

FEES – Frequently Asked Questions

Fees — Generally, fees that are charged to the resident must be included in the gross rent calculation if they are non-refundable, a condition of occupancy and no reasonable alternative exists. Non-refundable fees associated with returning a vacated unit to "rent ready" condition may not be charged (refurbishment fees, redecorating fees, administrative fees). However, the Owner may charge an application fee which is limited to the actual costs associated with the management screening and eligibility determination processes. This one-time application fee will not be included in the gross rent computation. In addition, any fee which is refundable (such as the security deposit fee) or optional (such as pet fees) will not be included in the rent calculation.

Q: What consequences result from overcharging rent?

A: Serious consequences can occur when rent is overcharged in an LIHTC unit. Once a unit is determined to be out of compliance with the rent limits, the unit ceases to be a low-income unit for the remainder of the calendar year. The potential financial impact for the owner can be substantial. Even though the Owner is required by NHD to refund all over paid rent to the tenant, the unit will still be considered to be in non-compliance until the beginning of the next year.

Q: If the rent is over the State set-aside limit but not the Federal set-aside limit, is the unit still reported to the IRS?

A: No, however the units will be considered to be out of compliance and NHD will require the overpaid rent to be reimbursed. If the Owner/Agent does not provide documentation demonstrating that the rent was refunded, the property will be considered to be out of compliance and other consequences of compliance will apply.

Q: Can I charge a tenant pet rent?

A: NHD does not prohibit a pet rent and a reasonable and refundable pet deposit is allowed. However, the rent and refundable deposit must not be charged to those who have a pet that is considered a service, therapy, or assistance animal.

Q: Can I require a tenant to pay a higher rent if they refuse to sign a lease renewal?

A: You cannot raise a tenant's rent based on the fact that they do not want to and/or cannot renew their lease for a specific amount of time. However, you can offer a rent reduction to those who agree to sign a renewal for a specified amount of time. The key is to think incentive and not penalty. A reasonable rent increase when the lease expires is permissible consistent with the local market taking into consideration the maximum rent limit allowed.

Q: How much rent can be charged for a unit occupied by a Housing Choice Voucher Holder?

A: The total rent charged cannot impact the tenant portion of rent as normally calculated by the public housing authority (PHA). The Owner or Agent can charge the PHA up to the amount the PHA is willing to pay if there is no additional cost added to the tenant's portion of rent as calculated by their income. Some PHA's may allow an Owner or Agent to charge more than the payment standard and add the over charged amount to the tenant's portion of rent. Check with the local PHA to avoid any issues.

Q: What fees do I have to include in rent?

A: All non-optional fees charged to a tenant must be included in gross rent.

Q: Can I charge a non-refundable pet fee or a monthly pet fee?

A: Yes, it must be optional and cannot be charged for service, assistance and companion animals.

Q: Can I charge a fee or rent for a parking space, garage, carport, or storage unit?

A: Fees must not be collected for areas that were paid for by the tax credits. In order to charge fees for certain areas of the property, the Owner/Agent must be able to demonstrate that the area was taken out of the eligible basis for the calculation of the tax credit.

Q: Can I require renter's insurance?

A: No, however you can recommend it. If you require it, the cost must be included in gross rent.

Q: Can I charge for cable or internet service if we have a contract established and receive a discount with a local provider?

A: Only if the service is optional and there is documentation indicating that the tenant was given an option to decline the service.

Q: Can I charge a fee for processing an application?

A: Yes, however the fee must be limited to the actual out of pocket costs associated with checking a prospective tenant's income, credit history and landlord references.

Q: May I charge month-to-month fee to residents who do not want to execute a new lease (after the initial first lease expires)?

A: No, a month-to-month lease fee is not allowed and a charge such as this would be considered rent and should be included in the units gross rent calculation.

Q: Can I charge a resident for excessive utility consumption?

A: No, only if the amount charged is included in gross rent.

Q: Can I charge non-compliance fees to tenants who have violated their lease agreement?

A: Only as allowed per Nevada Landlord Tenant Law. See NRS 118A

Q: Can I charge a fee for rental of the community room?

A: No, not if the room was included in the eligible basis. You can charge a reasonable and affordable refundable deposit.

Q: Can I charge fees to use the swimming pool?

A: No, not if the swimming pool was included in the eligible basis.

Q: Can I charge a fee or rent for washers and dryers that are located in tenant units?

A: It depends. If the eligible basis did not include washers and dryers when the property was funded, and the tenants have other options available to them (such as an onsite laundry facility) then there is a possibility that washers and dryers can be offered to tenants for a nominal fee/rent. However, the tenant must have the option of returning the washer/dryers at any time without penalty if they cannot afford the lease/rent fee on the equipment.

Q: Can I rent the Community room to an organization for meetings or activities?

A: If the Community room was included in the eligible basis, the room cannot be rented to a local organization. It can be offered at no charge to a local organization for periodic meetings or activities, if the tenants have the option of attending the meetings or activities held by the organization.

Q: Can I charge a cleaning fee to prepare a unit for occupancy before a tenant moves in?

A: No, it is not permissible for Owners to charge tenants a fee for maintaining units in a condition suitable for occupancy.

Q: Can I charge a fee if the tenant pays rent late?

A: Yes, a reasonable and affordable fee may be collected consistent with Nevada Landlord Tenant law. See NRS 118A

Q: Can I charge a security deposit?

A: All deposits charged must be offered as fully refundable.

Q: Can I charge a supportive service fee or fees for activities?

A: Only if the fees are optional and reasonable.

Q: Can I charge fees for assistance with daily living, such as meals, housekeeping, and professional assistance?

A: Yes, if these fees are entirely optional. Mandatory fees of any kind, including assisted living fees, must be clearly optional or the Owner risks loss of tax credits for the units affected. Marketing materials and application forms must clearly explain these fees as optional. Written materials should include rules for opting in or out of service packages with specific fees for each service detailed and described. Staff should be trained to explain the options to residents. Documentation should be available to demonstrate clearly that the fees are optional and that the general public can live at the property for the tax credit rent without services if they otherwise meet eligibility. The tax credit rents must be advertised.

Q: Can I charge a fee for medical alert devices?

A: Only if the fee is included in gross rent or documented to be optional.

Q: We have a large kitchen and provide meals to residents two times a day. Can I charge for the meals?

A: Yes, if the tenants have other options available to them for cooking (such as a fully functional kitchen in their unit) and the payment for meals is not a required condition of occupancy. The amount charged for the meals must be reasonable and affordable. The nominal fee should be designed to cover actual costs.

Q: Can I charge fees if a tenant pays rent with a credit or debit card?

A: Some properties may have a credit/debit card machine onsite (or contract with a third-party company to provide this service) to allow tenants to pay rent using this method. The monthly fee incurred in having a machine onsite can be passed on to the specific tenants who elect to use this payment method as long as it is an optional fee and charged on a per-usage basis. The fee would be considered optional if the tenants have alternate methods of paying rent that do not include a fee (i.e., cash, check, money order, bank check, etc.). The fee charged to the tenant may not surpass the actual cost incurred from the machine (or third-party service provider) and must be disclosed to the tenant prior to processing the transaction. Management must keep documentation showing the actual costs of providing the service and the amount of the fee charged to tenants.

