

# How the Ross Plan Would Raise Rents on HUD-Assisted Households

A bill from Rep. Dennis Ross would allow large rent increases for low-income people assisted through the Housing Choice Voucher and Public Housing programs and properties converted by public housing agencies to Project-Based Rental Assistance, including working families, the elderly, and people with disabilities. Under the Ross proposal, the Department of

Housing and Urban Development (HUD) would determine the rent formula for elderly and disabled households, while state and local housing agencies could choose from six different rent formulas that would apply to all other households. For a full description of the Ross proposal, see our [side-by-side comparison to current law](#).

## Under Current Law

### Most households pay the highest of...

1. 30% of adjusted income (gross income minus deductions)
2. 10% of gross income
3. Minimum payment<sup>a</sup> (\$0-\$50 per month depending on program and housing agency)

### Households can receive these income deductions:

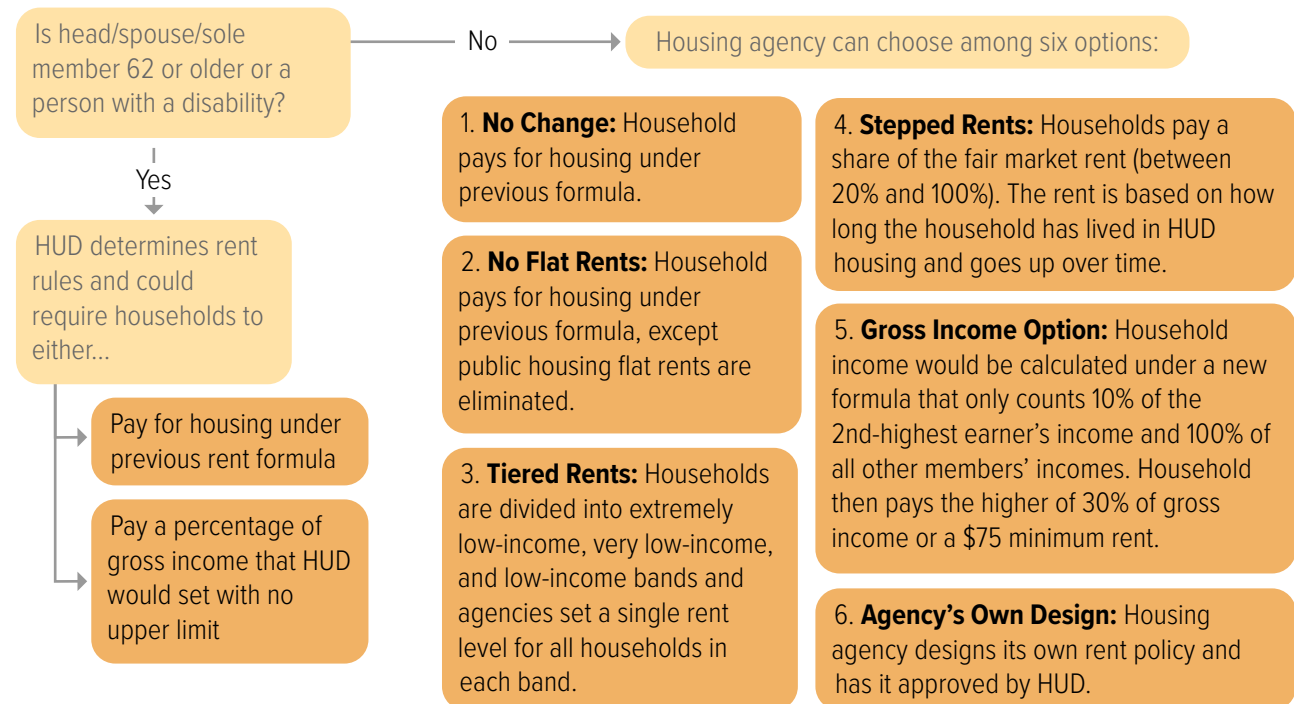
- \$400 annually for elderly and disabled households<sup>b</sup>
- \$480 annually per dependent
- Unreimbursed child care expenses needed for employment or education
- Unreimbursed medical expenses (for elderly and disabled families only) and certain disability-related expenses (for any family with a disabled member) that exceed 3 percent of family income

A household is considered elderly or disabled if the head, the head's spouse, or the sole member is 62 or over or has a disability.

Public Housing residents can choose instead to pay a flat rent linked to local market rents.

