# Procedure for Interim Rent Adjustments

**Overview**

1. This procedure applies to the public housing (PH), project-based voucher (PBV) and housing choice voucher programs (HCV).
2. Interim rent adjustments are made as a result of changes in family income or changes in family composition between annual reexaminations.
3. PHA decreases rent in certain instances (described below), but there are fewer changes that will trigger interim rent increases.
4. Residents must report all changes in income between annual reexaminations of income within ten days of occurrence unless they are paying flat rent.

**Required interim rent reductions**

There are several instances in which a reduction in a family's income or other change in their circumstances might require PHA to make an interim reduction in their rent as described below

**1. Minimum rent hardship exemption**

1. PHA has adopted a minimum rent of $­­­\_\_\_ per month, and if a resident is paying the minimum rent, there are certain instances in which PHA is required to suspend the minimum rent: **24 CFR § 5.630**
	1. When the family has lost eligibility for or is awaiting an eligibility determination for a government assistance program
	2. When the family would be evicted because it is unable to pay the minimum rent
	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.
2. If a family paying minimum rent requests a hardship exemption, PHA must suspend the minimum rent, effective the following month.
3. PHA may not evict the family for non-payment or terminate assistance for non-payment of the minimum rent for 90 days following the request for the hardship exemption.
4. The suspension of minimum rent continues until PHA determines whether or not the hardship is temporary or long term.
5. If the hardship is verified to be temporary (lasting less than 90 days), the family must repay the minimum rent that was suspended and PHA is required to grant the family a reasonable repayment agreement.
6. If the hardship is verified to be long-term (lasting more than 90 days), the minimum rent must be suspended until the hardship stops. Family must report to the PHA every 30 days.
7. If PHA denies a resident the minimum rent hardship exemption, a PH resident is entitled to file a grievance and PHA may not require the resident to make an escrow deposit to obtain the grievance hearing. PBV and HCV residents are not entitled to informal hearings for a denial of the minimum rent hardship exemption.
8. Even if the minimum rent is suspended for a long period, it does not mean that the resident will pay no rent. Residents pay the greater of 30 percent of monthly adjusted income or 10 percent of monthly income, but never less than the minimum rent. If the minimum rent is suspended, residents would still pay the greater of 30 percent of monthly adjusted income or 10 percent of monthly income as rent.

**2. Decrease in income of families paying income-based rent**

1. If a family is paying income-based rent (most families in the PH and all families in the PBV and HCV programs) and experiences a reduction in income that is verified to last more than thirty days, PHA will adjust the family's rent to correspond to the new verified income, effective the first of the month following the month in which the decrease in income was reported[[1]](#footnote-1).
2. The reduction in income might occur because of a job lay-off or cutback in hours worked, or from some sort of reduction in unearned income.
3. Remember that reductions in welfare payments due to welfare fraud or failure to comply with economic self-sufficiency requirements are not eligible for rent reductions. See the **Procedure for Imputed Welfare (TANF) Income**

**3. Change in circumstances (increase in eligible deductions) of families paying income- based rent**

Occasionally families paying income-based rent experience a verified change in their circumstances that would qualify them for a reduction in income-based rent even though their incomes have not decreased. These circumstances all would increase their deductions and thus reduce their adjusted income. Examples include

1. When families whose source of income is employment gains an additional dependent[[2]](#footnote-2)
2. When a working family's childcare costs increase with no increase in income
3. When an elderly or disabled family's unreimbursed medical costs increase
4. When a family that was not an elderly or disabled family becomes an elderly or disabled family
5. When a family's disability expense allowance increases.

**4. Hardship of families paying flat rent (§ 960.253 (f))** **(Public Housing only)**

1. When families who have elected to pay flat rent experience certain hardships they are eligible for a reduction in rent back to an income-based rent.
2. PHA adjusts a family's rent from flat rent to income-based rent any time the income-based rent would be lower, but they are required to adjust the rent in the following circumstances
3. The family has experienced a verified loss in income because of changed circumstances, including loss of reduction of employment, death in the family, or reduction in or loss of earnings or other assistance
4. The family has experienced a verified increase in expenses because of changed circumstances such as increased medical costs, childcare, education, or similar items.

**Approaches to Interim Rent Increases**

1. Under PHA’s ACOP and Administrative Plan there are limited instances under which rent is increased between annual reexaminations.
2. PHA only increases rent between annual reexaminations of income when

	1. The family has received an interim decrease in rent and their income increases before their next annual reexamination
	2. The family has experienced an increase in earned or unearned income greater than $\_\_\_\_\_ per month
	3. A person with income has joined the family (with PHA’s consent).
	4. The family is documented to have misrepresented their income, assets or deductions from income.
	5. The family had claimed zero income and is verified to have monetary or nonmonetary income.
3. PHA may choose not to increase rent between annual reexaminations of income when

	1. Someone in the family receives any increase in earned or unearned income of less than $\_\_\_\_\_ per month without having previously received an interim rent decrease
	2. A person’s source of income changes.

**Effective Date of Adjustments**

1. PHA notifies residents in writing of any rent adjustment and the notice states the effective date of the adjustment.
2. Rent **decreases** go into effect the first of the month following the reported change.
3. Income decreases reported and verified before the tenant accounting cut-off date are effective the first of the following month.
4. Income decreases reported or verified after the tenant accounting cut-off date are effective the first of the second month with a credit retroactive to the first month.
5. Decreases that are verified to last less than 30 days will not be processed.
6. Rent **increases** (except those due to misrepresentation) require 30 days’ notice and are effective the first of the second month following timely reporting.
7. Rent **increases** due to misrepresentation or failure to report do not require 30 days’ notice and are effective retroactive to the date of the income increase.

**Timely Reporting of Accurate Information**

1. A resident paying an income-based rent must report all changes of income in ten days.
2. Since PHA’s rent system does not require that a rent change occur with every increase in income, PHA will note all changes in the tenant file, without verification of amounts that do not warrant an interim increase in rent.
3. Verifications are performed at the time of the next annual reexamination.
4. If it is found the resident has misrepresented or failed to report to PHA the facts upon which his/her rent is based so that the rent being paid is less than what should have been charged, then the increase in rent will be made retroactive to the date of the income increase.
5. Failure to report accurate information is also grounds for initiating eviction proceedings in accordance with PHA’s dwelling lease. **24 CFR § 966.4**
6. PHA will always process an interim increase in rent if it is found that the resident at an annual or interim reexamination has misrepresented the facts upon which the rent is based so that the rent the Resident is paying is less than the rent that he/she should have been charged.
7. PHA will apply any increase in rent retroactive to the first of the month following the month in which the misrepresentation occurred
8. Failure to report within the timeframe specified in the ACOP and lease may result in a retroactive rent increase, but not a retroactive credit or rent reduction.
9. To qualify for rent reductions, residents must report income decreases promptly.
10. Residents may also be required to report interim increases in income if they have been granted interim rent reductions**.**
11. Complete verification applicable to rent adjustments must be documented.

**Over-Income Residents**

An over-income resident is defined as "a tenant family whose adjusted income exceeds 120% of Area Median Income for their family size for two consecutive annual reexaminations after their income first is found to reach this level at an interim adjustment or annual reexamination."

See **Procedure for Over-Income Public Housing Residents**

1. If the reduction in income were reported after PHA's cut-off date for the following month's rent set-up, this might mean PHA would charge the resident the former, higher rent, subject to a credit when the circumstances of the reduction were verified. [↑](#footnote-ref-1)
2. Families whose source of income is public assistance often experience an increase of income that accompanies, and offsets, the new deduction. [↑](#footnote-ref-2)