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

**Policy**

In compliance with HUD regulations implementing the Housing Opportunities through Modernization Act, PHA shall take the actions described in this procedure when dealing with public housing tenants with very high incomes.

1. Definition of an “over-income” tenant: 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.
2. Determining the “over-income” limit: The over-income limit can be computed by multiplying the “lower income” limit by 1.5 for each family size. Thus, if the lower Income limit is $40,000, the over-income limit will be $40,000 X 1.5, or $60,000.

At every Interim Adjustment of Rent or Annual Reexamination, Housing staff shall compare each public housing resident’s adjusted income to the over-income limit.

**Initial Determination**

1. If a tenant’s adjusted income exceeds the over-income limit staff will Inform the tenant that if their adjusted income continues to exceed the over-income limit for the next two consecutive reexaminations  
   1. The tenant will have to choose between paying either the full Fair Market Rent applicable to their unit; or
   2. Paying the amount of HUD subsidy (operating and capital fund) applicable to their unit; or
   3. Moving out of their unit in 6 months.
2. Staff will tell the tenant the Fair Market rent for their unit in effect at that time and will note that the FMR may increase or decrease in the coming 2 years.
3. Staff will send a letter to the tenant setting forth the policy above[[1]](#footnote-1).
4. Staff will flag the tenant’s file to be sure that when the next two reexaminations take place whichever staff member is processing the reexam will check to see whether the family’s adjusted income again exceeds the over-income limit.

**First Reexam**

1. At the first reexam after the family’s adjusted income exceeded the over-income limit, if their income no longer exceeds the over-income limit the process is stopped and starts over if their adjusted income goes above the over-income limit in the future.
2. For the family to be subject to the statutory requirements their adjusted income must continue to exceed the over-income limit.
3. If the family’s adjusted income again exceeds the over-income limit, reexam staff remind them that they have one more year before the sanctions go into effect.

**Second Reexam**

1. At the second reexam after the family’s adjusted income exceeded the over-income limit, if their income no longer exceeds the over-income limit the process is stopped and starts over if/when their adjusted income goes above the over-income limit in the future.
2. If the family’s adjusted income still exceeds the over-income limit at the second reexam, staff will tell the family the current FMR applicable to their unit and the HUD subsidy and will ask the family to sign a form stating their choice  
   1. If the family chooses to stay in place and pay the full FMR, that rent will go into effect on the recert date.
   2. If the family will pay the HUD subsidy applicable to the unit, that rent will go into effect on the recert date.
   3. If the family is unwilling to pay either of the higher rent amounts, staff will inform them of the date six months from the recert date when they must move out.
   4. If the family fails to move out on the date stipulated their lease will be terminated and they will be evicted.

1. Or will communicate in the manner requested by a tenant with a disability. [↑](#footnote-ref-1)