

CHAPTER 3 PART 4. DETERMINATION OF TOTAL TENANT PAYMENT AND TENANT RENT

1. FAMILY CHOICE

At admission, and each year in preparation for their annual reexamination, each family is given the choice of having their rent determined under the income method or having their rent set at the flat rent amount.

- A. Families who opt for the flat rent will be required to go through the income reexamination process every three years, rather than the annual review they would otherwise undergo. Their family composition must still be reviewed annually.
- B. Families who opt for the flat rent may request to have a reexamination and return to the income-based method at any time for any of the following reasons:
 - a. The family's income has decreased.
 - b. The family's circumstances have changed increasing their expenses for childcare, medical care, etc.
 - c. Other circumstances creating a hardship on the family such that the income method would be more financially feasible for the family.
- C. Families have only one choice per year except for financial hardship cases. In order for families to make informed choices about their rent options, the Shelton Housing Authority will provide them with the following information whenever they have to make rent decisions:
 - a. The Shelton Housing Authority's policies on switching types of rent in case of a financial hardship; and
 - b. The dollar amount of tenant rent for the family under each option. If the family chose a flat rent for the previous year, the Shelton Housing Authority will provide the amount of income-based rent for the subsequent year only the year the Shelton Housing Authority conducts an income reexamination or if the family specifically requests it and submits updated income information.

2. THE INCOME METHOD

The total tenant payment is equal to the highest of:

- A. 10% of the family's monthly income
- B. 30% of the family's adjusted monthly income or
- C. If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the family's actual housing costs, is specifically designated by such agency to meet the family's housing costs, the portion of those payments which is so designated. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this provision is the amount resulting from one application of the percentage or
- D. The minimum rent of **\$50.00**.

3. MINIMUM RENT

The Shelton Housing Authority has set the minimum rent at **\$50.00**. If the family requests a hardship exemption, however, the Shelton Housing Authority will suspend the minimum rent beginning the month following the family's request until the Housing Authority can determine whether the hardship exists and whether the hardship is of a temporary or long-term nature.

- A. *Hardship* exists in the following circumstances:
 - a. When the family has lost eligibility for or is waiting an eligibility determination for a Federal, State, or local assistance program, including a family that includes a member who is a non-citizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996
 - b. When the family would be evicted because it is unable to pay the minimum rent
 - c. When the income of the family has decreased because of changed circumstances, including loss of employment or
 - d. When a death has occurred in the family.
- B. *No hardship*. If the Housing Authority determines there is no qualifying hardship, the minimum rent will be reinstated, including requiring back payment of minimum rent for the time of suspension.
- C. *Temporary hardship*. If the Housing Authority reasonably determines that there is a qualifying hardship but that it is of a temporary nature, the minimum rent will not be imposed for a period of ninety (90) calendar days from the beginning of the suspension of the minimum rent. At the end of the 90-day period, the minimum rent will be imposed retroactively to the time of suspension. The Housing Authority will offer a repayment agreement in accordance with Chapter 7 Part 4 of this policy for any rent not paid during the period of suspension. During the suspension period the Housing Authority will not evict the family for nonpayment of the amount of tenant rent owed for the suspension period.
- D. *Long-term hardship*. If the Housing Authority determines there is a long-term hardship, the family will be exempt from the minimum rent requirement until the hardship no longer exists.
- E. *Appeals*. 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.

4. THE FLAT RENT

The Shelton Housing Authority has set a flat rent for each public housing unit. The flat rent is determined annually, based on the market rental value of the unit using one of the following three options:

- A. *Option One*: The Shelton Housing Authority will establish a flat rent for each public housing unit that is no less than 80 percent of the applicable Fair Market Rent (FMR) as determined by HUD each year.

