

Helping Public Housing Agencies Implement an Alternative Rent Policy:

A Technical Assistance Summary Report from the Rent Reform Demonstration



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Demonstration**

Prepared for
U.S. Department of Housing and Urban Development
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1. Introduction

This report summarizes the technical support provided by MDRC and its partners, Quadel and the Bronner Group, to the public housing agencies (PHAs) that participated in the Rent Reform Demonstration (RRD) and implemented the demonstration's alternative rent policy to households in the Housing Choice Voucher (HCV) program.¹

As part of the RRD, the U.S. Department of Housing and Urban Development (HUD) selected MDRC to collaborate with HUD and several PHAs in designing an alternative HCV program rent policy, offer technical assistance to the PHAs implementing the policy, and evaluate the effects of the policy.

Documenting the technical support provided by MDRC, Quadel, and Bronner (hereafter, the MDRC team) to the PHAs as part of the RRD, this report illustrates how an interested PHA might implement various elements of the RRD alternative rent policy. It also highlights some of the day-to-day operational demands associated with the new policy (that is, what it takes to operate them) and a number of administrative simplifications the new policy introduced. Furthermore, for policymakers, administrators, and PHAs interested in alternative rent policies, the report offers some technical guidance that might help facilitate the transition to the new rules. For example, lessons from the technical support and guidance the MDRC team provided to the PHAs in the RRD are proving beneficial to the PHAs in HUD's Moving to Work (MTW) Expansion for Cohort 2, Stepped and Tiered Rent Demonstration (STRD), as they begin to implement their own new rent policies, which include some features of the reforms tested in the RRD.² Lessons from the RRD technical assistance may also be relevant to other housing agencies (including state agencies) considering similar reforms.

¹ For more details, see Riccio, Deitch, and Verma (2017).

² Moving to Work Expansion Cohort 2 Stepped and Tiered Rent Demonstration (https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/expansion/cohort2). For details about the study, see Castells et al. (2022) (<https://www.huduser.gov/portal/sites/default/files/pdf/MTW-Demonstration-Expansion-RDDCAP.pdf>).

The Rent Reform Demonstration Study

The implementation of the alternative rent policy was evaluated in four cities³ and was subjected to a rigorous evaluation using a randomized controlled trial. The evaluation included implementation, impact, and cost analyses. The evaluation assessed the effects of the alternative policy on households' labor-market outcomes and receipt of housing subsidies as well as other transfer benefits. It also determined the policy's effects and a variety of other individual and family outcomes related to income, self-sufficiency, and well-being, and on housing agency administrative burden, administrative costs, and housing assistance payments (HAP). The demonstration focused on *working-age, non-disabled voucher holders* based on HUD's definition. The demonstration also focused on recertifying households.⁴ To date, four evaluation reports have been published (exhibit 1), and the final evaluation report is slated for 2024.⁵

Exhibit 1. Evaluation Reports

1. *Reducing Work Disincentives in the Housing Choice Voucher Program: Rent Reform Demonstration Baseline Report*
2. *The Rent Reform Demonstration: Early Effects on Employment and Housing Subsidies*
3. *The Rent Reform Demonstration: Interim Findings on Implementation, Work, and Other Outcomes*
4. *The Rent Reform Demonstration: Impacts on Work, Housing, and Well-Being After 42 Months*

The Rent Reform Demonstration Alternative Rent Policy

The RRD alternative rent policy was structured around the following core features (Riccio, Deitch, and Verma, 2017).

Changes in Rules for Recertifications

- A triennial recertification schedule that only required a household to report income increases every 3 years. Households were not required to report income increases to the PHA between triennial recertifications, and their Total Tenant Payment (TTP) was not raised.
- Limiting interim recertifications for reductions in income to a maximum of one per year.

Changes in the Total Tenant Payment Calculation

- Eliminating all deductions from income when calculating TTP.
- Calculating TTP at 28 percent of gross income.
- Using a household's average gross monthly retrospective income when calculating TTP.
- Ignoring income from household assets when the total value is less than \$25,000.
- Simplifying the policy for determining utility allowances to a streamlined standard schedule based primarily on unit size, with some adjustments.

³ (1) Lexington, Kentucky; (2) Louisville, Kentucky; (3) San Antonio, Texas; and (4) Washington, D.C.

⁴ New voucher holders or port-ins were not included in the study.

⁵ <https://www.huduser.gov/portal/Rent-Reform-Demonstration.html>.

- Establishing a minimum TTP of at least \$50 per month and requiring it be paid directly to the landlord.

Safeguards for Households

- A Grace Period TTP at the start of each 3-year period, allowing for a temporary (6-month) TTP reduction when a household's current or anticipated gross income is more than 10 percent lower than its average monthly retrospective gross income.
- Allowing for a one-per-year interim recertifications for reductions in income if the household's income falls by at least 10 percent.
- A hardship policy that covers a standard set of conditions and includes a standard set of remedies that permit TTP reductions at any time during the 3-year period to protect households from excessive rent burdens.

Exhibit 2 contrasts key differences between the traditional rent policy and the alternative rent policy.

Exhibit 2. Comparison of Traditional and Alternative Rent Policies

Component	Traditional Policy ^a	Alternative Policy
Calculating TTP	<p>30 percent of <i>adjusted monthly</i> income (that is, total countable income minus deductions) or 10 percent of gross income, whichever is higher.</p> <p>Countable income estimates are based on anticipated income in setting a household's TTP and housing subsidy.</p>	<p>Simplified calculation of the household's TTP and subsidy amount:</p> <ul style="list-style-type: none"> • Eliminating deductions and allowances. • Changing the percent of income that a household pays from 30 percent of <i>adjusted monthly income</i> to 28 percent of <i>gross monthly income</i>. <p>Countable income estimates for setting a household's TTP and housing subsidy are based on 12-month <i>retrospective</i> income.</p>
Minimum TTP and/or minimum rent paid by household to landlord	<p><i>Up to \$50</i> per month, at housing agency discretion.</p>	<p><i>\$50 to \$150</i> per month, depending on the housing agency.</p> <p>All households pay a minimum amount of rent directly to the landlord to mirror the landlord-tenant relationship in the nonsubsidized rental market.</p>
Assets	<p>Household can self-certify that income from assets is <i>\$5,000</i> or less without additional verification, but the actual income from the assets is included in the household income.</p>	<p>Household income from assets is ignored when total asset value (all assets combined) is less than <i>\$25,000</i>, and households do not need to document those assets.</p>
Recertification period	<p><i>Annual</i> recertifications</p>	<p><i>Triennial</i> recertifications</p>
Interim recertifications	<p>At agency discretion, households report any income increases when they occur prior to next scheduled recertification.</p> <p>Households may request interim recertifications whenever income falls by any amount.</p>	<p>Earnings gains do not increase TTP for 3 years.</p> <p>Interim recertifications are limited to a maximum of one per year, to protect households when their income drops while limiting the burden to the housing agency.</p>

