

## Chapter 6

### DETERMINATION OF TOTAL TENANT PAYMENT

[24 CFR 5.609, 5.611, 5.613, 5.615, 5.628, 5.630]

#### **INTRODUCTION**

The accurate calculation of Annual Income and Adjusted Income will ensure that families are not paying more or less money for rent than their obligation under the regulations.

This Chapter defines the allowable deductions from Annual Income and how the presence or absence of household members may affect the Total Tenant Payment (TTP). Income and TTP are calculated in accordance with 24 CFR Part 5, Subpart F and further instructions set forth in HUD Notices, Memoranda and Addenda. However, the Quality Housing and Work Responsibility Act now gives PHAs broader flexibility. The PHA's policies in this Chapter address those areas that allow the PHA discretion to define terms and to develop standards in order to assure consistent application of the various factors that relate to the determination of TTP.

#### **A. MINIMUM RENT**

The minimum rent for this PHA is \$50.00. The minimum rent refers to a minimum total tenant payment and not a minimum tenant rent.

The Total Tenant Payment is the greater of:

30% of the adjusted monthly income

10% of the monthly income

The Minimum rent as established by the PHA

The Total Tenant Payment does not include charges for excess utility consumption or other charges.

The PHA recognizes that in some instances even the minimum rent may create a financial hardship for families. The PHA will review all relevant circumstances brought to the PHA's attention regarding financial hardship as it applies to minimum rent. The following section states the PHA's procedures and policies in regard to minimum rent financial hardship as set forth by the QHWRA.

#### **PHA Procedures for Notification to Families of Hardship Exemptions**

The PHA will notify all participant families subject to a minimum rent of their right to request a

minimum rent hardship exemption under the law.

The PHA will notify all families at the annual recertification appointment of their right to request a minimum rent hardship exemption.

The PHA will notify all families at time of lease-up of their right to request a minimum rent hardship exemption.

The Housing Specialist will document in the family's file that the family has been notified of their right to request a minimum rent hardship exemption.

The PHA notification will advise the family that hardship exemption determinations are subject to PHA grievance procedures.

The PHA will review all tenant requests for exemption from the minimum rent due to financial hardships.

All requests for minimum rent exemption are required to be in writing.

Requests for minimum rent exemption must state the family circumstances that qualify the family for an exemption.

Families cannot request a hardship exemption if the family's calculated TTP is higher than the minimum rent.

### **Exemptions to Minimum Rent**

The PHA will immediately grant the minimum rent exemption to all families who request it.

The Minimum Rent will be suspended until the PHA determines whether the hardship is:

Covered by statute

Temporary or long term

If the PHA determines that the minimum rent is not covered by statute, the PHA will impose a minimum rent including payment for minimum rent from the time of suspension.

The PHA will use its standard verification procedures to verify circumstances that have resulted in financial hardship, such as loss of employment, death in the family, etc.

### **HUD Criteria for Hardship Exemption**

In order for a family to qualify for a hardship exemption the family's circumstances must fall into one of the following criteria:

The family has lost eligibility or is awaiting an eligibility determination for Federal, State, or local assistance;

The income of the family has decreased because of changed circumstances, including:

Loss of employment

Death in the family

Other circumstances as determined by the PHA or HUD

### **PHA Policy Regarding Hardship Exemption**

For purposes of providing the hardship exemption to minimum rent in a fair and consistent manner, the PHA has established policy regarding the above-mentioned HUD criteria.

"Loss of employment" is:

defined as being laid off or terminated through no fault of the employee. Loss of employment does not, for the purposes of exemption to minimum rent, include voluntarily quitting employment.

"Death in the family." Family, for the purposes of exemption to minimum rent, includes any family member on the public housing lease.