- B. *Option Two*: No less than 80 percent of an applicable small area FMR (SAFMR) or 80% of the unadjusted rent¹, if applicable, as determined by HUD, or any successor determination, that more accurately reflects local market conditions and is based on an applicable market area that is geographically smaller than the applicable market area used in the first paragraph of this section. If HUD has not determined an applicable SAFMR or unadjusted rent¹, the Shelton Housing Authority will rely on the applicable FMR under the first option or may apply for an exception flat rent under the third option. No other smaller geographical FMRs will be allowed by HUD (See footnote 1 for HUD's definition of "unadjusted rent" as relates to Flat Rent requirements).
- C. *Option Three*: The Shelton Housing Authority may request, and HUD may approve, on a case-by-case basis, a flat rent that is lower than the amounts in Options One or Two of this section, subject to the following requirements:
1. The Shelton Housing Authority must submit an acceptable market analysis of the applicable market.
 2. The Shelton Housing Authority must demonstrate, based on the market analysis, that the proposed flat rent is a reasonable rent in comparison to rent for other comparable unassisted units, based on the location, quality, size, unit type, and age of the public housing unit and any amenities, housing services, maintenance, and utilities to be provided by the PHA in accordance with the lease.
 3. All requests for exception flat rents under this option must be submitted to and pre-approved by HUD. Upon request, exception rent can be extended up to two additional years by HUD.

The Shelton Housing Authority will not implement Option Three prior to receiving HUD's written approval.

The option chosen to establish the required flat rent will be the sole decision of the Shelton Housing Authority.

There is no utility allowance for families paying a flat rent because the Shelton Housing Authority has already factored who pays for the utilities into the flat rent calculation. If the resident pays their own utilities, the calculated flat rent shall be reduced by a reasonable utility allowance based on an energy-conservative household of modest circumstances. Otherwise, the entire flat rent shall be paid by the resident to the Shelton Housing Authority.

Annually, no later than 90 days after issuance of new FMRs or SAFMRs by HUD, the Shelton Housing Authority will compare the current flat rent amount to the applicable FMR and SAFMR/unadjusted rent¹. If the flat rent is at least 80 percent of the lower of the FMR

¹ The unadjusted rent is the FMR estimated directly from the American Community Survey (ACS) source data that HUD uses to calculate FMRs before HUD applies its state non-metropolitan minimum rent policy. HUD maintains a minimum FMR policy within Housing Choice Voucher program (HCV) in response to numerous public concerns that FMRs in rural areas were too low to operate the HCV program successfully. The policy establishes the FMRs at the higher of the local FMR or the State-wide average FMR of non-metropolitan counties, subject to a ceiling rent cap. The rationale for having a state minimum FMR is that some low-income, low-rent non-metropolitan counties have ACS-based FMR estimates that appear to be below long-term operating costs for standard quality rental units and raise concerns about housing quality.

or SAFMR/unadjusted rent, the Shelton Housing Authority is in compliance with the law, and no further steps are necessary. If the flat rent is less than 80 percent of the lower of the FMR and SAFMR, the Shelton Housing Authority will adjust the flat rents at no less than 80 percent of the lower of the FMR or SAFMR/unadjusted rent¹, subject to the utility's adjustment required for tenant-paid utilities, or the Shelton Housing Authority may request an exception flat rent pursuant to Option Three, as described above. Revised flat rents will become effective for all families admitted after the flat rent is changed or at the lease renewal for an existing resident. (See footnote 1 for HUD's definition of "unadjusted rent" as relates to Flat Rent requirements).

As for flat rent phase-ins, previous regulations in PIH Notice 2021-27 and the subsequent FAQ's, HUD provided flexibility to PHAs to phase in all flat rent increases over a three-year period, including those increases that were 35 percent or less.

However, the FY 2015 Appropriations Act provides the Shelton Housing Authority additional flexibility to establish flat rents at lower amounts, thereby eliminating the need for the three-year phase-in of flat rent increases that are 35 percent or less. **Therefore, the only flat rent increases that will be phased-in are those where a family's rent will increase by more than 35 percent prior to any applicable adjustments for utility payments.**

Agencies that began phase-ins for families with rent increases at 35 percent or less last year shall follow the actions outlined below at the family's next annual rent option:

1. On a case-by-case basis, at the family's next annual rent option, compare the updated flat rent amount applicable to the unit to the rent that was being paid by the family immediately prior to the annual rent option.
 - a. If the updated flat rent amount would not increase a family's rental payment by more than 35 percent, the family may choose to pay either the updated flat rent amount or the previously calculated income-based rent.
 - b. If the agency determines that the updated flat rent amount would increase a household's rental payment by more than 35 percent, the family may choose to pay the phased-in flat rent amount resulting from the flat rent impact analysis or the previously calculated income-based rent.

Affected families will be given a 30-day notice of any rent change. Adjustments are applied at the end of the annual lease (for more information on flat rents, see Section 4 above).

