

# FALL RIVER HOUSING AUTHORITY

## RENT POLICY

### CALCULATING TOTAL TENANT PAYMENT

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- A. Total tenant payment (or TTP) represents the amount that a tenant is expected to pay on a monthly basis for rent and applicable utilities. TTP is based on income and used in the calculation of tenant rent for the public housing.
- B. HUD regulations specify the formula for calculating total tenant payment (24 CFR 5.628). TTP is the highest of the following amounts, rounded to the nearest dollar:
1. 30% of family's monthly adjusted income
  2. 10% of family's monthly income
  3. minimum rent established by FRHA
  4. welfare rent (does not apply in Massachusetts)

### MINIMUM RENT

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#### A. DEFINITION

Minimum rent is a term that represents a dollar amount set by the FRHA and applies to all tenants in public housing. HUD requires PHAs to implement a minimum rent within a range of zero to fifty dollars (24 CFR 5.630). The FRHA has set the minimum rent at **\$50.00**.

#### B. FINANCIAL HARDSHIP EXEMPTION

FRHA must grant an exemption from payment of minimum rent if the family is unable to pay minimum rent because of financial hardship (24 CFR 5.630). FRHA will notify all families of their right to request minimum rent hardship exemptions and advise them that hardship exemptions are subject to applicable informal hearing procedures. Families cannot request a hardship exemption if the family's calculated TTP is higher than the minimum rent.

#### C. DEFINING FINANCIAL HARDSHIP

According to HUD regulations, financial hardship includes the following situations 24 CFR 5.630(b):

1. When the family has lost eligibility for or is waiting an eligibility determination for a Federal, State, or local assistance program;
2. When the family would be evicted as a result of the imposition of the minimum rent requirement;
3. When the income of the family has decreased because of changed circumstances, including loss of employment;
4. When a death has occurred in the family.

Additionally, FRHA also considers hardship to exist:

5. When the family has an increase in expenses because of changed circumstances, for medical costs, childcare, transportation, education, or similar items;

#### D. REQUESTS FOR EXEMPTION

1. If a family requests a hardship exemption, the FRHA will immediately suspend the minimum rent for the family until it can be determined whether the hardship exists and whether the hardship is of a temporary or long-term nature. During the suspension period FRHA will not evict the family for nonpayment of the amount of tenant rent owed for the suspension period.
2. FRHA will notify the family requesting exemption that they have thirty (30) days to provide reasonable documentation evidencing one of the hardship circumstances listed in 8.1(B) above (i.e., Examples include: statement from government agency issuing financial assistance, invoice from childcare provider or medical provider, etc.).
3. Upon receipt of such documentation, FRHA will promptly make a determination and notify the family of whether or not they qualify for an exemption and, if so, whether that exemption is temporary or long-term.
  - a. **No hardship.** If FRHA determines there is no qualifying hardship, the minimum rent will be reinstated retroactively to the time of suspension. The family must pay the back rent in accordance with the terms and conditions of FRHA's rent repayment agreement policy.
    - i. The family may use the grievance procedure to appeal the Housing Authority's determination regarding the hardship. No escrow deposit will be required in order to access the grievance procedure
  - b. **Temporary hardship.** If FRHA determines that a qualifying hardship is temporary, the minimum rent will be reinstated retroactively to the time of suspension. The family must pay the back rent in accordance with the terms and conditions of FRHA's rent repayment agreement policy.
  - c. **Long-term hardship.** If FRHA determines there is a long-term hardship, the family will be exempt from the minimum rent requirement until the hardship no longer exists. Repayment of the minimum rent for the period of the long-term hardship is not required. FRHA will determine the end of a qualifying long-term hardship at the next interim or annual recertification:
    - i. when the family's income is calculated and TTP becomes greater than the PHA's minimum rent; and/or
    - ii. when the changed circumstances resulting in hardship no longer exist.

#### RENT CALCULATION

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##### A. INCOME-BASED RENT

Upon admission and at every recertification, monthly rent is determined by adding together gross income from all sources for all family members, including income from assets, and reducing that income by allowable deductions and income exclusions, in accordance with Federal (HUD) and State (DHCD) laws and regulations.

Projections of annual income shall be based on the best available information, with due consideration to the past year's income of all household members, current income rate and effective date; and shall include projections for each income recipient in the household. When collecting verification documentation, FRHA will follow the HUD-prescribed Verification Hierarchy outlined Chapter 6 of the FRHA Admissions and Continued Occupancy Policy.

