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IMPORTANT INFORMATION FOR LANDLORDS PLEASE READ CAREFULLY

The past few years have seen a significant increase in rents, thus increasing the cost per family in the HCV Program. The HACC is facing a funding shortfall for its HCV Program and does not have sufficient funding to cover rental assistance costs for all its current HCV Program participants at the current cost. In order to avoid having to terminate families from the program, the HACC has to implement cost savings measures for its HCV Program. If you were a landlord participating in the HCV Program in 2017, some of these cost saving measures will be familiar.

Effective May 1, 2025, the following cost saving measures will be implemented for the HCV Program:

1. **Reduction in subsidy standards** – The subsidy standard represents the "family's budget" for the amount of housing assistance the HACC will provide for the family. It is assigned by bedroom size. The HACC's subsidy standards are based on household composition and are being changed to reflect **two people per bedroom**, regardless of age, sex, or relationship of household members. This means that the voucher size allocated to the family may decrease at the next annual renewal on or after May 1, 2025. It may also change if the family chooses to move. Beginning on March 10th, the HACC started applying the new subsidy standards when issuing vouchers to families who requested to move. Vouchers issued prior to March 10th will be honored as they are so long as the family leases a new unit before May 1st. If the family does not lease by May 1st, then a new voucher with the new subsidy standard will be issued.

   Landlords need to keep in mind that this reduction may impact a family's voucher size, thus increasing the family's portion of rent. As such, the amount of any rent increase request may be impacted. In many instances, the increased rent to the owner may come from the family and not the HACC, further increasing the family's portion.

2. **Reduction in payment standards** – The HACC's payment standards, which are used to determine rent to the owner, will revert back to the 2024 payment standards effective May 1st. The reduction will impact families who are currently in move status or those requesting to move. Vouchers issued prior to March 10th will use the 2025 Payment Standards so long as the family leases a new unit before May 1st. If the family does not lease by May 1st, then the 2024 Payment Standards will be applied.

   This may impact the initial rent to the owner and/or the family's portion of the rent. Any time the gross rent, which is the rent to the owner plus the utility allowance, exceeds the payment standard, the family is responsible for the overage. Families must pay 30% of their adjusted income towards the rent, but may pay up to 40%. Some families may be approved to pay up to 40%, depending on total household income, while other families may not. Landlords may want to see the voucher to confirm the the family's subsidy standard to compare to the actual unit size.

For current participants not moving, the reduction in payment standards will not be implemented until the second annual recertification following this change, which won't be until 2027. However, if a family's subsidy standard changes, the payment standard will be adjusted to reflect the new subsidy standard. This does not constitute a decrease in the payment standard, but rather an adjustment to it for the change in subsidy standard.

3. **Restrictions on move-in dates** – For families <u>currently under contract</u>, the contract effective date to move to a new unit may be on the 1st of the month only. The HACC will not pay overlapping subsidy to more than one landlord for the same time period, meaning no mid-month moves.

   Landlords need to be cognizant of this when setting a move-in date. If the family chooses to move in prior to the 1st of the month without HACC approval, then the family will be responsible for the full rent to the owner for that time period.

   For families <u>not currently under</u> <u>contract</u> with the HACC, the contract effective date to move to the new unit may be negotiated with written approval from the HACC. A family may be considered "not currently under contract" if they are residing in a unit that is in abatement and are required to move, have vacated their current unit, or are a new portability move-in.

4. **Restrictions on moves to higher cost units** – The HACC may deny a family's request to move to a unit where the subsidy paid (HAP) for the new unit will exceed the current subsidy paid (HAP). Situations will be addressed individually if there is a change in household composition or as a reasonable accommodation for a family member with a disability. Landlords need to understand that some new units the family finds may not be approved for the family to move into from their unit.

5. **Limit the dollar amount of rent increase requests** – The HACC understands that the increase in property taxes has caused an increase in owner-requested rent. It is the increase in rent, though, that has contributed significantly to the shortfall. The HACC will make every effort to provide an increase, but has to weigh the amount of increase in the subsidy cost.

   Landlords need to keep in mind that the reduction in subsidy standards and payment standards may cause the family's rent portion to increase, even without a rent increase. If the amount of increase will impact the family's rent portion, then the HACC will verify that the family understands this and is able to pay the increased amount prior to approving the increase.

The HACC understands that these cost saving measures are not ideal, but they are absolutely necessary to continue serving all the participants in the HCV Program.