

Complete Package for a Budget-Based Rent Adjustment

- Cover Letter** that briefly does all of the following:
 - Summarizes the reasons why a rent increase is needed
 - The date the increase will be effective - this is only required for a Pre-MAHRA budget
 - Percentage of rent increase requested
 - Describe the project's physical condition and any improvements that have been budgeted for. 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, if there are no proposed changes, the letter must state this.

- Completed Budget Worksheet** (Form HUD 92457-A) (must be current HUD published form)
 - Most recent audited financial figures in the left column (These figures must match the most recent Audited Financial Statements submitted to HUD).
 - 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**
 - An increase of more than 5% and \$500 requires an explanation and supporting documentation.
 - An increase of less than 5% but over \$500 (and vice versa) 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
 - NOTE: General ledgers are **not** an acceptable form of supporting documentation
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- Provide an itemized list for the following categories** budgeted for regardless of whether or not the owner/agent is requesting an increase:
 - 6390 Misc Admin Expenses
 - 6590 Misc Operating and Maintenance Expenses
 - 6790 Misc. Taxes, Lic, Permits and Insurance
 - 6890 Misc Financial Expenses
- For example, if you are claiming a total of \$1000 in line 6390, you must itemize each expense such as \$600 for postage, \$300 for stationary, and \$100 for copying expenses.
- If requests are greater than 5% or \$500, please see requirements above (explanation and supporting documentation for line items)
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- Provide documentation to support the following categories** budgeted for regardless of whether or not the owner/agent is requesting an increase:
 - 6520 Contracts
 - 6720 Property and Liability Insurance

- For projects that pay a **Shelter Rent Tax**, provide Taxation Department letter or recent bill with every budget based rent adjustment
- Provide Payroll Analysis** (including current salaries, project salaries, and payroll taxes) to support the following accounts, regardless of the amount requested:
- 6310 Office Salaries
 - 6330 Manager/Superintendent Salaries
 - 6351 Bookkeeping fee
 - 6510 Janitor/Cleaning Payroll
 - 6530 Security Payroll Contract
- Past Due Accounts Payable**
- In some cases of troubled properties with significant operating deficits, HUD may approve Past Due Accounts Payable as an operating expense. The following docs must be provided with the owner/agent's request:
 - A detailed listing of past due invoices, with copies of the invoice as backup documentation
 - An explanation as to why these invoices were not paid using operating funds from prior years
 - A certification signed by the owner/agent that states the invoices listed are currently outstanding and have not been paid.
 - In addition, a statement of what steps the owner/agent is taking to ensure invoices are current and will continue to be paid timely in the future
- Current Management Certification approved by HUD** (form HUD-9839-A,B,C, *as applicable*)
- Provide HUD signed current Management Certification.
 - If property does not have a current HUD signed Management Certification, the owner/agent must submit directly to HUD for approval. Once HUD approval has been received, please forward a copy of the approval to CGI.
- Copy of Notice to the Residents**
- Owner/agent must follow the tenant notification procedures in 24 CFR Part 245 Subpart D for a budget-based rent increase.
 - Notice to residents must contain the information in the format or an equivalent format as shown in 24 CFR 245.310 – Notice to Tenants.
- Copy of Comments from Residents and Owner Evaluation of Comments**
- All comments from residents received by the owner/agent must be reviewed, evaluated and must be submitted to the PBCA with the rent adjustment.
 - The owner/agent should review, evaluate and respond to any tenant comments received.
- Owner Certification provided to show proper notice given to the tenants**
- Per the 4350.1 REV-1 Chapter 7, the owner must certify that proper notice was provided to tenants with a full comment period of 30 days. The Owner's Certification as to Compliance with Tenant Comment Procedures in 24 CFR 245 (4350.1 REV-1, Appendix 2) must be dated 31 days *following* the Notice to Tenants.
- An executed copy of the Owner's Certification Regarding Purchasing Practices and Reasonableness of Expenses**

- **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 a change in the **Reserve for Replacement** is required if such an increase or decrease is being requested as part of the rent adjustment submission.
 - If the owner wishes to increase or decrease the RfR deposit, HUD approval is required.
 - If applicable, the request must be accompanied by a Capital Improvement / MIO Plan or a Reserve for Replacement Analysis, and if applicable, the Comprehensive Needs Assessment
 - Any change in the RfR deposit must be approved by HUD.

- **Utility Allowance Analysis** (for Projects with UA)
 - Please refer to the HUD Notice 2015-04

- ❖ **An owner/agent should make every effort to submit all supporting documents to CGI with their initial submission. In the event an owner/agent is waiting for confirmation from HUD for a line item or is having difficulty in obtaining an item, they can still submit to CGI to allow for processing to begin. In the event CGI needs additional information/documentation, we will follow up with the owner/agent and/or HUD directly.**