## Ross Proposal

The rent formula varies based on the composition of the household, and state and local housing agencies can choose from a complex menu of alternative rent rules or design their own rules, which would take effect if HUD didn't reject them within 90 days. All households would lose their deductions, and HUD could raise the share of income that elderly/disabled households currently pay with no limit. Rent is determined using the following:



<sup>a</sup> Households may be eligible for a hardship exemption from the minimum housing payment today and from some rent options established by the Ross proposal. In practice, however, few households receive such exemptions.

<sup>b</sup> In 2016 Congress raised the standard deduction for elderly and disabled households to \$525 and the threshold for medical and disability expenses to 10 percent of income (see PL. 114-201), but HUD has not yet implemented this change.

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### Example: Single Elderly Household with High Medical Expenses Paying a Percentage of Gross Income

John is a **75-year-old** living in Public Housing. His income is **\$16,000** a year with **\$4,000** in annual unreimbursed **medical expenses**. The housing authority charges a minimum monthly payment of **\$25**.

Current Law	Ross Proposal: Housing Costs Increase by 33 Percent
<p>Tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 10% of gross income</li> <li>2. 30% of adjusted income (gross income - deductions)</li> <li>3. \$25 minimum monthly payment</li> </ol> <ul style="list-style-type: none"> <li>• Gross income: \$16,000, or \$1,330/month</li> <li>• Minus deductions for medical expenses over 3% of income (\$3,520) and elderly status (\$400)</li> <li>• Equals adjusted income of \$12,080, or \$1,010/month</li> <li>• Tenant pays the higher of 30% of adjusted income (\$300/month) or 10% of gross income (\$130/month)</li> <li>• <b>Monthly housing costs = 30% x \$1,010 = \$300</b></li> <li>• <b>\$1,030 left over</b> to cover monthly expenses (\$1,330-\$300)</li> </ul>	<p>Tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 30% of adjusted income (gross income - deductions)</li> <li>2. \$25 minimum monthly payment</li> </ol> <ul style="list-style-type: none"> <li>• Gross income: \$16,000, or \$1,330/month</li> <li>• No deduction for medical expenses or elderly status</li> <li>• <b>Monthly rent = 30% x \$1,330 = \$400, a 33% increase</b></li> <li>• <b>\$930 left over</b> to cover monthly expenses (\$1,330-\$400)</li> <li>• This assumes HUD opts to set rents for John and other elderly and disabled households at 30% of gross income, as it proposed in April 2018. HUD would have authority to set that percentage higher, without limit.</li> </ul>

Note: Income and rent calculations are rounded to the nearest \$10.

### Example: Disabled Household with a Non-Disabled Adult Member Paying a Percentage of Gross Income

Susan and her 19-year-old son, Jacob, use a voucher to rent their apartment. Susan has a **disability** and cannot work. Jacob is a **full-time college student living at home**. Their income is **\$11,000** a year with **\$1,600** in annual unreimbursed **medical expenses** for Susan. Their housing agency charges a monthly minimum payment of **\$50**.

Current Law	Ross Proposal: Housing Costs Increase by 27 Percent
<p>Tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 30% of adjusted income</li> <li>2. 10% of gross income</li> <li>3. \$50 minimum monthly payment</li> </ol> <ul style="list-style-type: none"> <li>• Gross income = \$11,000 or \$920/month Minus deductions for medical expenses over 3% of income (\$1,270), disabled status (\$400), adult dependent (\$480) Equals adjusted income of \$8,850, or \$740/month</li> <li>• Tenant pays the higher of 30% of adjusted income (\$220/month) or 10% of gross income (\$92/month)</li> <li>• <b>Monthly housing costs = 30% x \$740 = \$220</b></li> <li>• <b>\$700 left over</b> to cover monthly expenses (\$920-\$220)</li> </ul>	<p>Tenant pays 30% of gross income :</p> <ul style="list-style-type: none"> <li>• Gross income: \$11,000, or \$920/month</li> <li>• No deduction for medical expenses, disabled status, or adult dependent</li> <li>• <b>Monthly rent = 30% x \$920 = \$280, a 27% increase</b></li> <li>• <b>\$600 left over</b> to cover monthly expenses (\$920-\$320)</li> <li>• This assumes, based on HUD’s April 2018 proposal, that HUD opts to set rents for Susan’s family and other elderly and disabled households at 30% of gross income. HUD would have authority to set that percentage higher, without limit.</li> </ul>

Note: Income and rent calculations are rounded to the nearest \$10.

### Example: Family in Deep Poverty Under Gross Income Option

Patricia and her **two children**, an infant and a toddler, live in Public Housing in the **Sioux Falls, SD metropolitan area**. Patricia provides full-time care to her children because she lacks affordable child care. Her income is **\$2,000** a year. She pays **\$60/month for utilities** and has been living in Public Housing for **one year**. The housing authority charges a **\$50** minimum payment.