Utilities	Where the contract rent does not include utilities, a utility allowance is provided based on a detailed schedule that takes into consideration voucher size and various aspects of unit type.	A simplified utilities policy that tailors allowances to a standard base rate for utility costs that varies according to the voucher size, with additional payment available to households paying higher costs due to the type of heating (for example, electric or oil heat) and water and sewer charges.
Hardship policy	Housing agency must suspend the minimum rent (if implemented) for households that are unable to pay it due to specified financial hardships. Short-term hardships (lasting 90 days or fewer) require the suspended minimum to be reinstated after the hardship period ends and to be repaid according to a reasonable payment plan.	<p>Households qualify for consideration of a hardship-based waiver if:</p> <ul style="list-style-type: none"> • The hardship cannot be remedied by the one interim recertification permitted each year. • The household is at an income level or experiences a loss of income and/or TTP increase such that its total monthly TTP exceeds 40 percent of its current/anticipated monthly gross income. • The household faces risk of eviction for nonpayment of rent or utilities. • Other circumstances, as determined by the housing agency. <p>Hardship remedy options include a standardized list:</p> <ul style="list-style-type: none"> • Allowing an additional interim recertification beyond the normal one-per-year option. • Setting the household’s TTP at the minimum level for up to 180 days (renewable). • Setting the household’s TTP at 28 percent of current gross income, (which may be less than the minimum rent), for up to 180 days (renewable). • Offering a “transfer voucher” to support a move to a more affordable unit. • Any combination of the above remedies.

^a The traditional rent policy was set before the implementation of the Housing Opportunity Through Modernization Act (HOTMA) of 2016, which made numerous changes to statutes that govern the HCV program. For example, an increase in the total asset value limit was planned as part of HOTMA.

The Rent Reform Demonstration Technical Support

The MDRC team worked closely with each RRD PHA implementing the alternative rent policy to develop an operations guide. The operations guide provided both a comprehensive description of the alternative rent policy and included guidance on how to operationalize some aspects of the policy, such as determining a household's retrospective period and calculating a household's TTP. In order for the PHAs to implement the alternative rent rules and calculate household rent based on those rules, the MDRC team, HUD, and the PHAs worked with the housing software vendors to implement several software modifications. The operations guide referenced those modifications in describing procedures for putting the policy into practice.

The MDRC team used the guide along with additional materials prepared specifically for RRD to train PHA staff on the policy. They continued to support the PHAs in implementing the new rent policy through recurring check-in calls to discuss implementation experiences and challenges and by updating the operations guide to reflect policy clarifications or refinements. This type of support, which was more intense during the roll-out and early implementation phases, spanned the full 6 years that the PHAs operated the new rent policy as part of RRD.

Sections 2 through 6 of this report adapt the RRD operations guide for a broader audience. Section 7 focuses on tenant communication strategies deployed to help inform households about the rent policy and its incentives and protective features. The report closes with section 8, which includes some software modifications requested from the software vendor. Staff perspectives on various aspects of the policy implementation, documented as part of the evaluation's monitoring and field research efforts, are integrated throughout the report.⁶

⁶ See Riccio, Verma, and Deitch (2019) and Riccio, Verma, Azurdia, and Yang (2021) for insights on the implementation research findings.

2. Using Retrospective Income to Calculate Total Tenant Payment

Under the alternative rent policy, a household's Total Tenant Payment (TTP) is generally calculated using its reported (and verified) retrospective gross income during a 12-month "retrospective" period. The goal of the alternative policy is to encourage increases in future earnings by not increasing households' TTP for 3 years as their incomes grow. This section describes the approach used in the Rent Reform Demonstration (RRD) to determine the retrospective period, what income to include, how to treat various types of included income, and how to verify income.

Retrospective Income

Retrospective income is income received by the household during a specifically identified 12-month retrospective period. The alternative rent policy relies on retrospective income in part because predicting anticipated income accurately is difficult (because individuals' employment and other circumstances are likely to change over time) and in part because relying on anticipated income to calculate a household's TTP could encourage households to intentionally lower its income just before its scheduled recertification.

However, simply setting a household's TTP based on actual income received during the previous 12-month retrospective—without some parameters and additional considerations—could put some households at risk of financial burden and excessive rent burdens. For example, if a household suffers a substantial loss of income just before the household's recertification to set its TTP for the next 3 years, the household may not be capable of paying a TTP based on its retrospective income. This is especially pertinent if the income is not likely to be restored immediately or easily. For these reasons, the alternative rent policy includes a number of safeguards to protect households (for example, Grace Period TTP and hardship policy). In addition, the alternative rent policy offers guidance regarding when to consider all, part, or none of the 12-month income from each type of income source.

Treatment of Various Types of Income for the Retrospective Period

The rules regarding what is counted as gross annual income (except when income from assets is counted) were not changed. Public housing agency (PHA) staff look at all income as required in the HUD regulations and only exclude types of income that are currently excluded.

Sources of income can be divided into four types:

1. *Earned Income* includes all types of wages and self-employment earnings.
2. *Benefit Income* includes income from public sources, such as unemployment compensation, Temporary Assistance for Needy Families (TANF, or welfare), Social Security, and Supplemental Security Income (SSI).
3. *Income from Assets*.
4. *Other Income* includes retirement funds, pensions, annuities, and child or spousal support income.

Treatment of income sources varies somewhat, depending upon individual household circumstances and the type of income. For example, earnings income received during the 12-month retrospective period is always counted regardless of whether it began or ended because it is likely representative of individual employment behavior when considering the patterns over the entire period and is a likely predictor of future behavior. Other income sources that have ended during the retrospective period, however, are not likely to continue or return throughout

the next 3 years. These include income from sources such as unemployment compensation, TANF, Social Security, and child support. Thus, if income from these sources ended, then none of that income is considered when calculating a household's TTP. Exhibit 3 provides guidance on treatment of various sources of retrospective income.