### **Financial Hardship Exemption Only Applies to Waiving the Minimum TTP**

The financial hardship exemption only applies to the payment of minimum rent (minimum TTP). The exemption does not apply to the other elements used to calculate the Total Tenant Payment. When the family is granted the financial hardship exemption, the family's TTP shall be the greater of:

30 percent of monthly adjusted income

10 percent of monthly income

### **Temporary Hardship**

If the PHA determines that the hardship is temporary (less than 90 days), a minimum rent will be imposed, including back payment from time of suspension, but the family will not be evicted for nonpayment of rent during the 90 day period commencing on the date of the family's request for

exemption.

### **Repayment Agreements for Temporary Hardship**

The PHA will offer a repayment agreement to the family for any such rent not paid during the temporary hardship period.

If the family owes the PHA money for rent arrears incurred during the minimum rent period, the PHA will calculate the total amount owed and divide it by twelve to arrive at a reasonable payment increment that will be added to the family's regular monthly rent payment. The family will be required to pay the increased amount until the arrears are paid in full.

The PHA's policies regarding repayment agreements are further discussed in the chapter entitled "Family Debts to the PHA."

### **Retroactive Determination**

The PHA will reimburse the family for minimum rent charges that took effect after October 21, 1998 that qualified for one of the mandatory exemptions.

**If the family is owed a retroactive payment, the PHA will credit the family's account.**

## **B. INCOME AND ALLOWANCES**

**Income:** The types of money that are to be used as income for purposes of calculating the TTP are defined by HUD in federal regulations. In accordance with this definition, income from all sources of each member of the household is documented. (See Income Inclusions and Income Exclusions in the Glossary of Terms of this policy.)

**Annual Income** is defined as the gross amount of income anticipated to be received by the family during the 12 months after certification or recertification. Gross income is the amount of income prior to any HUD allowable expenses or deductions, and does not include income that has been excluded by HUD. Annual income is used to determine whether or not applicants are within the applicable income limits. (24 CFR 960.201)

Adjusted Income is defined as the Annual income minus any HUD allowable deductions.

The PHA has a written cooperation agreement in place with the local welfare agency which assists the PHA in obtaining the necessary information regarding welfare sanctions.

### **Use of Up-Front Income Verification (UIV) to Project Income**

HUD strongly recommends the use of up-front income verification (UIV). UIV is "the verification of income, before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals".

HUD allows OHAs to use UIV information in conjunction with family-provided documents to anticipate income [UIV].

### OHA Policy

OHA procedures for anticipating annual income will include the use of UIV methods approved by HUD in conjunction with family-provided documents dated within the last 120 days of the OHA interview date.

The OHA will follow "HUD Guidelines for Projecting Annual Income When Up-Front Income Verification (UIV) Data Is Available" in handling differences between UIV and family-provided income data. The guidelines depend on whether a difference is substantial or not. HUD defines *substantial difference* as a difference of \$200 or more per month.

**No Substantial Difference.** If UIV information for a particular income source differs from the information provided by a family by less than \$200 per month, the OHA will follow these guidelines:

If the UIV figure is less than the family's figure, the OHA will use the family's information.

If the UIV figure is more than the family's figure, the OHA will use the UIV data unless the family provides documentation of a change in circumstances to explain the discrepancy (e.g., a reduction in work hours). Upon receipt of acceptable family-provided documentation of a change in circumstances, the OHA will use the family-provided information.

**Substantial Difference.** If UIV information for a particular income source differs from the information provided by a family by \$200 or more per month, the OHA will follow these guidelines:

The OHA will request written third-party verification from the discrepant income source in accordance with 24 CFR 5.236(b)(3)(i).

When the OHA cannot readily anticipate income (e.g., in cases of seasonal employment, unstable working hours, or suspected fraud), the OHA will review historical income data for patterns of employment, paid benefits, and receipt of other income.

The OHA will analyze all UIV, third-party, and family-provided data and attempt to resolve the income discrepancy.

The OHA will use the most current verified income data and, if appropriate, historical income data to calculate anticipated annual income.

