

**Testimony of
Mr. Paul T. Graziano
Executive Director, Housing Authority of Baltimore City and
Commissioner of Housing, City of Baltimore, Maryland
on behalf of the
Council of Large Public Housing Authorities
before the
U.S. House of Representatives
Committee on Financial Services**

May 25, 2010

Chairman Frank, Ranking Member Bachus and Members of the Committee, my name is Paul Graziano. I am the Executive Director of the Housing Authority of Baltimore City (HABC), Housing Commissioner of the City of Baltimore, and a Board Member of the Council of Large Public Housing Authorities (CLPHA). CLPHA is a non-profit public interest organization whose members, located in virtually every major metropolitan area, are the largest Public Housing Authorities (PHAs) in the nation. These agencies act as both housing providers and community developers while effectively serving over one million households, managing almost half of the nation's multi-billion dollar public housing stock, and administering one quarter of the Section 8 Housing Choice Voucher program. The Housing Authority of Baltimore City was established in 1937 to provide federally-funded public housing programs and related services for Baltimore's low-income residents. HABC is the fifth largest public housing authority in the country, with more than 1,000 employees and an annual budget exceeding \$350 million. The Agency serves over 10,400 households in public housing, 13,400 in the Housing Choice Voucher Program, and nearly 1,100 families under the Section 8 New Construction, Moderate and Substantial Rehabilitation Programs.

I am pleased to be here today representing CLPHA for this hearing on "The Administration's Proposal to Preserve and Transform Public and Assisted Housing: The Transforming Rental Assistance Initiative" and to offer our views on the Department of Housing and Urban Development's (HUD) legislative proposal, the "Preservation, Enhancement, and Transformation of Rental Assistance Act of 2010" (PETRA).

The issue of preservation of public housing is one of paramount importance to CLPHA. For several years, CLPHA has been actively engaged in discussions with public housing stakeholders to develop a preservation strategy through reform of the public housing funding and regulatory system. A major goal of those discussions has been to establish a more stable and rational subsidy and program structure that gives PHAs the predictability, flexibility and additional tools needed to address the substantial backlog in public housing capital needs. Such reform was a primary focus of

the Summit on the Future of Public Housing convened by CLPHA in 2008 and the Policy Framework produced by the Summit participants.

The criteria for preservation is straightforward. As the Summit Framework called for, we seek a long-term funding structure that addresses reasonable operating costs, adequate replacement reserves and recapitalizes the portfolio by converting public housing to more adequate, reliable and flexible subsidy models. The test for any preservation legislation should be that housing authorities can effectively use these tools to secure adequate operating income and additional capital investment to ensure long term sustainability and affordability of quality housing for low income families, seniors and persons with disabilities.

We commend Secretary Donovan for his vision and commitment to preserve and expand affordable housing. To hear the HUD Secretary say that public housing is an irreplaceable public asset that must be preserved represents a turning point in this most important public policy debate. Secretary Donovan brings commitment, expertise and a willingness to take on difficult challenges. He recognizes that public housing and other rental assistance programs are overdue for reform and need to function more effectively with a corresponding infusion of resources. In preparing to craft legislation to preserve and transform public and rental assistance housing, HUD convened working groups from a broad cross section of stakeholders, often hearing conflicting advice on the programs. The Secretary is aware of the challenges posed by reforming the myriad rental assistance programs of HUD, as he recently said at a town hall meeting on PETRA, “no one would intentionally setup a system this complicated”. He also understands the critical reality that to preserve and improve the affordable housing stock, we must invest more federal resources and incentivize the investment of private capital in this stock.

There are many competing demands in determining how to reform and transform affordable housing programs including HUD’s own internal administrative streamlining objectives and other social policy mandates -- but for us, the most immediate and compelling objective is the preservation and improvement of the public housing stock. We are very concerned that this urgent goal may be lost in the maelstrom of transformation for the department and other housing programs. PETRA creates an overly complex approach to preservation, with a complicated financial and rent setting framework, sweeping and untested social policy mandates and burdensome administrative and regulatory requirements, some of which undermine the very goal of preservation. We are dedicated to our mission to continue to serve the needs of low income people. We do not want to put the properties or the people we serve at risk. More to the point, we favor a more slimmed down bill that focuses on preservation not on transforming HUD. In general the bill tries to do too much, too soon, with too little resources.