Excluded income is entered into the PHA software system following the regular rules. However, for income sources that have been verified to have ended during the retrospective period and are now excluded due to the updated rules, the income does not need to be entered into the system (for example, TANF benefits that ended during the retrospective period). If this income is entered within the system, it would need to be entered as excluded income because the systems typically do not automatically exclude income from benefits that have ended.

If the total value of assets is less than \$25,000, then assets do not need to be recorded within the system. However, if the PHA staff is unsure if the combined value of all assets for the household is less than \$25,000, then the assets and income from assets can be entered into the system because the system has been modified to automatically exclude asset income if the combined value of the assets is less than \$25,000.

Exhibit 3 provides additional guidance for each income source.

Exhibit 3. Guidance on Income Sources Under the Alternative Rent Policies

Source	How to Calculate the Income
Earnings	<p>Calculate actual retrospective earnings received during the retrospective period for all adults in the household (except live-in aids) using information from pay stubs, employers, UIV sources (such as The Work Number), and EIV.</p> <p>Include the actual income earned during the period, regardless of whether it was earned for the entire 12-month period.</p> <p><i>Note:</i> Full-time students who are adults will have a maximum income of \$480 counted. Though there is no corresponding \$480 deduction for student status in the study, the income rules have not changed.</p> <p>For months when information is not available, use the guidance provided above.</p>
Business Income	<p>Calculate actual retrospective business income earnings received during the retrospective period using information from tax returns, self-certification, business financial statements, UIV, and EIV.</p> <p>Include the actual income earned during the period, regardless of whether it was earned for the entire 12-month period. Follow the existing HCV rules to deduct business expenses from the gross income to determine a net business income for the calculation.</p> <p>For periods when information is not available, use the guidance provided above.</p>

<p>TANF</p>	<p>Calculate actual retrospective TANF income that was received during the retrospective period if it will continue into any portion of the subsequent year.</p> <p>If TANF benefits were reduced temporarily during the retrospective period (even to zero) because they were previously miscalculated (for example, if the client misrepresented information or the recipient was sanctioned for noncompliance with welfare-to-work program requirements and an overpayment is being recouped), count the full amount of the award (the imputed Welfare Income) regardless of the amount paid to the household. Count this full amount for each month of the retrospective year that the household would have received during the retrospective period.</p> <p>Do not count any TANF as income if it ended at any point during the retrospective period or is confirmed to end at the end of the retrospective period.</p>
<p>SSDI & SSI</p>	<p>Calculate actual retrospective payments received during the retrospective period if it will continue into any portion of the subsequent year.</p> <p>Do not count any SSDI or SSI if it ended at any point during the retrospective period or is confirmed to end at the end of the retrospective period.</p> <p>Do not count any lump sum payments of SSI or SSDI that were received as the result of deferred periodic payments during the retrospective period.</p>
<p>Unemployment Insurance Benefits</p>	<p>Calculate actual retrospective benefits received during the retrospective period if it will continue into any portion of the subsequent year.</p> <p>Do not count any Unemployment Insurance benefits if they ended at any point during the retrospective period or are confirmed to end at the end of the retrospective period.</p>
<p>Child Support (or spousal support) through support enforcement</p>	<p>Count the actual retrospective support received during the retrospective period, regardless of whether the payments are regular, intermittent, or paid as a lump sum.</p> <p>Do not count child support if documentation (for example, a court order) confirms that the support ended permanently at any point during the retrospective period or is confirmed to end at the end of the retrospective period.</p> <p>NOTE: If the PHA has a policy that states, “If no child support has been paid for XXX months, the income is determined to have ended,” do not count the income. This rule may vary according to PHA policy.</p>

Child Support (or spousal support) from an individual	<p>Count the actual retrospective support, whether the payments were regular, intermittent, or a lump sum.</p> <p>NOTE: If the PHA has a policy that states, “If no child support has been paid for XXX months, the income is determined to have ended,” do not count the income. This rule may vary according to PHA policy.</p>
Social Security Benefits	<p>Calculate actual retrospective Social Security benefits that were received during the retrospective period if it will continue into any portion of the subsequent year.</p> <p>Do not count any lump sum payments received as the result of deferred periodic payments during the retrospective period.</p> <p>Do not count any Social Security benefits if it ended at any point during the retrospective period or is confirmed to end at the end of the retrospective period (for example, benefits to a minor on behalf of a deceased parent).</p>
Lump Sum Payments	<p>If the household received a lump sum payment for the delayed start of a periodic amount (except for payments from the Social Security Administration or for veteran’s disability benefits), count the lump sum as income.</p> <p>If the household received a lump sum payment unrelated to any regular source of income (for example, an inheritance or insurance payment), count the income as an asset if it is invested.</p>
Income from Assets valued at \$25,000 or more	<p>Households will certify to the value of their assets when they complete an application for continued occupancy for either a triennial recertification or a request for an interim recertification. If the combined value of household assets is less than \$25,000, the assets (and income from assets) are ignored.</p> <p>If the combined value of the household’s assets is \$25,000 or more, verify the income from all assets and include the income in the calculation of retrospective income.</p> <p>Complete verification and inclusion of asset income using the current method (for example, a bank statement showing the amount in an account and the rate of interest paid) and include the value of the assets and the income that was earned in the 12-month retrospective period.</p>

EIV = Enterprise Income Verification. HCV = Housing Choice Voucher. PHA = public housing agency. SSDI = Social Security Disability Insurance. SSI = Supplemental Security Income. TANF = Temporary Assistance for Needy Families. UIV = Upfront Income Verification.

Treatment of Benefit Income That *Began* Partway Through the Retrospective Period

The income used to calculate retrospective income is the actual benefit amount received during the retrospective period—even if the benefits began partway through the retrospective period.

- Example: If the retrospective period is June 2020–May 2021 and the household began to receive TANF payments of \$300 per month in November 2020, the TANF amount counted in determining retrospective income is the amount received from November

through May. The entry for retrospective TANF benefits, for the period from November 1, 2020, to May 31, 2020, would be \$2,100 (or \$300 times 7 months of receipt); this is true even though the household can expect to receive the TANF payments for the full 12-month period following the recertification.

Treatment of Income from Household Members That Were *Removed* During the Retrospective Period

Only include income from current household members at the time of the rent calculation. Exclude income from household members no longer part of the household and removed from the voucher during the retrospective period (for example, a spouse or other adult who died, was incarcerated, or removed for other reasons) in its entirety from the calculation of retrospective income.

