

Budget-Based Rent Adjustment Submission Checklist

The following checklist identifies documentation that may be required for submission of a complete package for a budget-based rent adjustment.

Cover Letter that briefly does all the following:

- Summarizes the reasons why a rent increase is needed and the date the increase will be effective
- Percentage of rent increase requested
- Describes the project's physical condition and any improvements that have been budgeted. The letter may refer to the reasons stated in the Notice or elaborate on those reasons. (The main reasons stated in the letter must be the same as the main reasons stated in the Notice to Tenants, if the project was subject to the tenant comment procedures.)
- Identifies any proposed change in services, equipment or charges and the reasons for the change

Completed Budget Worksheet (Form HUD 92457-A)

- Most recent audited financial figures in the left column
(These figures must match the most recent Audited Financial Statements submitted to HUD)
- For any property not insured by HUD, the owner must submit a copy of the most recent fiscal year financial statements
- Year-to-date actual expenses in the middle column
- Proposed figures for the requested budget year in the right column
- Form must be signed and dated

An explanation and supporting documentation for line items

(Sample Owner Explanation of Income and Expense Estimates HUD Handbook 4350.1, Chapter 7, Appendix 4b)

- An increase of more than 5% and \$500 requires an explanation
- An increase of less than 5% but over \$500 requires a brief statement explaining the basis for the increase
- An increase of less than 5% and less than \$500 does not require an explanation or documentation
- New line items not included in the prior year budget requires an explanation and supporting documentation

Examples of supporting documentation include:

- Current (past 12 months of data) copies of contracts, invoices, bills or estimates obtained
- Dated notice of an increase from a utility company, insurance provider etc.
- Analysis and backup documentation of how the projected expenses were estimated

- Current Management Certification approved by HUD** (form HUD-9839-A,B,C, as applicable)
 - Management fees which are not supported by a current Management Certification; the owner/agent must submit to HUD and obtain HUD approval of a current Management cert
 - Please note this must be submitted directly to HUD for approval. Once HUD approval has been received, please forward a copy of the approval to the WWHDF

- Copy of Notice to the Tenants**
 - Where applicable, a copy of the Notice to Tenants annotated to show where and how the Notice was distributed (e.g., posted, mailed, hand carried)
 - Notice must show reason(s) for the requested increase, and the tenant's right to contact HUD within 30 days.
 - Sample Notice to Tenants is provided at the WWHDF website

- Copy of Comments from Residents and Owner Evaluation of Comments**
 - All comments from residents received by the owner must be reviewed, evaluated and responded to by the owner (Property types: 202's and Co-ops exempted)
 - The comments, summary of the owner's review and evaluation of the comments, and the owner's response to the comments must be submitted to the PBCA with the rent adjustment

- Owner Certification that proper notice to the tenants has been provided**
 - Per the 4350.1 Chapter 7, Appendix 2, this document refers to the Notice to Tenants and the owner certifies he provided proper notice. The owner also certifies that he provided the full comment period which is 30 days.
 - The Certification must be dated 30 days *following* the Notice to Tenants.

- An executed copy of the **Owner's Certification as to Purchasing Practices and Reasonableness of Expenses** (per 4350.1 Chapter 7, Appendix 3)

- A status report on the project's implementation of its current Energy Conservation Plan
 - **This applies only to section 236 and BMIR projects, projects that receive rent supplement assistance, and projects that converted from rent supplement to section 8**

- A signed request for an increase in the **Reserve for Replacement (R4R)** if such an increase is contemplated as part of the rent increase request.
 - If the owner wishes to increase the R4R deposit, the request must be submitted in writing and be accompanied by a Capital Improvement / MIO Plan or a Reserve for Replacement Analysis, and if applicable, a Comprehensive Needs Assessment
 - Any change in the Reserve for R4R deposit must be approved by HUD

- Utility Allowance Analysis** (for Projects with UA)