**B. FLAT RENT**

1. **Purpose.** The flat rent is designed to encourage self-sufficiency and to avoid creating disincentives for continued residency by families that are attempting to become economically self-sufficient 24 CFR 960.253(b).
2. **Formula.** Per HUD Notice PIH 2014-12, FRHA has set a flat rent for each Public Housing unit to “no less than 80 percent of the applicable Fair Market Rent (FMR)” Prior to the start of each Federal Fiscal Year (October 1), HUD publishes the Fair Market Rents for the area. At this time, FRHA calculates the new flat rent amounts and compares them to its existing flat rent amounts.
  - a. If the existing flat rent amount is at least 80 percent of the FMR, no further steps are necessary.
  - b. If the existing flat rent amount is less than 80 percent of FMR, FRHA will revise its flat rents to no less than 80 percent of FMR.
3. **Implementation.** Within 90 days of the effective date of the new FMRs (no later than January 1), FRHA must:
  - a. offer the new flat rent and the applicable income-based rent to all new admissions to the program;
  - b. offer the new flat rent to all families at the time of annual recertification, regardless of whether or not they are currently paying flat rent.
4. **Notice.** Adjustments are applied on the effective date of the family’s Annual Recertification and affected families will be given a 30-day notice of any rent change. The FRHA will post the flat rents at each of the developments and at the central office and are incorporated in this policy upon approval by the Board of Commissioners.

**C. FAMILY CHOICE OF RENT**

At admission and each year in preparation for their annual reexamination, families in federally-assisted public housing are given the choice of having their rent determined under the formula method (income-based rent) or having their rent set at the flat rent amount.

1. Families that choose income-based rent will be required to go through a reexamination of family composition and income annually.
2. Families who opt for the flat rent will be required to go through the income reexamination process every three (3) years, rather than the annual review they would otherwise undergo.
3. Families who opt for the flat rent may request to have a reexamination and return to the formula based method at any time if payment of flat rent is a financial hardship.
  - a. The family's income has decreased.
  - b. The family's circumstances have changed increasing their expenses for child care, medical care, etc.
  - c. Other circumstances creating a hardship on the family such that the formula method would be more financially feasible for the family.

FRHA will apply the same procedure for determining hardship as those described above for minimum rent exemption.

4. Once a family switches to income-based rent because of financial hardship, the family must wait until its next annual reexamination to switch back to a flat rent. The flat rent option will not be offered during interim reexaminations.

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## RENT FOR FAMILIES UNDER THE NONCITIZEN RULE

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### A. REGULATIONS

HUD regulations prohibit assistance to ineligible family members, that is to say, those who are without citizenship or eligible immigration status. However, an eligible mixed family who requests prorated assistance must be provided prorated assistance (24 CFR 5.520). A “mixed family” means a family whose members include those with citizenship or eligible immigration status, and those without citizenship or eligible immigration status.

### B. STEPS FOR CALCULATING PRORATION OF ASSISTANCE

1. Determine the Total Tenant Payment (TTP) in accordance with 24 CFR §5.628. (Annual income includes income of all family members, including any family member who has not established eligible immigration status.)
2. Family maximum rent is equal to the applicable flat rent for the unit size to be occupied by the family.
3. Subtract the TTP from the family maximum rent. The result is the maximum subsidy for which the family could qualify if all members were eligible (“family maximum subsidy”).
4. Divide the family maximum subsidy by the number of persons in the family (all persons) to determine the maximum subsidy per each family member who has citizenship or eligible immigration status (“eligible family member”). The subsidy per eligible family member is the “member maximum subsidy.”
5. Multiply the member maximum subsidy by the number of family members who have citizenship or eligible immigration status (“eligible family members”). The product of this calculation is the “eligible subsidy.”
6. The mixed family TTP is the maximum rent minus the amount of the eligible subsidy.
7. Subtract any applicable utility allowance from the mixed family TTP. The result of this calculation is the mixed family tenant rent.

When the mixed family’s TTP is greater than the maximum rent, the PHA must use the TTP as the mixed family TTP.

### C. DETERMINING MAXIMUM RENT

1. **Methodology.** Family maximum rent is equal to the applicable flat rent for the unit size to be occupied by the family.
2. **Notification.** The Schedule of Maximum Rents should be publicly and conspicuously posted in the PHA or project office and furnished to applicants and tenants upon request.

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## PAYING RENT

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### A. ACCEPTANCE METHODS

Rent and other charges are due and payable on or by the seventh day of the month. All rents shall be paid via U.S. Postal Service to P.O. Box 2755. Reasonable accommodations for this requirement will be made for persons with disabilities. As a safety measure, no cash shall be accepted as a rent payment

**B. LATE PAYMENT**

1. In the event a family fails to pay all or any part of the rent within thirty (30) days of its due date, FRHA will charge a late fee in the amount of \$25. If the family demonstrates good cause for late payment and enters a repayment agreement, FRHA may, at its discretion, waive the late fee.
2. By charging a late fee, FRHA in no way excuses a family's breach of its obligation under lease to pay rent. FRHA retains the rights to terminate the lease; to evict the family; and to collect arrearages, constable fees and costs on account of the family's failure to pay rent when due.
3. If rent is paid by a personal check and the check is returned for insufficient funds, this shall be considered a non-payment of rent and will incur the late charge plus an additional charge of \$10 for processing costs.

**ABSENCE DUE TO MEDICAL REASONS**

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A tenant may be absent from the unit for up to 180 days while receiving medical treatment for a condition that has been certified as a medical necessity by a licensed physician and the treatment will take place at a licensed medical treatment facility. Upon the expiration of the 180 days the tenant will have been considered to have abandoned the apartment and the apartment will be considered vacated by the FRHA. The tenant must inform the FRHA of this treatment prior to the start of the absence from the apartment.