### **Allowable Deductions**

HUD has five allowable deductions from Annual Income:

1. Dependent allowance: \$480 each for family members (other than the head or spouse), who are minors, and for family members who are 18 and older who are full-time students or who are disabled.
2. "Elderly" allowance: \$400 per household for families whose head or spouse is 62 or over or disabled.
3. Allowable medical expenses for all family members are deducted for elderly and disabled families.
4. Childcare expenses for children under 13 are deducted when child care is necessary to allow an adult family member to work, actively seek work, or attend school (including vocational training).
5. Expenses for attendant care or auxiliary apparatus for persons with disabilities if needed to enable the individual or an adult family member to work.

### **C. TRAINING INCOME EXCLUSIONS** [24 CFR 5.609(c)]

The PHA believes that training income exclusions are an important factor in helping public housing participants move from welfare and dependence to greater self-sufficiency.

The PHA will share information regarding new policies governing training income derived from qualifying employment training programs with applicants, participants and local social service providers. The PHA's objective is to encourage families to move toward self-sufficiency by excluding from their annual income certain amounts earned through participation in various qualifying training programs. These training programs are aimed at offering the resident gainful employment skills. The exclusion of training income, in the calculation of annual income, is meant to be an incentive. It is the PHA's hope that welfare agencies will adopt or modify their programs so that welfare recipients living in Public Housing will receive the maximum benefits from these income exclusions.

In order to be eligible for the exclusion the resident must actually receive training under the provisions of the program. For purposes of this exclusion, it is not enough for the resident to merely

be enrolled.

There are two types of training programs that are eligible for one or more types of income exclusion.

**1. Training Income Exclusions in Accordance with 24 CFR 5.609(c)(8)(v)**

The first type of training program is in accordance with 24 CFR 5.609 (c) (8)(v) and has features that allow the training income of assisted housing residents to be excluded only while the resident is actively enrolled in the training program.

A training program qualifying under 24 CFR 5.609 (c)(8)(v) is defined as one with goals and objectives designed to lead to a higher level of proficiency, and one which enhances the individual's ability to obtain employment. The training program may have performance standards to measure proficiency. Training may include, but is not limited to:

- Classroom training in a specific occupational skill;
- On-the-job training with wages subsidized by the program, or
- Basic education.

For this purpose Annual Income does not include the following:

Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs.

**2. Training Income Exclusions prior to September 30, 1999**

This training program is specific to public housing residents only and the regulation requires it to include specific features. This training program offers public housing residents the exclusion of incremental income while in the training program and for 18 months following the start of their first job.

The PHA will determine that this training program has all five components required by HUD. It must:

- be a program providing employment training and supportive services;
- be authorized by a Federal, State or local law;
- be funded by the Federal, State or local government;
- be operated or administered by a public agency; and
- have as its objective to assist participants in acquiring employment skills.

A qualifying job-training program may be one that is established by the government but implemented by a private company for and on behalf of the government.

In addition, to qualify as a 5.609 (c)(13) program, the employment training program must offer the resident at least one of the following supportive services:

child care;

transportation;

personal welfare counseling (family/parental development counseling, parenting skills training for adult and teenage parents, substance/alcohol abuse treatment and counseling, self-development counseling);

health care services (including outreach and referrals);

youth leadership skills; youth mentoring.

For purposes of the 5.609 (c) (13) exclusion and public housing particularly, Annual Income does not include the following:

Incremental earnings and benefits resulting to any family member from participation in a program providing employment training and supportive services in accordance with the Family Support Act or any comparable Federal, State, or local law during the exclusion period.

**D. DISALLOWANCE OF EARNED INCOME FROM RENT DETERMINATIONS**

The annual income for qualified families may not be increased as a result of increases in earned income beginning on the date on which the increase in earned income begins and continuing for a cumulative 12-month period. After the family receives 12 cumulative months of the full exclusion, annual income will include a phase-in of half the earned income excluded from annual income.