Treatment of Income From Household Members That Were *Added* During the Retrospective Period

Include all income from current household members at the time of the rent calculation. If a household member is added during the retrospective period or at the time of the rent calculation, include that member's 12-month retrospective income in the rent calculation.

Treatment of Income of Full-Time Students Aged 18 and Older

Follow the standard rules regarding student income. Only include \$480 of the annual income (either retrospective or current) for household members, other than the head of household or spouse, who are 18 years or older and verified as full-time students.

Enter \$480 into the PHA software as the household member's included income and enter the amount over \$480 as excluded income.

If, however, the member is no longer a full-time student when the household undergoes a subsequent triennial or interim recertification, the income exclusion no longer applies. In this circumstance, all of the income earned within the new retrospective period is included for the former full-time student. If the calculation of the household rent is based on gross current/anticipated income (temporary Grace Period rent, or a hardship), the former student's current earnings are also used in the calculation.

Full-time student status is determined as of the last day of the retrospective period being used to determine rent.

Treatment of Zero Income Households That Obtain Income

Calculate the actual retrospective income for the appropriate period for any household previously considered to have zero income that has subsequently obtained income at any time during the retrospective period or at the time of a triennial recertification or any subsequent interim recertification requested by the household to reduce rent.

However, if a household previously considered to have zero income has obtained income between triennial recertifications, the TTP is not increased. If the household had been approved for a hardship, then that household should continue to receive that hardship exemption until it expires, but due to the increase in income, the household may not be eligible for a continuation of a hardship rent. (Hardship remedies should not be cut short due to increases in income. If the

PHA requires the household to report its income every 90 days, the hardship remedy should align with those reporting requirements).

Example:

- A household is recertified in March 2020 (for a May 2020 effective date).
- The retrospective period is March 2019–February 2020.
- The household is zero income at the time of their recertification and is granted a 6-month hardship.
- The PHA requires zero income households to report their income every 90 days. However, even if the household increases its income at the 90-day reporting time, the TTP is not increased, and the household remains in hardship status until the 6-month period has expired.

Retrospective Period Used to Measure Income

Income received during the consecutive 12-month period leading up to the action (triennial or interim recertification) is used to calculate rent. The retrospective period always begins on the first day of the first month and ends on the last day of the last month in the 12-month period.

Retrospective Period at Triennial Recertification

The retrospective period used to calculate income at a triennial recertification is the 12-month period that ends the month prior to either the date the recertification packet is mailed out to the household or the date of the recertification meeting.

Recertification activity begins several months ahead of the effective date (about 90 to 120 days for the RRD PHAs). Processing a recertification requires PHA staff to collect and verify information provided by the household, complete data entry into the housing software, calculate the rent, and notify the household 30 days in advance of the new rent effective date.

- Example: Scheduled recertification effective date is June 2021. On January 23, a packet is sent to the household (or the household attends a recertification meeting). The retrospective period used to determine this household’s TTP is January 1, 2020, to December 31, 2020.

Exhibit 4. Rent Reform Demonstration Staff Perceptions

Staff suggested that some households required reminders about the PHAs’ use of retrospective income; especially in situations when household members no longer earned income that they had in the prior 12 months. Staff used these opportunities to provide information about the new rent policy and the benefits and safeguards of the policy.

Retrospective Period at the Time an Interim Recertification to Reduce Rent is Requested

When a participating household has a reduction in income and requests a reduction in rent, the PHA must recalculate retrospective income to determine household eligibility for the once per year interim recertification to reduce rent.⁷

The retrospective period for requested interim recertifications is the 12-month period ending the month immediately preceding the request.

- Example: A household completes its scheduled triennial recertification, with an effective date of October 1, 2021. On March 15, 2022, the head of household makes a request for a rent reduction because they were laid off from their job. The retrospective period for this interim recertification is March 1, 2021, to February 28, 2022.

Verification of Retrospective Income

Retrospective income is verified using the HUD Verification Hierarchy and the guidance provided in HUD Notice PIH 2018-18 (HA) Administrative Guidance for Effective and Mandated Use of the Enterprise Income Verification (EIV) System and subsequent notices, as well as the PHA Administrative Plan. The hierarchy and types of verification obtained should comply with those requirements.

PHAs should use EIV to verify as much of the household's income as possible. However, given the lag in the availability of the data, EIV will likely only verify earnings for the first 6 months of the 12-month retrospective period. PHAs should next prioritize non-HUD income verification systems, such as The Work Number, for the more recent 6 months of earnings activity. Self-certification is permitted, though, as stipulated in HUD's verification hierarchy, it is a level 1 verification method and is only to be used if other methods are not available.⁸ Because data from a prior period may be difficult to obtain, PHA staff may be able to move through HUD's verification hierarchy faster by imputing income where verification is not available (see instructions below for more information).

⁷ In order for the household to qualify for an interim recertification, enough time must pass so that the reduced household income (all current family member income) will result in a newly calculated retrospective income that is more than 10 percent lower than the prior retrospective income.

⁸ 24 CFR § 5.233; Notice PIH 2017-12.

When a household requests an interim recertification, and the retrospective period for the interim overlaps with the retrospective period for the last completed transaction,⁹ the verification from the last transaction for the months that are common to both transactions can be used.

Verifying Income When Information is Unavailable for Portions of the Retrospective Period

Under certain circumstances, verifying retrospective income for every month in the 12-month retrospective period may not always be possible. Households must make a good faith effort to provide documentation of their income. If gaps in income information within the retrospective period remain after the good faith effort by the household and unsuccessful attempts by the PHA to obtain third-party verification, the PHA can “impute” household income, as illustrated through the following examples.

Exhibit 5. Rent Reform Demonstration Staff Perceptions

Staff indicated that the following types of households presented an increased likelihood to submit incomplete income documents and require followup:

- Households with members working for smaller employers.
- Households with members who had multiple jobs during the retrospective period.
- Households with members who did not leave a job on good terms.
- Households with multiple earners who needed to submit multiple paystubs.

Example 1. Missing income data at the start of the retrospective period.