Affordable housing preservation cannot be done on the cheap. Based on a study commissioned by CLPHA in 2008, the replacement value of public housing stock is approximately \$145 billion (not including land values). The public housing inventory is a scarce and valuable asset in which the federal government has invested considerable resources. This is an irreplaceable public asset we cannot afford to lose. Yet, we are losing public housing units every day due to chronic underfunding. Preservation requires a commitment of resources – federally appropriated funds, direct rent and capital subsidies and incentives for private capital investment.

CLPHA considers the provisions relating to the following topics among some of the more problematic aspects of PETRA—

- Rental Assistance Conversion
- Market Rents and Rent Setting
- Enforcement
- Resident Choice, Resident Mobility

Rental Assistance Conversion Authority

This section should be the core focus, purpose and entirety of the bill. However, our concerns with the authority to convert are centered around the options and opportunities for PHAs to use more reliable subsidy models to leverage private capital and in particular, the restrictions on the use of project-based vouchers (PBV) as a viable conversion option.

Unlike the earlier HUD proposal on Transforming Rental Assistance (TRA), PETRA severely circumscribes the utilization of project based vouchers as a conversion option. The proposal states that not more than 20 percent of dwelling units may be assisted with project based assistance with an exception up to 5 percent additional units for homeless individuals and families, elderly and disabled persons, or in difficult to use voucher areas and up to 40 percent of vouchers if used for public housing conversion. However, the bill proposes that PBVs be used exclusively for small developments or partially assisted properties, restricting the number of PBVs in a development to no more than 25 percent of the total units. We not only disagree with the percentage details, but we disagree with the fundamental principle of restricting the use of the project based voucher as a preservation tool. The PBV is an important, effective, straight-forward model to use for a reformed public housing structure. We believe it is an important tool and are perplexed why it is so limited and HUD has chosen to foreclose the opportunity to use it more broadly.

In recent years, a number of PHAs have been able to achieve such conversions under current law by obtaining disposition approval and replacement vouchers from HUD. Despite the administrative complications of the current method, these conversions have been attractive because historically vouchers have provided a more adequate and reliable funding stream than public housing operating and capital subsidies. Furthermore, the project-based voucher regulatory environment is more aligned with other public and private resources that are needed to accomplish public housing preservation projects. For these reasons, project-based vouchers have gained significant market acceptance as an effective redevelopment tool for PHAs and their private partners. In addition, the voucher program has generally had widespread support among housing providers and advocates for many years. For all of these reasons, CLPHA believes that the project-based voucher program, which is active and growing, is a solid foundation for a public housing conversion program and should be available to any PHA engaged in preservation efforts.

Since we are losing public housing units due to chronic underfunding, we are committed to preserving or replacing as many of these affordable units as we can. In CLPHA's view, converting public housing to a PBV program is simply a way to restructure public housing to address the capital backlog once and for all over the next several years by leveraging private investment with

appropriated federal funds and thereby establish a more sustainable and administratively efficient program for the future. We are particularly heartened by the legislative discussion draft “Public Housing Preservation and Rehabilitation Act of 2010” which would pledge the full faith and credit of the United States to a public housing loan guarantee and also authorizes a housing tax credit exchange for the rehabilitation of qualified public housing units. These are integral and critical elements to ensure the success of a public housing preservation strategy. These are important financing leveraging tools and should give strong reassurance to lenders, bondholders and other stakeholders in making funds available for public housing preservation.

CLPHA also believes PHAs should have the option to convert their public housing to long-term project-based contracts (PBC), an approach favored by PETRA. While the project based rental assistance programs (PBRA) have also been wrestling with funding and preservation issues in recent years, they are a critical part of the affordable housing inventory and, like the PBV program, are more attractive than the public housing structure in terms of funding stability and a regulatory environment that is more consistent with market principles.

Market Rents and Rent Setting

At the core of any effective preservation strategy there must be a rent setting policy that ensures the long term sustainability of the housing, including operating expenses to maintain the property, funding an adequate replacement reserve, and leveraging sufficient debt to make capital repairs. Without adequate rents the portfolio will be put at even greater risk than under the current program.