A family qualified for the earned income exclusion is a family that occupies a dwelling unit in a public housing project, is paying income-based rent; and

1. Whose annual income increases as a result of employment of a family member who was previously unemployed for one or more years prior to employment;
2. Whose annual income increases as a result of increased earnings by a family member during participation in any economic self-sufficiency or other job training program; or
3. Whose annual income increases, as a result of new employment or increased earnings of a family member during or within six months after receiving assistance, benefits or services under any State program for TANF provided that the total amount over a six-month period is at least \$500.

The HUD definition of “previously unemployed” includes a person who has earned in the previous 12 months no more than the equivalent earnings for working 10 hours per week for 50 weeks at the

minimum wage. Minimum wage is the prevailing minimum wage in the State or locality.

The HUD definition of economic self-sufficiency program is: any program designed to encourage, assist, train or facilitate economic independence of assisted families or to provide work for such families. Such programs may include job training, employment counseling, work placement, basic skills training, education, English proficiency, workfare, financial or household management, apprenticeship, or any other program necessary to ready a participant to work (such as substance abuse or mental health treatment).

Amounts to be excluded are any earned income increases of a family member during participation in an economic self-sufficiency or job training program and not increases that occur after participation, unless the training provides assistance, training or mentoring after employment.

The amount of TANF received in the six-month period includes monthly income and such benefits and services as one-time payments, wage subsidies and transportation assistance.

The amount that is subject to the disallowance is the amount of incremental increase in income of a family member. The incremental increase in income is calculated by comparing the amount of the family member's income before the beginning of qualifying employment or increase in earned income to the amount of such income after the beginning of employment or increase in earned income.

**Initial Twelve-Month Exclusion:**

During the cumulative 12-month period beginning on the date a member of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the PHA will exclude from annual income any increase in income of the family member as a result of employment over the prior income of that family member.

**Second Twelve-Month Phase-in Exclusion:**

During the second cumulative 12-month period after the expiration of the initial cumulative 12-month period referred to above, the PHA must exclude from annual income of a qualified family 50 percent of any increase in income of a family member as a result of employment over income of that family member prior to the beginning of such employment.

**Maximum Four-Year Disallowance:**

The earned income disallowance is limited to a lifetime 48-month period for each family member. For each family member, the disallowance only applies for a maximum of 12 months of full exclusion of incremental increase, and a maximum of 12 months of phase-in exclusion during the 48-month period starting from the date of the initial exclusion.

If the period of increased income does not last for 12 consecutive months, the disallowance period may be resumed at any time within the 48-month period and continued until the disallowance has

been applied for a total of 12 months of each disallowance (the initial 12-month full exclusion and the second 12-month phase-in exclusion).

No earned income disallowance will be applied after the 48-month period following the initial date the exclusion was applied.

**Applicability to 18-month Training Income Exclusions [formerly found in 24 CFR 5.609(c)(13)]:**

If a tenant meets the criteria for the mandatory earned income disallowance as outlined in 24 CFR 960.255, the PHA shall not deny a tenant the disallowance based on receipt of the earlier 18-month exclusion.

**Applicability to Child Care and Disability Assistance Expense Deductions:**

The amount deducted for child care and disability assistance expenses necessary to permit employment shall not exceed the amount of employment income that is included in annual income. Therefore, for families entitled to the earned income disallowance, the amounts of the full and phase-in exclusions from income shall not be used in determining the cap for child care and disability assistance expense deductions.

**Tracking the Earned Income Exclusion**

The earned income exclusion will be reported on the HUD 50058 form. Documentation will be included in the family's file to show the reason for the reduced increase in rent.