Current Law	Ross Proposal: Housing Costs Increase by 50 Percent
<p>Tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 30% of adjusted income (gross income - deductions)</li> <li>2. 10% of gross income</li> <li>3. \$50 minimum monthly payment set by housing authority</li> </ol> <ul style="list-style-type: none"> <li>• Gross income = \$2,000 or \$170/month Minus deductions for dependents (\$480 per child) Equals adjusted income of \$1,040, or \$90/month</li> <li>• Tenant pays the higher of 30% of adjusted income (\$30/month) or 10% of gross income (\$17/month) if either is above the minimum housing payment</li> <li>• 30% of adjusted income = \$310 or \$30/month, less than the minimum</li> <li>• <b>Monthly housing costs = \$50, the minimum payment</b></li> <li>• Since utilities cost <b>\$60</b>, household receives <b>\$10 utility assistance payment</b> so total for rent and utilities does not exceed 30% of income: \$60-\$10 = \$50</li> <li>• <b>\$120 left over</b> to cover monthly expenses (\$170-\$50)</li> </ul>	<p>Under the gross income option, the tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 30% of gross income</li> <li>2. \$75 minimum monthly payment, assuming housing authority opts to raise the minimum</li> </ol> <ul style="list-style-type: none"> <li>• Gross income: \$2,000, or \$170/month</li> <li>• No deductions for dependent children</li> <li>• 30% of gross income = \$600, or \$50/month, less than the minimum housing payment</li> <li>• <b>Monthly housing costs = \$75, a 50% increase</b></li> <li>• Tenant pays full utility cost with no utility assistance (the \$75 in housing costs consists of \$60 for utilities plus \$15 for rent)</li> <li>• <b>\$95 left over</b> to cover monthly expenses (\$170-\$75)</li> </ul>

Note: Income and rent calculations are rounded to the nearest \$10.

### Example: Family in Deep Poverty Under Stepped Rent Option

Patricia and her **two children**, an infant and a toddler, live in Public Housing in the **Sioux Falls, SD metropolitan area**. Patricia provides full-time care to her children because she lacks affordable child care. Her income is **\$2,000** a year. She pays **\$60/month for utilities** and has been living in Public Housing for **one year**. The housing authority charges a **\$50** minimum payment.

Current Law	Ross Proposal: Housing Costs Increase by 220 Percent
<p>Tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 30% of adjusted income (gross income - deductions)</li> <li>2. 10% of gross income</li> <li>3. \$50 minimum monthly payment set by housing authority</li> </ol> <ul style="list-style-type: none"> <li>• Gross income = \$2,000 or \$170/month Minus deductions for dependents (\$480 per child) Equals adjusted income of \$1,040, or \$90/month</li> <li>• Tenant pays the higher of 30% of adjusted income (\$30/month) or 10% of gross income (\$17/month) if either is above the minimum housing payment</li> <li>• 30% of adjusted income = \$310 or \$30/month, less than the minimum</li> <li>• <b>Monthly housing costs = \$50, the minimum payment</b></li> <li>• Since utilities cost <b>\$60</b>, household receives <b>\$10 utility assistance payment</b> so total for rent and utilities does not exceed 30% of income: \$60-\$10 = \$50</li> <li>• <b>\$120 left over</b> to cover monthly expenses (\$170-\$50)</li> </ul>	<p>Under a stepped rent structure, the tenant pays rent based on how long they have lived in HUD housing and the local fair market rent:</p> <p>0-2 years.....Tenant pays 20% of fair market rent            3-4 years.....Tenant pays 40% of fair market rent            5-6 years.....Tenant pays 60% of fair market rent            7-8 years.....Tenant pays 80% of fair market rent            9+ years.....Tenant pays 100% of fair market rent</p> <ul style="list-style-type: none"> <li>• Fair market rent for a 2-bedroom unit in Sioux Falls = \$781</li> <li>• <b>Monthly housing costs = 20% x \$781 = \$160, a 220% increase</b></li> <li>• <b>\$10 left over</b> to cover monthly expenses (\$170-\$160)</li> </ul>

Note: Income and rent calculations are rounded to the nearest \$10.

### Example: Family in Deep Poverty Under Tiered Rent Option

Patricia and her **two children**, an infant and a toddler, live in Public Housing in the **Sioux Falls, SD metropolitan area**. Patricia provides full-time care to her children because she lacks affordable child care. Her income is **\$2,000** a year. She pays **\$60/month for utilities** and has been living in Public Housing for **one year**. The housing authority charges a **\$50** minimum payment.