There are three principles worth highlighting:

1. Housing authorities should be treated as social entrepreneurs like any other form of owner, and given the same flexibility, resources, and responsibilities as other mission entities like non-profits.
2. Housing authority rents should be pegged to market, as part of leveling the playing field among HUD’s programs so as to permit streamlining, consolidation, and consistency.
3. Before housing authority properties can be put into market competition, they need a one-time major capital injection to enable them to correct years if not decades of chronic underfunding through the current system of operating subsidy and modernization funds, in effect reparations for previous neglect.

HUD estimates that 300,000 units can be preserved through PETRA. CLPHA believes that HUD underestimates the per unit capital backlog and uses an inadequate rent setting methodology. This will not result in HUD’s estimate of 300,000 units being preserved. CLPHA engaged a nationally recognized affordable housing expert to provide an analysis of the costs of conversion. CLPHA members provided actual property cost data and estimates of property capital backlogs for the analysis¹. For each selected property, the participants provided current operating data on those properties using a standard data collection instrument. Participants are also providing estimates of

¹ The properties were self-selected, and the data was self-reported and is unaudited, so the results are not necessarily reflective of the entire portfolio. Nevertheless, our survey sample encompassed roughly 19,000 apartments in fifteen housing authorities, and we asked them to pick typical properties.

their properties' capital backlog, a concept that has to encompass the non-revenue components on public housing properties, such as community facilities and site infrastructure funded by the property, instead of being funded by the municipality as is the case for private affordable properties.

From this analysis, it is estimated that with rents set at the local area FMR, \$290 million could fund the preservation of approximately 60-65,000 units. Funding at this level would produce an average of about \$80,000 of rehab per unit, totaling more than \$5.2 billion in renovations. Furthermore, according to our estimates, about 58 percent of the national portfolio would be able to raise sufficient debt using the FMRs to preserve the properties and cash flow. The remaining 42 percent of the portfolio would either benefit from exception rents above the FMR, or could be preserved with a combination of exception rents and other capital investments, including tax credits, bonds, and private investments.

The exception to preferring a market rent standard involves social asset properties. Social asset properties will need rents above 100 percent of FMR, and project based rents. A property is a 'social asset' if it is both serving the cause of quality affordable housing, yet has negative net operating income (NOI) if rented at market. These properties are not necessarily badly managed, and in fact most are well-managed; rather, they operate under handicaps (e.g. security services, social programs) the market competition does not. Social-asset properties also tend to be concentrated in heartland America, where foreclosures and abandonment have weakened rents in the local submarket.

No capital subsidy can make a social asset property viable; only a budget-based exception rent, property-based in perpetuity, can assure their financial health. These exception rents were an important feature in HUD's mark-to-market initiative and should be incorporated into PETRA.

The section in PETRA on "rent adjustments" may also prove problematic. The requirement for HUD to re-benchmark the rents every five years may cause underwriting difficulties. If a property was approved for debt service based upon certain rent levels, re-benchmarking to a lower amount may affect their ability to repay, or it may cause a lender to reduce their initial debt amount.

Conceptually, there are only three ways to establish rents for properties intended to be affordable long-term: 1) cost or budget based, such as the public housing operating subsidy; 2) market based, such as HUD's Fair Market Rents (FMR) or established through a market survey; or 3) an affordability formula, such as the low income housing tax credit program. After more than a decade, HUD learned some lessons about rent-setting from its mark-to-market program (M2M) that are equally applicable to a TRA initiative.

Public housing now operates with a cost or budget approach; TRA proposes to shift to a market approach. This is sensible—provided the rents are fairly set, adequate resident income subsidy is provided, and properties are given capital to renovate themselves back to market-competitive standards—but there are nevertheless some lessons to be drawn from the M2M experience.

Lesson 1: Do not combine schemes by adding budget-basing to a market rent approach. From time to time, HUD has sought to mix these approaches, usually with unfortunate results. Governments

that want to move properties from budget-basing to market rents sometimes discover that the increased rents are much higher than they thought, and that the government will be paying more than it had expected. There is thus sometimes a tendency to try capping the market rents, or having a "lesser of cost or market" or some other combination. Aside from the essential unfairness of such an approach—penalizing the better performers simply because they are better—it is particularly inappropriate in public housing authorities, which are public bodies with long-term affordability mission. Any surplus proceeds they are able to generate from a high-rent property will be redeployed elsewhere into weaker properties or expanded social services for existing residents. Moreover, 'lesser-of' rent-setting schemes invariably prove short-sighted and put properties back at risk of negative cash flow.