**Such documentation will include:**

**Date the increase in earned income was reported by the family**

Name of the family member whose earned income increased

Reason (new employment, participation in job training program, within 6 months after receiving TANF) for the increase in earned income

Amount of the increase in earned income (amount to be excluded)

Date the increase in income is first excluded from annual income

Date(s) earned income ended and resumed during the initial cumulative 12-month period of exclusion (if any)

Date the family member has received a total of 12 months of the initial exclusion

Date the 12-month phase-in period began

Date(s) earned income ended and resumed during the second cumulative 12-month period (phase-in) of exclusion (if any)

Date the family member has received a total of 12 months of the phase-in exclusion

Ending date of the maximum 48-month (four year) disallowance period (48 months from the date of the initial earned income disallowance)

The PHA will maintain a tracking system to ensure correct application of the earned income disallowance.

### **Inapplicability to Admission**

The earned income disallowance is only applied to determine the annual income of families residing in public housing, and therefore does not apply for purposes of admission (including the determination of income eligibility or any income targeting that may be applicable).

### **E. TRAINING PROGRAMS FUNDED BY HUD**

All training income from a HUD sponsored or funded training program, whether incremental or not, is excluded from the resident's annual income while the resident is in training. Income from a Resident Services training program, which is funded by HUD, is excluded.

### **F. WAGES FROM EMPLOYMENT WITH THE PHA OR RESIDENT ORGANIZATION**

Upon employment with the PHA or officially-recognized Resident Organization, the full amount of employment income received by the person is counted. There is no exclusion of income for wages funded under the 1937 Housing Act Programs, which includes public housing and Section 8.

### **G. AVERAGING INCOME**

When Annual Income cannot be anticipated for a full twelve months, the PHA will:

**Average known sources of income that vary to compute an annual income.**

**Annualize current income and conduct an interim reexamination if income changes.**

If there are bonuses or overtime which the employer cannot anticipate for the next twelve months, bonuses and overtime received the previous year will be used.

Income from the previous year may be analyzed to determine the amount to anticipate when third-party or check-stub verification is not available.

If by averaging, an estimate can be made for those families whose income fluctuates from month to month, this estimate will be used so that the housing payment will not change from month to month.

The method used depends on the regularity, source and type of income.

**H. MINIMUM INCOME**

A family with zero income should report whenever they have a change in the zero income status.

**I. INCOME OF PERSON PERMANENTLY CONFINED TO NURSING HOME**

If a family member is permanently confined to a hospital or nursing home and there is a family member left in the household, the PHA will calculate the Total Tenant Payment by:

**Excluding the income of the person permanently confined to the nursing home and not giving the family deductions for medical expenses of the confined family member.**

**J. REGULAR CONTRIBUTIONS AND GIFTS [24 CFR 5.609(a)(7)]**

Regular contributions and gifts received from persons outside the household are counted as income for calculation of the Total Tenant Payment.

Any contribution or gift received every month or more frequently will be considered a "regular" contribution or gift, unless the amount is less than \$100 per year. This includes rent and utility payments made on behalf of the family and other cash or non-cash contributions provided on a regular basis. It does not include casual contributions or sporadic gifts. (See Chapter on "Verification Procedures," for further definition.)

If the family's expenses exceed their known income, the PHA will make inquiry of the family about contributions and gifts.

**K. ALIMONY AND CHILD SUPPORT [24 CFR 5.609(a)(7)]**

Regular alimony and child support payments are counted as income for calculation of Total Tenant Payment.

If the amount of child support or alimony received is less than the amount awarded by the court, the PHA must use the amount awarded by the court unless the family can verify that they are not receiving the full amount.

The PHA will accept as verification that the family is receiving an amount less than the award if:

The PHA receives verification from the agency responsible for enforcement or collection.

The family furnishes documentation of child support or alimony collection action filed through a child support enforcement/collection agency, or has filed an enforcement or collection action through an attorney.

It is the family's responsibility to supply a certified copy of the divorce decree.

**L. LUMP-SUM RECEIPTS [24 CFR 5.609(b)(4 and 5), (c)(3 and 14)]**

Lump-sum additions to Family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses, are not included in income but may be included in assets.