1. If the early part of the retrospective period is provided by EIV, but the EIV quarter overlaps only part of the retrospective period, talk with the household about what was reported for that period, asking whether they worked for the entire quarter and/or whether averaging the quarterly earnings to a monthly amount would be reasonably representative of their income.
 - a. If the household says the average is reasonable, take the full quarter, divide by 3 months, and multiply the average by the number of months that fall into the retrospective period (either 1 or 2).
 - b. If the household says that they were not working in part of the quarter, talk to them about how to estimate the monthly income properly. If they stopped working during the quarter and had zero income in any of those months, take a self-certification of zero income for the appropriate number of months and count zero income for the months during the quarter that fall into the retrospective period.

Enter the start and end dates in the PHA software system for the time that the household said that they worked. By doing this, the modified system correctly imputes the earnings based on the retrospective period entered. The system also automatically excludes earnings that are not within the retrospective period.

This method allows input from the household as to how the calculation is completed, thereby protecting the household and minimizing the effect of any false information (that is, counting

⁹ The last completed transaction could be a recent interim recertification or the last triennial recertification.

zero income for no more than 2 months of a quarter where the EIV shows income in that quarter) the household might provide.

Example 2. A gap in income information at the beginning of the retrospective period.

When calculating retrospective income for the period February 2021–January 2022, EIV data for January–March 2021 show income of \$2,850, but January is not part of the retrospective period.

Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
\$	\$	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900

Ask the household member if they earned about the same each month of that quarter (January–March).

- If the household member states the income was about the same in each of those months, equally divide the quarterly EIV income data across the 3 months ($\$2,850/3 = \$950/\text{month}$).

Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
\$950	\$950	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$980	\$980	\$980

- If the household member states they only worked 2 of the months in the quarter (January and February) and had no income in March, then accept a \$0 self-certification for March and equally divide the quarterly EIV income data across the other 2 months ($\$2,850/2 = \$1,425/\text{month}$).

Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
\$1,425	\$0	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900

Example 3. Gap in income data in the middle of the retrospective period.

1. Ask the household whether verification can be obtained for the income.
 - a. If so, request third-party verification for the period (such as paycheck stubs) directly from the household or directly from the income source (by sending third-party verification documents).
 - i. When necessary and appropriate, use year-to-date totals on paystubs or prior year tax information (such as a W-2, 1099, or tax return) to calculate average monthly income.
 - b. If not, ask the household whether the income for the period was about the same as the months falling on either side of the gap.¹⁰
 - i. If the household states that the income is similar, take the average of the prior 3 months (or whatever number of months is available) and the subsequent 3 months (or whatever is available), impute an average monthly income, and apply that average to the “gap” months.

¹⁰ Self-certification documents prepared by the household should be required for each period for which there are no other verification documentation.

- ii. If the household reports that the income in either the months before or the months afterward are more representative of their income during the gap period, use the average of the most representative months, as identified by the household, to apply to the gap months.
- iii. If the household reports that the income is not similar, ask the household to prepare a self-certification (may be called an “affidavit” or “self-declaration”) of income for the gap period. The self-certification might be for zero income for some period of time.

Example 4. A gap in income information in the middle of the retrospective period.

When calculating retrospective income for August 2021–July 2022, no information is available for December 2021 and January 2022.

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
\$500	\$500	\$500	\$500	\$	\$	\$700	\$700	\$700	\$700	\$700	\$700

Ask the household member whether the income during the gap was about the same as the months falling on either side of the gap.

- If the household states that the income is similar, take the average of the prior 3 months (or whatever number of months is available) and the subsequent 3 months (or whatever is available), impute an average monthly income, and apply that average to the “gap” months ($\$500 + \$700 = \$1200/2 = \600).

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
\$500	\$500	\$500	\$500	\$600	\$600	\$700	\$700	\$700	\$700	\$700	\$700

- If the household reports that the income in either the months before or the months afterward are more representative of their income during the gap period, use the average of the most representative months, as identified by the household, to apply to the gap months.

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
\$500	\$500	\$500	\$500	\$500	\$500	\$700	\$700	\$700	\$700	\$700	\$700

- If the household reports that the income is not similar, ask the household to prepare a self-certification (may be called an “affidavit” or “self-declaration”) of income for the gap period (for example, the household reports that they earned \$300 in December and \$0 in January).

Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July
\$500	\$500	\$500	\$500	\$300	\$0	\$700	\$700	\$700	\$700	\$700	\$700

Entering Retrospective Income in Public Housing Agency Software

PHA software systems were modified to support the calculation of retrospective income. First, the system requires staff to record the retrospective period date range for the household. This

allows the software to exclude any income that was entered with dates outside of the retrospective period, even if those outlying dates are entered into the system.

For example, in one modified system, retrospective income is entered in the new Retro Income tab of the Income section. Start and end dates are required, and the total amount for the entered start and end dates are input as the retrospective amount. Household member and income type are entered for each income entry.

If income was fairly steady from month to month during the retrospective period, then income can be entered for a larger time period. For example, if earned income was steady, then using year-to-date totals from paystubs and entering in the appropriate date range is acceptable. However, if income fluctuated, income should be entered in smaller chunks so that the monthly amounts are more accurate.

The software systems were also modified to automatically use previously verified retrospective income for months in the interim recertification that overlap with the previous action.

To further assist with income calculation, software systems were modified to:

- Assume \$0 unless data are entered.
- Add each income amount to the total for the retrospective period if the start and end dates are within the retrospective period.
- Prorate each income amount when the start or end date is outside of the retrospective period.
- Use the start and end dates within the retrospective period to assist in calculating income for a new retrospective period based upon a household’s request for an interim recertification to reduce rent.

When the Household Receives a Cost of Living or Pay Increase During the Retrospective Year

When calculating retrospective income during a year period when an income increase occurred, make separate entries for the two rates whenever possible.

- Example: The retrospective period is August 1, 2020, to July 31, 2021. The household receives income of \$800 per month at the beginning of the period and a 3 percent cost of living increase on January 1. Although the total household income for the period is \$9,768, make two entries:
 1. \$4,000 for August 1, 2020, to December 31, 2020.
 2. \$5,768 for January 1, 2021, to July 31, 2021.

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
\$800	\$800	\$800	\$800	\$800	\$824	\$824	\$824	\$824	\$824	\$824	\$824

The two entries will ensure that the proper income is calculated if this household requests an interim recertification and the respective period for the interim overlaps any of the months between August 1, 2020, and July 31, 2021. If only one entry is made for this income source, the average monthly income will be \$814 ($\$4,000 + \$5,768/12$), understating the monthly income from January through July.

