costs may also be adjusted due to any increase in rents.

Closing to Occupancy

- If a project increased rents at closing, rents are permitted to increase up to 5% 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 5% per year from the application date to initial occupancy of the first unit.
 - Example: Application June 1, 2020, and Initial Occupancy December 2023 – This project would be allowed a compounded 15% rent increase

Application 2020	2021	2022	Initial Occupancy 2023
Rent: \$1000	\$1000	\$1050	\$1102
Increase amount	5% = \$50	5% = \$52	5% = \$55
New Rent Request	\$1050	\$1102	\$1157

Existing Properties (After Rent-up)

Properties with certain funding programs must submit a Rent Summary for review and approval on an annual basis. The Rent Summary submission process ensures residents are paying rents at or below the applicable program limits and resident do not receive an undue increase from the previous year. PHFA must review and approve rent increases for properties with the following funding:

- 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 1st Mortgage
- National Housing Trust Fund
- Housing and Redevelopment Assistance Program (HRA) / Keystone
- Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)
- Capital Magnet Fund

Agents are encouraged to increase rents annually; however, rents cannot exceed the applicable maximum rent limits and the Agent may not impose an increase more than 5% without permission from the Agency. Tenant Rent plus utility allowances for tenant-paid utilities cannot exceed the published maximum rents.

Any increase exceeding the 5% threshold must be requested in writing and submitted to the Housing Management Representative for review. The written submission must include a detailed explanation regarding the need for the increase. 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.