Lump-sum payments caused by delays in processing periodic payments (unemployment or welfare assistance) are counted as income. Lump sum payments from Social Security or SSI are excluded from income, but any amount remaining will be considered an asset. Deferred periodic payments which have accumulated due to a dispute will be treated the same as periodic payments which are deferred due to delays in processing.

In order to determine amount of retroactive tenant rent that the family owes as a result of the lump sum receipt:

The PHA will calculate prospectively if the family reported the payment within ten and retroactively to date of receipt if the receipt was not reported within that time frame.

**Prospective Calculation Methodology**

If the payment is reported on a timely basis, the calculation will be done prospectively and will result in an interim adjustment calculated as follows:

The entire lump-sum payment will be added to the annual income at the time of the interim.

The PHA will determine the percent of the year remaining until the next annual recertification as of the date of the interim (three months would be 25% of the year).

At the next annual recertification, the PHA will apply the percentage balance (75% in this example) to the lump sum and add it to the rest of the annual income.

The lump sum will be added in the same way for any interims that occur prior to the next annual recertification.

**Retroactive Calculation Methodology**

The PHA will go back to the date the lump-sum payment was received, or to the date of admission, whichever is closer.

The PHA will determine the amount of income for each certification period, including the lump sum, and recalculate the tenant rent for each certification period to determine the amount due the PHA.

The family has the choice of paying this "retroactive" amount to the PHA in a lump sum.

At the PHA's option, the PHA may enter into a Repayment Agreement with the family.

The amount owed by the family is a collectible debt even if the family becomes unassisted.

### **Attorney Fees**

The family's attorney fees may be deducted from lump-sum payments when computing annual income if the attorney's efforts have recovered a lump-sum compensation, and the recovery paid to the family does not include an additional amount in full satisfaction of the attorney fees.

### **M. CONTRIBUTIONS TO RETIREMENT FUNDS - ASSETS**

Contributions to company retirement/pension funds are handled as follows:

While an individual is employed, count as assets only amounts the family can withdraw without retiring or terminating employment.

After retirement or termination of employment, count any amount the employee elects to receive as a lump sum.

### **N. ASSETS DISPOSED OF FOR LESS THAN FAIR MARKET VALUE**

The PHA must count assets disposed of for less than fair market value during the two years preceding certification or reexamination. The PHA will count the difference between the market value and the actual payment received in calculating total assets. The difference will be included in calculating total assets for two years.

Assets disposed of as a result of foreclosure or bankruptcy are not considered to be assets disposed of for less than fair market value. Assets disposed of as a result of a divorce or separation are not considered to be assets disposed of for less than fair market value.

The PHA's minimum threshold for counting assets disposed of for less than Fair Market value is **\$2000**. If the total value of assets disposed of within the two-year period is less than \$2000, they will not be considered an asset.

### **O. CHILD CARE EXPENSES**

Unreimbursed child care expenses for children under 13 may be deducted from annual income if they enable an adult to work, actively seek work, attend school full time, or attend full-time vocational training.

In the case of a child attending private school, only before or after-hours care can be counted as child care expenses.

If a tenant is eligible for the earned income disallowance, the amount of deduction for child care expenses necessary to permit employment shall not exceed the amount of employment income that

is included in annual income. Therefore, the disregarded or excluded amounts cannot be used in determining the cap for the child care expense deduction.

Child care expenses cannot be allowed as a deduction if there is an adult household member capable of caring for the child who can provide the child care. Examples of those adult members who would be considered *unable* to care for the child include:

The abuser in a documented child abuse situation, or

A person with disabilities or older person unable to take care of a small child, as verified by a reliable knowledgeable source.

Child care expenses must be reasonable. Reasonable is determined by what the average child care rates are in the PHA's jurisdiction.

Allowability of deductions for child care expenses is based on the following guidelines:

**Child care to work:** The maximum child care expense allowed must be less than the amount earned by the person enabled to work. \* The "person enabled to work" will be the adult member of the household who earns the least amount of income from working.