The Shelton Housing Authority will post the flat rents at each of the developments and at the office. Flat rents are incorporated in this policy upon approval by the Board of Commissioners.

¹ State minimum FMRs have been set at the respective state-wide population weighted median non-metropolitan rent level, but are not allowed to exceed the U.S. median non-metropolitan rent level.

5. CEILING RENT [DELETED - NO CEILINGS RENTS AS OF 10/1/99]

6. RENT FOR FAMILIES UNDER THE NONCITIZEN RULE

A mixed family will receive full continuation of assistance if all the following conditions are met:

- A. The family was receiving assistance on June 19, 1995
- B. The family was granted continuation of assistance before November 29, 1996
- C. The family's head or spouse has eligible immigration status and
- D. The family does not include any person who does not have eligible status other than the head of household, the spouse of the head of household, any parent of the head or spouse, or any child (under the age of 18) of the head or spouse.

The family's assistance is prorated in the following manner:

- A. *Step 1.* Determine the total tenant payment 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.)
- B. *Step 2.* Family maximum rent is equal to the applicable flat rent for the unit size to be occupied by the family.
- C. *Step 3.* Subtract the total tenant payment 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").
- D. *Step 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."
- E. *Step 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."
- F. *Step 6.* The mixed family TTP is the maximum rent minus the amount of the eligible subsidy.
- G. *Step 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 Shelton Housing Authority will use the TTP as the mixed family TTP.

7. UTILITY ALLOWANCE – SHELTON HOUSING AUTHORITY PAYS ALL UTILITIES AT PIONEER APARTMENTS – THIS SECTION WILL BE USED IF ANY SECTION 8 OR HOUSING CHOICE VOUCHERS ARE ADDED

The Shelton Housing Authority shall establish a utility allowance for all check-metered utilities and for all tenant-paid utilities. The allowance will be based on a reasonable consumption of utilities by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful environment. In setting

the allowance, the Shelton Housing Authority will review the actual consumption of tenant families as well as changes made or anticipated due to modernization (weatherization efforts, installation of energy-efficient appliances, etc). Allowances will be evaluated at least annually as well as any time utility rate changes by 10% or more since the last revision to the allowances.

The utility allowance will be subtracted from the family's income-based rent to determine the amount of the Tenant Rent. The Tenant Rent is the amount the family owes each month to the Shelton Housing Authority. The amount of the utility allowance is then still available to the family to pay the cost of their utilities. Any utility cost above the allowance is the responsibility of the tenant. Any savings resulting from utility costs below the amount of the allowance belongs to the tenant. This paragraph can be updated to provide for Shelton Housing Authority paying the utility allowance directly to the utility companies, but Shelton Housing Authority must notify the family of the amount paid to the utility supplier.

For Shelton Housing Authority paid utilities, the Shelton Housing Authority will monitor the utility consumption of each household. Any consumption in excess of the allowance established by the Shelton Housing Authority will be billed to the tenant monthly.

Utility allowance revisions based on rate changes shall be effective retroactively to the first day of the month following the month in which the last rate change took place. Revisions based on changes in consumption or other reasons shall become effective at each family's next annual reexamination.

Families with high utility costs are encouraged to contact the Shelton Housing Authority for an energy analysis. The analysis may identify problems with the dwelling unit that once corrected will reduce energy costs. The analysis can also assist the family in identifying ways they can reduce their costs.

Requests for relief from surcharges for excess consumption of Shelton Housing Authority purchased utilities or from payment of utility supplier billings in excess of the utility allowance for tenant-paid utility costs may be granted by the Shelton Housing Authority on reasonable grounds. Requests shall be granted to families that include an elderly member or a member with disabilities. Requests by the family shall be submitted under the Reasonable Accommodation Policy. Families shall be advised of their right to individual relief at admission to public housing and at time of utility allowance changes.

8. *PAYING RENT*

Rent and other charges are due and payable on the first day of the month. All rents should be placed in the drop box at the Shelton Housing Authority Office or in person during office hours. 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.

If the rent is not paid by the 5th of the month, a Notice to Vacate will be issued to the tenant. In addition, a \$20.00 late charge will be assessed to the tenant. 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 \$20.00 for bank charges and/or processing costs and personal checks will no longer be accepted from that tenant. All following payments must be certified funds.