Using Previously Verified Income in the Public Housing Agency Software

The PHA software has been modified to automatically use previously verified retrospective income for months in the interim retrospective year that overlap with the previous action. For this reason, it is important that PHA staff make separate income entries for periods with a lot of variation in monthly income.

- Example: A household member works as a waitress, and income is varied across months during the year.

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
\$500	\$500	\$500	\$500	\$600	\$600	\$700	\$700	\$600	\$700	\$400	\$300

If detailed verification, as shown in the example above, is available, make separate entries into the PHA software for each of these months, or when monthly income is the same, for those months with equal income. If the household requests an interim recertification in the future and April through July (as shown above) are included in the new retrospective period, the accurate income amounts are important for calculating an accurate rent. The average monthly income for the entire year shown above would be \$550. However, the average for the last 4 months is lower. Using the average of the entire year would result in a higher retrospective income for the new period than the household actually earned. However, if the household employment income is regular each month, averaging is acceptable.

3. Calculating Total Tenant Payment

Households under the alternative rent policy are on a triennial (3-year) recertification schedule—the alternative rent rules use the household’s retrospective gross income earned during a 12-month retrospective period to calculate Total Tenant Payment (TTP).

This section provides guidance on calculating TTP under the alternative rent rules.

Retrospective Income and Current/Anticipated Income

Use gross retrospective income to determine TTP. In addition, review and verify gross current/anticipated income using standard public housing agency (PHA) procedures to determine whether the household qualifies for any policy safeguards (see section 6 for more information about policy safeguards).

Current/anticipated income is also used for the purposes of assessing unit affordability (40-percent threshold) and determining a shopping estimate.

Exhibit 6. Rent Reform Demonstration Staff Perceptions

Staff welcomed the elimination of all deductions from income and suggested this did not raise major issues or concerns.

Minimum Rent

The TTP will never be set lower than the minimum rent as determined by the PHA (\$50, \$75, \$100, or \$150).

Percent of Income

The TTP is set at 28 percent of the monthly gross retrospective income (no deductions or allowances are subtracted). However, if the household’s TTP based on 28 percent of income is lower than the minimum rent, the TTP will be set to the minimum rent. The housing software will automatically select the minimum rent when appropriate.

Tenant Rent to Owner

Tenant rent to owner is the amount the household pays to the landlord for rent, and it cannot be lower than the minimum rent (unless a hardship remedy is granted). The housing software has been modified to automatically calculate tenant rent to owner as equal to the greater of:

1. The TTP minus the utility allowance plus any amount by which the gross rent for the unit exceeds the payment standard (for the household’s voucher size).
2. Or the minimum rent plus any amount by which the gross rent for the unit exceeds the payment standard (for the household’s voucher size).

The Notice of Rent to the household will tell them what to pay to the landlord each month.

Housing Assistance Payment to Owner

The Housing Assistance Payment (HAP) to the owner is calculated as the contract rent minus the tenant rent to owner. This is a departure from the way HAP is calculated in the current rules.

Note: Total HAP and tenant share are calculated the same way they are in the regular Housing Choice Voucher (HCV) calculation—as computed on the HUD-50058.

Utility Reimbursement

The alternative rent policy includes a simplified utility allowance schedule. Select the appropriate utility allowance (based on the lesser of the voucher size or unit size) within the housing software to apply the final calculation of tenant rent to owner and HAP.

The utility reimbursement payment is calculated differently under the alternative rent rules; it is equal to the total housing assistance payment minus the HAP to owner.

If the household's TTP minus the utility allowance is less than the minimum rent, the household will pay the minimum rent, and the amount of the utility reimbursement is adjusted accordingly.

Exhibit 7. Example Rent Calculations, Example 1

RENT REFORM RENT CALCULATION WORKSHEET		
Payment Standard and Unit Information	New Rent Policy	
Payment Standard	\$ 731.00	
Utility Allowance	\$ 120.00	
Contract Rent	\$ 611.00	Equal to (Gross Rent) - (Utility Allowance)
Gross Rent	\$ 731.00	Equal to (Contract Rent) + (Utility Allowance)
Minimum Rent	\$ 150.00	
<i>Amt by which Gross Rent exceeds Payment Standard.</i>	\$ -	<i>Equal to (Payment Standard) - (Gross Rent)</i>
Household Income and Deduction Information		
Annual Household Income	\$ 13,195.00	Retrospective Income
	<i>No</i>	<i>[Possible Hardship]</i>
28% Gross Income	\$ 308.00	
Tenant Rent, Utility Reimbursement, and HAP Information		
Family Share	\$ 308.00	Equal to the (Gross Rent) - (Total HAP) [Includes any amount by which the Gross Rent exceeds Payment Standard]
TTP	\$ 308.00	TTP = The greater of 28% gross retrospective income or minimum rent (28% gross current anticipated income if greater than 10% less than retrospective income for a Grace Period only)
Maximum HAP	\$ 423.00	Equal to the Lesser of (Payment Standard or Gross Rent) - (TTP)
HAP to Owner	\$ 423.00	Equal to the (Contract Rent) – (Tenant Rent to Owner)
Tenant Rent to Owner	\$ 188.00	Equal to the greater of (TTP – Utility Allowance or Minimum Rent) + any amount by which Gross Rent exceeds Payment Standard
Utility Reimbursement	\$ 00.00	Equal to (Total HAP) - (HAP to Owner)

PHA Contribution	\$ 423.00	HAP to Owner + Utility Reimbursement
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HAP = Housing Assistance Payment. PHA = public housing agency. TTP = Total Tenant Payment.