**Child care for school:** The number of hours claimed for child care may not exceed the number of hours the family member is attending school (including one hour travel time to and from school).

**Amount of Expense:** The PHA will survey the local care providers in the community to determine what is reasonable. The PHA will use the collected data as a guideline. If the hourly rate materially exceeds the guideline, the PHA may calculate the allowance using the guideline.

**P. MEDICAL EXPENSES [24 CFR 5.603]**

When it is unclear in the HUD rules as to whether or not to allow an item as a medical expense, IRS Publication 502 will be used as a guide.

Nonprescription medicines will be considered a medical expense.

Acupressure, acupuncture and related herbal medicines will be considered allowable medical expenses.

Chiropractic services will be considered allowable medical expenses.

**Q. PRORATION OF ASSISTANCE FOR "MIXED" FAMILIES [24 CFR 5.520]**

**Applicability**

Proration of assistance must be offered to any "mixed" applicant or participant family. A "mixed" family is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible members.

"Mixed" families that were participants on June 19, 1995, and that do not qualify for continued assistance must be offered prorated assistance. (See Chapter titled "Recertifications.") Applicant mixed families are entitled to prorated assistance. Families that become mixed after June 19, 1995, by addition of an ineligible member are entitled to prorated assistance.

### **Prorated TTP Calculation for Mixed Families**

Prorated assistance will be calculated by subtracting the Total Tenant Payment from the applicable Maximum Rent for the unit the family occupies to determine the Family Maximum Subsidy. The family's TTP will be calculated by:

Dividing the Family Maximum Subsidy by the number of persons in the family to determine Member Maximum Subsidy.

Multiplying the Member Maximum Subsidy by the number of eligible family members to determine Eligible Subsidy.

Subtracting the amount of Eligible Subsidy from the applicable Maximum Rent for the unit the family occupies to get the family's Revised Total Tenant Payment.

### **Prorated Flat Rent for Mixed Families**

The PHA has no public housing units in which the applicable Maximum Rent is greater than the flat rent. Therefore, if the Mixed Family chooses flat rent, the family will pay the flat rent for the unit.

## **R. INCOME CHANGES RESULTING FROM WELFARE PROGRAM REQUIREMENTS**

The PHA will not reduce the public housing rent for families whose welfare assistance is reduced specifically because of:

fraud; or

failure to participate in an economic self-sufficiency program; or

noncompliance with a work activities requirement

However, the PHA will reduce the rent if the welfare assistance reduction is a result of:

The expiration of a lifetime time limit on receiving benefits; or

A situation where a family member has complied with welfare agency economic self-sufficiency or work activities requirements but cannot or has not obtained employment; or

A situation where a family member has not complied with other welfare agency requirements.

Imputed welfare income is the amount of annual income not actually received by a family as a result of a specified welfare benefit reduction that is included in the family's income for rental contribution.

Imputed welfare income is not included in annual income if the family was not an assisted resident at the time of sanction.

The amount of imputed welfare income is offset by the amount of additional income a family receives that begins after the sanction was imposed.

When additional income is at least equal to the imputed welfare income, the imputed welfare income is reduced to zero.

### **Verification Before Denying a Request to Reduce Rent**

The PHA will obtain written verification from the welfare agency stating that the family's benefits have been reduced for fraud or noncompliance *before* denying the family's request for rent reduction.

The welfare agency, at the request of the PHA, will inform the PHA of:

amount and term of specified welfare benefit reduction for the family;

reason for the reduction; and

subsequent changes in term or amount of reduction.

### **Cooperation Agreements**

The PHA has a written cooperation agreement in place with the local welfare agency which assists the PHA in obtaining the necessary information regarding welfare sanctions.

## **S. UTILITY ALLOWANCE AND UTILITY REIMBURSEMENT PAYMENTS**

If the cost of utilities (excluding telephone) is not included in the Tenant Rent, a utility allowance will be deducted from the total tenant payment. The Utility Allowance is intended to help defray the cost of utilities not included in the rent. The allowances are based on the monthly cost of reasonable consumption of utilities in an energy conservative household, *not* on a family's actual consumption.