Lesson 2: Social assets need budget-based exception rents. Some properties will be social assets. (In mark-to-market, roughly 10 percent of all properties fell into this category.) If they are to be given an exception rent that is above market, then two conditions logically follow: (a) the assistance must be property based, not portable, and (b) a budget based rent is appropriate. TRA should incorporate an exception rent procedure, such as that used in M2M.

Enforcement

The provisions pertaining to “use agreements”, “liable parties” and “violations” are unprecedented in their application to affordable housing programs due to their broad, expansive language and treatment of a “party that knowingly and materially fails to comply, or causes a failure to comply”. Taken as a whole, the unintended consequence of these enforcement provisions will have a chilling effect on public housing recruitment. They will cause volunteers and other interested parties to refuse to participate on director boards, commissions, other governance bodies and public housing affiliations, since individuals—including officers, directors, agents, owners, etc.—will be held personally liable, with the imposition of civil monetary penalties, for the actions caused by another. CLPHA believes this is a clear example of overreaching in PETRA.

Resident Choice, Resident Mobility

In general, PETRA provides residents of properties converting to property based contracts the option to move using a tenant-based voucher after residing in a converted unit for 24 months. Residents in properties converting using project based vouchers would continue to be able to move with a tenant-based voucher after residing in a unit for 12 months as provided pursuant to current law. Housing authorities that administer the Housing Choice Voucher (HCV) program would be required to provide not more than one-third of their turnover tenant-based vouchers each year for resident choice. In years where additional resources are available, residents in other HUD-assisted rental assistance programs may choose to exercise the option to move using a tenant-based voucher. Not only is HUD introducing a new sweeping untested mandate, but they are also opening the door to have it available to every recipient of HUD rental assistance.

The HCV waiting lists across the country, and particularly in large metropolitan areas, are lengthy, often subjecting applicants to wait times of many years. The resident choice policy, as currently drafted, could produce the “churning” phenomenon – residents using the choice option to circumvent the long voucher waiting lists by moving into a converted public housing unit and then moving out with a voucher after two years, and in most cases earlier than current public housing

residents normally exit the program. Therefore, CLPHA believes there are major policy and operational concerns that remain unresolved resulting from this previously untested policy.

We are very concerned about the impact on the housing choice voucher waiting lists and whether resident choice is equitable to those potential residents. Because of the comparably longer voucher wait lists, a tenant could apply for residency in a converted unit after an applicant for the HCV program, and, as a result of churning, receive a voucher before that other applicant.

Another concern is the cost of resident choice, and the impact of the policy on the viability of a property. The cost of unit turnover, and the loss of subsidy during the interim is a significant portion of a property's operating expenses. While the legislation attempts to remedy this problem by providing up to 60 days of subsidy to vacant units, the lack of tenant rents—currently about 30 to 40 percent on average of a housing authority's operating income—due to resident choice threatens a property's ability to produce a positive NOI. This potential lack of NOI resulting from the resident choice policy will likely jeopardize debt financing of capital needs because financial institutions would be reluctant to lend to a property that could have such income volatility.

CLPHA believes that resident choice should be tested prior to full-scale implementation. The testing should include how mobility plays out in local markets and should emphasize creative approaches to foster resident choice. The unknown costs, and potential negative impacts on property revenue and other residents should not become national policy without proper vetting. After such vetting, any resident choice policy should provide reasonable adjustments to account for lost rental income, impacts on financing costs, additional voucher needs, and to provide accommodations so that waiting list residents are not unfairly impacted.

Rental Assistance Conversion Trust Fund

HUD has established the principle that reform, transformation and preservation of rental assistance through conversion is one of the highest objectives of the department. HUD has requested \$350 million to accomplish the first phase of this initiative. Of that amount, according to the earlier TRA discussion draft, HUD proposed to make available to PHAs \$50 million to “offset the one-time costs of combining HCV (housing choice voucher) program administrative functions to increase efficiency and expand locational choice; and (2) for outreach to encourage landlords in a broad range of communities to participate in the program and to provide additional services to expand families' housing choices”.