Exhibit 8. Example Rent Calculations, Example 2

RENT REFORM RENT CALCULATION WORKSHEET		
Payment Standard and Unit Information	New Rent Policy	
Payment Standard	\$ 731.00	
Utility Allowance	\$ 120.00	
Contract Rent	\$ 611.00	Equal to (Gross Rent) - (Utility Allowance)
Gross Rent	\$ 731.00	Equal to (Contract Rent) + (Utility Allowance)
Minimum Rent	\$ 150.00	
<i>Amt by which Gross Rent exceeds Payment Standard.</i>	\$ -	<i>Equal to (Payment Standard) – (Gross Rent)</i>
Household Income and Deduction Information		
Annual Household Income	\$ 6,000.00	Retrospective Income
	No	<i>[Possible Hardship]</i>
28% Gross Income	\$ 140.00	
Tenant Rent, Utility Reimbursement, and HAP Information		
Family Share	\$ 150.00	Equal to the (Gross Rent) - (Total HAP) [Includes any amount by which the Gross Rent exceeds Payment Standard]
TTP	\$ 150.00	TTP = The greater of 28% gross retrospective income or minimum rent (28% gross current anticipated income if greater than 10% less than retrospective income for a Grace Period only)
Maximum HAP	\$ 581.00	Equal to the Lesser of (Payment Standard or Gross Rent) - (TTP)
HAP to Owner	\$ 461.00	Equal to the (Contract Rent) – (Tenant Rent to Owner)

Tenant Rent to Owner	\$ 150.00	Equal to the greater of (TTP – Utility Allowance or Minimum Rent) + any amount by which Gross Rent exceeds Payment Standard
Utility Reimbursement	\$ 120.00	Equal to (Total HAP) - (HAP to Owner)
PHA Contribution	\$ 581.00	HAP to Owner + Utility Reimbursement

HAP = Housing Assistance Payment. PHA = public housing agency. TTP = Total Tenant Payment.

4. Household Moves, Household Changes, and Interim Actions

One of the goals of the alternative rent policy is to reduce the frequency that households report income changes to the housing agency. Households under the alternative rent policy, for example, have triennial, rather than annual, recertifications. However, the alternative rent policy still requires public housing agencies (PHAs) to process nonincome related interim recertifications and other actions between the triennial recertifications. For example, households can request household composition changes and can request a change of unit. In addition, landlords can request contract rent changes. The actions discussed in this section do not apply to the one-per-year restriction on interim recertifications to reduce Total Tenant Payment (TTP) (see section 6 for more information about interim recertifications to reduce TTP).

This section provides guidance on processing these actions under the alternative rent policy.

Household Composition Changes

Under the alternative rent policy, changes in household circumstances continue to be reviewed and certified by the PHA. Households must report additions and removal of household members pursuant to the PHA's Administrative Plan and the PHA must review additions to the household to ensure eligibility with program requirements. If a household member is added, for example, an interim recertification will be completed to add the member to the household. However, not all changes to the household composition will result in the immediate inclusion of the new member's income or in an adjustment to TTP, and household composition changes never result in the inclusion of updated income from the original household members.

Additional Adult Added With No Voucher Size Change

If adding the new household member does not result in a change to the size of the household's voucher, perform an interim recertification to add the member. Select the reason code for the interim recertification from the drop-down selection in the housing software (Certification Reason: Household Addition/Removal).

Do not include income from the newly added household member and do not update the income or deductions for the original household members until the next scheduled triennial recertification. However, if the household requests an interim recertification to reduce TTP or a hardship, then all household members' income (including that of the new member) is used to determine eligibility and included if that interim recertification or hardship is granted.

Additional Adult Added and a Voucher Size Change

Recalculate TTP if the addition of a new adult household member results in an increased bedroom size of the household's voucher. When the new voucher size is applied to the subsidy, review the retrospective income for the newly added household member (and any additional new members, including minors) and recalculate TTP. The retrospective period for the new household member is the 12-month period that ends the month prior to the month in which either the higher payment standard or the calculation of a shopping estimate is applied (for example, if a new household member is reported on December 17, 2021, and the household qualifies for a larger voucher and moves and leases up on January 1, 2022, then count retrospective income for the period January 1, 2021, to December 31, 2021). The new member may have a different retrospective period than the original members until the next triennial recertification or at an interim recertification to reduce TTP (if the household requests one).

How to add a new household member's income to the voucher:

1. When the household requests to move to a larger unit, issue the household a new voucher with the appropriate voucher size.
2. Apply the larger voucher size to the household when any of the following occurs:
 - a. The household moves to a larger unit.
 - b. The household is already living in a unit where the number of bedrooms exceeds the voucher size, but with the addition of the new household member, the payment standard for the larger bedroom size is applied.
3. Obtain, verify, and add the income from the new member (and any additional new members, including minors) and recalculate the TTP. Do not review or update the original household members' income at this time.
4. Select the reason code for the interim recertification from the dropdown selection in the housing software (Certification Reason: Household Addition/Removal New Voucher Size).
5. Establish the effective date of the new TTP as the sooner of the date of lease expiration or the date of move to a new unit.

If the income from the new household member is not added at the time that the household member is added because the new payment standard is not being applied yet, then add an alert in the housing software to include the new member's income when the new payment standard is applied or at the next triennial recertification. In addition, if the household requests an interim recertification to reduce TTP or a hardship, then the new member's income is considered when determining qualification and recalculating TTP.

Addition of a Dependent/Nonadult Household Member

When a household adds a new (nonadult) member to the household, conduct an interim recertification to add the member to the household and select the proper reason code for the interim recertification from the dropdown selection in the housing software (Certification Reason: Household Addition/Removal). If only a minor is being added to the household, then do not include the minor's income, and do not recalculate TTP.

However, in the event of an increase in the size of the voucher, issue a new voucher with the appropriate voucher size, new payment standard, utility allowance, and any updates to the utility schedule. In this scenario, any income for the new dependent/nonadult household member would still not be included in the TTP calculation until the next triennial recertification or request for a reduction in TTP or hardship rent.

Removal of a Household Member

When a household requests to remove a member from the household, conduct an interim recertification to remove the household member and the income associated with that member and recalculate TTP. Do not update the income for the original household members at this time. Select the reason code for the interim recertification from the dropdown selection in the housing software (Certification Reason: Household Addition/Removal).

This interim recertification will NOT be counted toward the one time per 12-month restriction for the household to request an interim recertification to reduce TTP.

Household Moves

The alternative rent policy does not affect the PHAs' standard policy regarding a household's ability to move to a different unit. In addition, current/anticipated income (not retrospective income) is still used for the purposes of assessing unit affordability (40-percent threshold) and determining a shopping estimate. PHAs include any updates to the payment standard and utility allowance when calculating a household's shopping estimate.

Household Moves That Occur Prior to the Initial Triennial Recertification

If a household wishes to move prior to the date of their initial triennial recertification, the household can move in accordance with regular Housing Choice Voucher (HCV) policies.

If the household moves, the date of their scheduled triennial recertification will not be changed.

Moves at the Triennial Recertification

If the household requests to move at the time of the triennial recertification, test for 40-percent affordability using current/anticipated income. The shopping estimate should account for both the current income and the current TTP (which is usually based on retrospective income). TTP at lease up (if equal to the effective date) is the new TTP according to the triennial recertification—which could be based on retrospective income or, in cases where the household qualifies for a Grace Period rent or a hardship rent, the TTP might be based upon current/anticipated income.