When the Utility Allowance exceeds the family's Total Tenant Payment, the PHA will provide a Utility Reimbursement Payment for the family each month. The check will be made out directly to the utility company, and the family will be notified that the check is made out directly to the utility company.

### **Resident-Paid Utilities**

The following requirements apply to residents living in developments with resident-paid utilities or applicants being admitted to such developments:

When a resident makes application for utility service in his/her own name, he or she must sign a third party notification agreement so that the PHA will be notified if the resident fails to pay the utility bill.

If a resident or applicant is unable to get utilities connected because of a previous balance owed to the utility company, the resident/applicant will not be permitted to move into a unit with resident paid utilities. This may mean that a current resident cannot transfer to a scattered site or that an applicant cannot be admitted to a unit with resident-paid utilities.

**Paying the utility bill is the resident's obligation under the lease. Failure to pay utilities is grounds for eviction.**

## **T. EXCESS UTILITY PAYMENTS**

Residents in units where the PHA pays the utilities may be charged for excess utilities if additional appliances or equipment are used in the unit. This charge shall be applied as specified in the lease. [24CFR 966.4(b)(2)]

## **U. FAMILY CHOICE IN RENTS**

### **Authority for Family to Select**

The PHA shall provide for each family residing in a public housing unit to elect annually whether the rent paid by such family shall be 1) determined based on family income or 2) the flat rent. The PHA may not at any time fail to provide both such rent options for any public housing unit owned, assisted or operated by the PHA.

Annual choice: The PHA shall provide for families residing in public housing units to elect annually whether to pay income-based or flat rent.

## **Allowable Rent Structures**

### **Flat Rents**

The PHA has established, for each dwelling unit in public housing, a flat rent amount for the dwelling unit, which:

Is based on the rental value of the unit, as determined by the PHA; and

Is designed so that the rent structures do not create a disincentive for continued residency in public housing by families who are attempting to become economically self-sufficient through employment or who have attained a level of self-sufficiency through their own efforts.

**The rental policy developed by the PHA encourages and rewards employment and self-sufficiency.**

The PHA's methodology used to establish flat rents is described in the PHA Plan.

The PHA shall review the income of families paying flat rent not less than once every three years. Family composition will be reviewed annually for all families, including those paying flat rent.

### **Income-Based Rents**

The monthly Total Tenant Payment amount for a family shall be an amount, as verified by the PHA, that does not exceed the greatest of the following amounts:

30 percent of the family's monthly adjusted income;

10 percent of the family's monthly income; or

The PHA/s Minimum TTP of \$25

### **Switching Rent Determination Methods Because of Hardship Circumstances**

In the case of a family that has elected to pay the PHA's flat rent, the PHA shall immediately provide for the family to pay rent in the amount determined under income-based rent, during the period for which such choice was made, upon a determination that the family is unable to pay the flat rent because of financial hardship, including:

Situations in which the income of the family has decreased because of changed circumstances, loss of or reduction of employment, death in the family, and reduction in or loss of income or other assistance;

An increase, because of changed circumstances, in the family's expenses for medical costs, child care, transportation, education, or similar items; and

Such other situations as may be determined by the PHA.

**All hardship situations will be verified.**

Once a family switches to income-based rent due to hardship, the family must wait until the next annual reexamination to elect whether to pay income-based rent or flat rent.

**Annual Reexamination**

120 days in advance of the annual reexamination, the family will be sent a form from the PHA, on which the family will indicate whether they choose flat rent or income-based rent. The PHA form will state what the flat rent would be, and an estimate, based on current information, what the family's income-based rent would be.

If the family indicates they choose flat rent, the family will fill out and return a PHA form to certify family composition. This form will be retained in the tenant file.

If the family indicates they choose income-based rent, a reexamination appointment will be scheduled according to PHA policy.