Current Law	Ross Proposal: Housing Costs Increase by 960 Percent
<p>Tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 30% of adjusted income (gross income - deductions)</li> <li>2. 10% of gross income</li> <li>3. \$50 minimum monthly payment set by housing authority</li> </ol> <ul style="list-style-type: none"> <li>• Gross income = \$2,000 or \$170/month Minus deductions for dependents (\$480 per child) Equals adjusted income of \$1,040, or \$90/month</li> <li>• Tenant pays the higher of 30% of adjusted income (\$30/month) or 10% of gross income (\$17/month) if either is above the minimum housing payment</li> <li>• 30% of adjusted income = \$310 or \$30/month, less than the minimum</li> <li>• <b>Monthly housing costs = \$50, the minimum payment</b></li> <li>• Since utilities cost <b>\$60</b>, household receives <b>\$10 utility assistance payment</b> so total for rent and utilities does not exceed 30% of income: \$60-\$10 = \$50</li> <li>• <b>\$120 left over</b> to cover monthly expenses (\$170-\$50)</li> </ul>	<p>Under a tiered rent structure, the housing agency can charge tenants one of three set amounts based on their income band:</p> <ol style="list-style-type: none"> <li>1. Households in the extremely low-income (ELI) band pay an amount the agency sets at up to 30% of household income at the top of the band</li> <li>2. Very low-income (VLI) households pay up to the lower of 30% of VLI limit, or the low HUD HOME program rent</li> <li>3. Low-income households pay up to the lower of 30% of 65% of area median income, or the high HUD HOME program rent</li> </ol> <ul style="list-style-type: none"> <li>• Tenant is extremely low-income, so pays 30% of ELI limit</li> <li>• ELI limit for a family of 3 in Sioux Falls = \$21,250 or \$1,770/month</li> <li>• <b>Monthly housing costs = 30% x 1,770 = \$530, a 960% increase</b></li> <li>• <b>\$0 left over</b> to cover monthly expenses. Patricia would likely lose her home, since she would have to come up with <b>an additional \$360</b> over her monthly income to cover the rent (\$170-\$530)</li> <li>• These estimates assume the housing agency charges the maximum rent permitted, but even a fraction of that amount would be difficult for the family to afford.</li> </ul>

Note: Income and rent calculations are rounded to the nearest \$10. Extremely low-income households have incomes below the federal poverty line or 30 percent of the local median income, whichever is higher. Very low-income households have incomes below 50 percent of the local median income. Low-income households have incomes below 80 percent of the local median income.

### Example: Working Family Under a Gross Income Option

Julia and her **two children**, ages 4 and 6, use a voucher to rent their apartment. Julia works as a home health aide in the **Daytona Beach, FL metropolitan area**. Her income is **\$21,000** a year, and she has **\$6,500** in annual **child care expenses** for her younger child. She and her family have been using their voucher for the past **five** years. The housing authority charges a **\$50** minimum payment.

Current Law	Ross Proposal: Housing Costs Increase by 53 Percent
<p>Tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 30% of adjusted income (gross income - deductions)</li> <li>2. 10% of gross income</li> <li>3. \$50 minimum monthly payment</li> </ol> <ul style="list-style-type: none"> <li>• Gross income: \$21,000, or \$1,750/month</li> <li>• Minus deductions for dependents (\$480 per child, or \$960) and childcare costs (\$6,500)</li> <li>• Equals adjusted income of \$13,540, or \$1,130/month</li> <li>• Tenant pays the higher of 30% of adjusted income (\$340/month) or 10% of gross income (\$170/month)</li> <li>• <b>Monthly housing costs = 30% x \$1,130 = \$340</b></li> <li>• <b>\$1,410 left over</b> to cover monthly expenses (\$1,750-\$340)</li> </ul>	<p>Under the gross income option, the tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 30% of gross income</li> <li>2. \$75 minimum monthly payment</li> </ol> <ul style="list-style-type: none"> <li>• Gross income: \$21,000, or \$1,750/month</li> <li>• No deductions for dependent children</li> <li>• <b>Monthly housing costs = 30% x \$1,750 = \$520, a 53% increase</b></li> <li>• <b>\$1,230 left over</b> to cover monthly expenses (\$1,750-\$520)</li> </ul>

Note: Income and rent calculations are rounded to the nearest \$10.



**Example: Working Family Under a Stepped Rent Option**

Julia and her **two children**, ages 4 and 6, use a voucher to rent their apartment. Julia works as a home health aide in the **Daytona Beach, FL metropolitan area**. Her income is **\$21,000** a year, and she has **\$6,500** in annual **child care expenses** for her younger child. She and her family have been using their voucher for the past **five** years. The housing authority charges a **\$50** minimum payment.