PETRA, on the other hand, establishes a Rental Assistance Conversion Trust Fund and proposes to charge fees to PHAs for the privilege of converting. The fees are charged to owners “as may be necessary for payment of expenses incurred by the Secretary in connection with assessing such properties for conversion, including the costs of rental comparability studies and physical needs and financial assessments, as the Secretary may require, and in accordance with a fee schedule that shall not exceed \$100,000 per property”. In CLPHA's view, the imposition of fees on owners is onerous at best, punitive at worst, and siphons needed funding away from properties that can least afford it. For a proclaimed department priority, HUD should be prepared to pay the costs of its rental assistance transformation and not lay the costs on the property owners.

Closing

In closing, we prefer to see the legislation refocus on the core principles and operational framework of public housing preservation as outlined above. We strongly urge HUD to share with Congress and stakeholders the budgetary assumptions and projections that went into its calculations on the costs of conversion.

We applaud HUD for their commitment to a preservation strategy. However, more analysis and more data needs to be developed and shared so that the goal of preservation can be fully realized. CLPHA would like to thank the Committee for holding this hearing and express our commitment to continue working with Congress as we move forward on public housing preservation. We believe that through a more reasoned and data driven analysis, we can be successful in preserving, protecting and expanding affordable housing opportunities. Thank you for your consideration of our remarks.

May 25, 2010 – Graziano Testimony

Appendix A

The following analysis was performed by Recap Advisors, a nationally recognized affordable housing expert —

Portfolio estimates are critical to evaluating the proposed program

The utility of any portfolio-recapitalization proposal depends entirely on whether it works for the large inventory of properties, and that is ultimately a factual and quantitative exercise. So, as HUD and the Congress consider TRA or some other form of property-based rental assistance (PBRA), we all need the best projections we can obtain as to the consequences of both a pilot and a universal program.

Projecting TRA onto the public housing inventory, using sample properties

As part of this effort, to respond promptly yet quantitatively to HUD's proposal, on short notice CLPHA convened a working group from among its members, and engaged a nationally recognized affordable housing expert to assist the working group and CLPHA in quantifying the impact. We asked working group participants, who include several of the nation's largest housing authorities, to identify properties they considered representative.

For each selected property, the participants provided current operating data using a standard data collection instrument. Participants are also providing their own estimates of their properties' capital backlog, a concept that has to encompass more than a typical physical needs assessment and include the non-revenue components on public housing properties, such as community facilities and site infrastructure funded by the property, instead of being funded by the municipality as is the case for private affordable properties.

The properties were self-selected, and the data was self-reported and is unaudited, so the results are not necessarily reflective of the entire portfolio. Nevertheless, our survey sample encompassed roughly 19,000 apartments in fifteen housing authorities, and we asked them to pick typical properties. We here report our findings in the interests of furthering the discussion.

Basic assumptions in our analysis

The purpose of TRA is to standardize HUD programs and level incentives across those programs, while preserving public housing as a national resource. In our projections, we have made the following assumptions that reflect those principles:

1. ***Rents at market, meaning 100% of FMR.*** All properties are assumed to cancel their ACC's (which provide them with operating subsidy and modernization funds) and replace the ACC with a Section 8 contract at local, market, which we assume is 100% of FMR. (We will also do sensitivity analysis using alternative rent assumptions.)
2. ***Properties retain their 'Other Income'***, which is outside the ACC.
3. ***Assistance is portable***, so that financial vacancy stabilizes at 5%.
4. ***No change in use, tenancy, or income levels.*** The properties will continue to operate as public housing, serving the poorest of the poor.
5. ***A one-time 10% increase in operating expenses***, even if there is rehab, to account for marketing and competitiveness. This is conservative but appropriate in light of the unknowns associated with a conversion.
6. ***All existing social programs continue.*** Implied by keeping operating expenses unchanged.
7. ***New financing available on FHA-insured market terms***, which are presumed to be 5.5%, 35 years, 117% debt service coverage.
8. ***Baseline capital backlog of \$40,000 per apartment***, which we think represents a decent starting point for national averages. CLPHA is doing additional research to improve the accuracy of this estimate, which is obviously critical.
9. ***Annual new replacement reserve funding of \$350 per apartment per year***, a relatively low figure based on the presumption that the new financing will deal with the capital backlog, returning the property into sound and market-competitive condition prospectively.
10. ***Transaction costs of 3% of the new loan.***
11. ***No continuing dividend limitations or restrictions on refinancing***, so that post-TRA public housing authorities are placed in an equal position with their affordable and market competitors.

Estimated impact of TRA, as a pilot and as a permanent program

Assuming that the subset we have studied does in fact reflect the inventory as a whole, and using the baseline assumptions listed above, we project the consequences to HUD and to the inventory as follows.

New rents will be roughly \$4,200 per apartment per year higher than current. At 100% of FMR, the new rents will \$350 monthly higher than the resources public housing now receives. If we take this figure as reflective of the under-funding of public housing, and capitalize it at the assumed borrowing rate, it translates into \$55,000 per apartment of value housing authorities have been deprived, which if multiplied across the entire 1,300,000 apartment inventory, represents \$71.5 billion in financeable value – rehab plus equity housing authorities could use in furtherance of their mission.

The inventory divides into three groups: Viable, Sub-viable, and Social Assets. Properties are Viable if, at market rents, they can generate new debt sufficient to cover at least the baseline capital backlog (projected at \$40,000 per apartment). Using that figure, and based on our portfolio sample, we find a portfolio distribution roughly as follows:

50-60% Viable. These properties can support at least \$40,000 per apartment of rehab.

30-40% Sub-viable. These properties can support some rehab, but not enough.

5-15% Social Assets. These properties have negative Net Operating Income, and hence will need exception rents (see below).

Social asset properties will need rents above 100% of FMR, and project-based rents. A property is a 'social asset' if it is both serving the cause of quality affordable housing, yet has negative Net Operating Income if rented at market. These properties are not necessarily badly managed, and in fact most are well-managed; rather, they operate under handicaps (e.g. security services, social programs) the market competition does not. Experience in HUD's mark-to-market program a decade ago revealed that these tend to cluster in two types:

- *Rural high-rise elderly*, where the competition is unprofessional walkups, and where the public housing property is built to a higher standard, including community facilities, and operated to enhance the elderly residents' quality of life.
- *Urban family developments in difficult neighborhoods*, where the property is maintained better, and provides better security, than its conventional competition.

Social-asset properties also tend to be concentrated in heartland America, where foreclosures and abandonment have weakened rents in the local submarket.

No capital subsidy can make a social asset property viable; only a budget-based exception rent, property-based in perpetuity, can assure their financial health. These exception rents were an important feature in HUD's mark-to-market initiative and should be incorporated into TRA.

A \$290 million pilot will fund 60-65,000 apartments. HUD's initial proposal is for \$350 million in funding, of which \$50 million is for expanding access to opportunity for recipients of HUD rental assistance and \$10 million is for technical assistance, leaving \$290 million available for increased subsidy. (We presume that this is intended to be an evergreen annual subsidy increase, since if it were a one-time payment it would be woefully inadequate to induce owners to participate.) At a threshold of \$40,000 per apartment, the pilot will fund 60-65,000 apartments nationwide.

Even this number of apartments participating may be optimistic. Early-adopters in a voluntary pilot will be those properties that have the most potential to raise their rents, and to use the proceeds for substantial renovations.

Based on an estimated conversion of 65,000 units with average rehabilitation of \$80,000 per unit, the \$290,000,000 initial TRA fund could lead to \$5.2 billion of renovations a multiple of 18 times.

Housing Authority of Baltimore City

Market Comparable Gross Rent Samples of Mixed Population Developments

Development	Comparable Gross Rent
Allendale	\$857
Bel Park	\$857
Bernard Mason	\$818
Brentwood	\$847
Carey House	\$834
Chase House	\$997
Ellerslie Apartments	\$837
Govans Manor	\$671
Hollins House	\$845
J. Van Story Branch Sr. Apts.	\$896
Lakeview Tower	\$837
Laurens House	\$926
McCulloh Homes	\$935
Monument East Apartments	\$800
Primose Place	\$826
Rosemont Tower	\$759
Wyman House	\$810

1 Bedroom FMR- \$1,002

Housing Authority of Baltimore City

**Amount of Capital for Rehabilitation Generated Through PETRA
Program Under Various Financing Assumptions
Sample Mixed Population Project**

FMR Level	Debt Coverage	4% Tax Credit	Amount of Rehab Per Unit
100%	1.2	Yes	\$52,206
110%	1.2	Yes	\$62,165
100%	1.1	Yes	\$57,512
110%	1.1	Yes	\$69,795
135%	1.1	Yes	\$80,000
110%	1.1	No	\$37,205
191%	1.1	No	\$80,000
Note: Fair market rent equals \$887 for a studio and \$1,002 for a one-bedroom apartment.			