Current Law	Ross Proposal: Housing Costs Increase by 68 Percent
<p>Tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 30% of adjusted income (gross income - deductions)</li> <li>2. 10% of gross income</li> <li>3. \$50 minimum monthly payment</li> </ol> <ul style="list-style-type: none"> <li>• Gross income: \$21,000, or \$1,750/month</li> <li>• Minus deductions for dependents (\$480 per child, or \$960) and childcare costs (\$6,500)</li> <li>• Equals adjusted income of \$13,540, or \$1,130/month</li> <li>• Tenant pays the higher of 30% of adjusted income (\$340/month) or 10% of gross income (\$170/month)</li> <li>• Monthly housing costs = 30% x \$1,130 = <b>\$340</b></li> <li>• <b>\$1,410 left over</b> to cover monthly expenses (\$1,750-\$340)</li> </ul>	<p>Under a stepped rent structure, the tenant pays rent based on how long they have lived in HUD housing and the local fair market rent:</p> <ul style="list-style-type: none"> <li>0-2 years.....Tenant pays 20% of fair market rent</li> <li>3-4 years.....Tenant pays 40% of fair market rent</li> <li>5-6 years.....Tenant pays 60% of fair market rent</li> <li>7-8 years.....Tenant pays 80% of fair market rent</li> <li>9+ years.....Tenant pays 100% of fair market rent</li> </ul> <ul style="list-style-type: none"> <li>• Fair market rent for a 2-bedroom unit in Daytona Beach = \$955</li> <li>• Monthly housing costs = 60% x \$955 = <b>\$570, a 68% increase</b></li> <li>• <b>\$1,180 left over</b> to cover monthly expenses (\$1,750-\$570)</li> </ul>

Note: Income and rent calculations are rounded to the nearest \$10.

### Example: Working Family Under a Tiered Rent Option

Julia and her **two children**, ages 4 and 6, use a voucher to rent their apartment. Julia works as a home health aide in the **Daytona Beach, FL metropolitan area**. Her income is **\$21,000** a year, and she has **\$6,500** in annual **child care expenses** for her younger child. She and her family have been using their voucher for the past **five** years. The housing authority charges a **\$50** minimum payment.

Current Law	Ross Proposal: Housing Costs Increase by 85 Percent
<p>Tenant pays the higher of:</p> <ol style="list-style-type: none"> <li>1. 30% of adjusted income (gross income - deductions)</li> <li>2. 10% of gross income</li> <li>3. \$50 minimum monthly payment</li> </ol> <ul style="list-style-type: none"> <li>• Gross income: \$21,000, or \$1,750/month Minus deductions for dependents (\$480 per child, or \$960) and childcare costs (\$6,500) Equals adjusted income of \$13,540, or \$1,130/month</li> <li>• Tenant pays the higher of 30% of adjusted income (\$340/month) or 10% of gross income (\$170/month)</li> <li>• <b>Monthly housing costs = 30% x \$1,130 = \$340</b></li> <li>• <b>\$1,410 left over</b> to cover monthly expenses (\$1,750-\$340)</li> </ul>	<p>Under a tiered rent structure, the housing agency can charge tenants one of three set amounts based on their income band:</p> <ol style="list-style-type: none"> <li>1. Households in the extremely low-income (ELI) band pay an amount the agency sets at up to 30% of household income at the top of the band</li> <li>2. Very low-income (VLI) households pay up to the lower of 30% of VLI limit, or the low HUD HOME program rent</li> <li>3. Low-income households pay up to the lower of 30% of 65% of area median income, or the high HUD HOME program rent</li> </ol> <ul style="list-style-type: none"> <li>• ELI limit for a family of 3 in Daytona Beach = \$20,780</li> <li>• VLI limit for a family of 3 in Daytona Beach = \$25,100</li> <li>• Low HOME rent for a 2-bedroom unit in Daytona Beach = \$652</li> <li>• Tenant pays the very low-income formula: lower of 30% of VLI limit (\$630) or the low HOME rent (\$652)</li> <li>• <b>Monthly housing costs = \$630, an 85% increase</b></li> <li>• <b>\$1,120 left over</b> to cover monthly expenses (\$1,750-\$630)</li> </ul>

Note: Income and rent calculations are rounded to the nearest \$10. Extremely low-income households have incomes below the federal poverty line or 30 percent of the local median income, whichever is higher. Very low-income households have incomes below 50 percent of the local median income. Low-income households have incomes below 80 percent of the local median income.