Moves Between the Triennial Recertification

If a household requests to move between the triennial recertification, test for 40-percent affordability using the current income at the time of the request. The shopping estimate should account for both the current/anticipated income and the TTP that the household is currently paying—do not review household income to change the TTP. If the household successfully leases up in a new unit and moves, TTP does not change. TTP remains set according to the most recent rent calculation prior to the move (which could be based on retrospective income or on current/anticipated income if the household is under a Grace Period rent or hardship rent).

If the household qualifies for and requests an interim recertification for rent reduction or a hardship rent at the same time as the request to move, process the change in rent prior to the move and use the new TTP along with current income to determine the shopping estimate as well as the TTP upon lease up.

The anniversary date for the next scheduled recertification should not change—it should retain the previous triennial recertification schedule and effective date.

Moves Involving a Change in Household Composition but Not Voucher Size

Cases involving moves to a new unit and a change of household composition in which the voucher size remains the same are handled in the same way as described above. If the household has had a change of household composition that would not cause the voucher size to change, the new household member's current income should be included for calculating the shopping estimate, but their income should not be included for the TTP calculation (because TTP is not being recalculated).

Moves Involving a Change in Household Composition and an Increased Voucher Size

Follow the same steps discussed previously under *Additional Adult Added and a Voucher Size Change*.

Landlord/Owner Contract Rent Increases

During the term of the triennial recertification period, the owner/landlord may request an increase in the contract rent according to standard PHA policy. The household is not required to recertify income regardless of whether:

1. The household will remain in the existing unit with the new contract rent (and any updates to the utility schedule and payment standard that may apply).
2. The household chooses to move to a new unit (the contract rent exceeds the payment standard and increases the tenant share)

PHA staff should either:

1. Issue a new HAP contract and voucher with the appropriate contract rent, utility allowance, and any update to the utility schedule.
2. Issue a new voucher for the household to move.

Select the reason code for the interim recertification from the dropdown selection in the housing software (Certification Reason: New Contract Rent).

Households that Become “Disabled Family Households”

A household is considered a *disabled family household* by HUD when the head of household, a spouse, or the co-head of household becomes disabled. If a household becomes a disabled family household at any time while under the alternative rent rules, then all future rent calculations are made based on gross current income rather than retrospective income. The household may request an interim recertification to reduce TTP (regardless of whether they have already used their one-per-year interim recertification to reduce TTP).

To calculate TTP for households that become disabled family households:

1. Determine a new TTP using 28 percent of the current income.
2. Calculate current income and then enter that income into the retrospective income field in the housing software to match the amount entered in the current income field. Add a note explaining that retrospective income was set as equal to current income because the household is a disabled household.

If a household requests a subsequent interim recertification to reduce the TTP for a new loss of income, the household must have a loss of current income that is greater than 10 percent of the income used to determine the last TTP.

Homeownership Program Membership

Households subject to the alternative rent rules remain eligible to enter homeownership programs that are offered to HCV households. If households enter the program and are successful in obtaining a mortgage and purchasing a home, then the household’s voucher should be administered according to the homeownership program rules. The household would no longer be subject to the alternative rent rules.

Family Self-Sufficiency Program Membership

Although existing Family Self-Sufficiency (FSS) enrollees were not eligible for enrollment into the alternative rent policy, interested households may be enrolled into FSS programs under typical FSS program procedures as new FSS participants. Where the FSS Contract of Participation (HUD-52650) asks for “Family Rent,” the household’s TTP should be used.¹¹ The FSS contract will use the effective 50058 amounts listed under fields for Annual Income, Earned Income and Family Rent for FSS Escrow Account information.

Households that enroll in FSS will not be required to report increases in earned income between scheduled recertifications, although they may report on progress toward their FSS goals. The implication of this is that, instead of increasing escrow, the family will keep any additional earnings until the next triennial recertification, at which time escrow will be calculated.¹²

Port-Outs to Other Housing Agencies¹³

Households that port out to another PHA will not be subject to the alternative rent rules unless the receiving PHA is participating in the alternative rent policy. The originating PHA should alert the receiving PHA of the household’s status, and the receiving program should apply the alternative rent rules, requesting support from the MDRC team and software vendors, as necessary.

Processing Payment Standards Under the Alternative Rent Policy

This section discusses when the PHA should apply a change to the PHA’s payment standard schedule for the households under the alternative rules.

Increase in the Public Housing Agency Payment Standard Schedule

Apply the higher payment standard in the following circumstances:

- Triennial Recertification
- Move to a New Unit (50058 Action Type 7)
- Owner Requested Rent Increase

Decrease in the Public Housing Agency Payment Standard Schedule

Apply a decrease in the payment standard in the following circumstance:

- Move to a New Unit

¹¹ The Contract of Participation was updated along with a new Final Rule for FSS, implementing its re-authorizations in May 2022. The [new form](#) no longer references “family rent.”

¹² Under HOTMA, interim recertifications are for increases of more than 10 percent; however, increases in earned income are excluded.

¹³ As noted earlier in the report, port-ins were not eligible for the New Rent Rules in the Rent Reform Demonstration.

5. Utility Allowances Under the Alternative Rent Policy

The monthly utility allowance for households has been simplified under the alternative rent rules. The public housing agency (PHA) provides a base rate based on the bedroom voucher size. The PHA may also provide additional allowances for specific costs (if any) as identified below.

The goals of the simplified utility allowance are to:

1. Reduce administrative time and errors associated with the traditional method of applying the utility allowance schedule.
2. Provide households and property owners with a more accurate understanding of the total gross rent.

Exhibit 9. Rent Reform Demonstration Staff Perceptions

Staff suggested that the process of determining utility costs using the simplified schedule was quicker.

Determining the Monthly Utility Allowance

Households will have the new monthly utility allowance applied at the time of their initial triennial certification. The utility allowance will stay in place unless certain PHA or household circumstances are met, described below.

Exhibit 10 shows an example monthly utility allowance schedule that would be applied to the lesser of the actual size of the unit or the size of the voucher.

Exhibit 10. Example Monthly Utility Allowance Schedule

Public Housing Agency		0-BR	1-BR	2-BR	3-BR	4-BR	5-BR
BASE – ALL UNIT TYPES		32	44	59	70	90	126
WATER AND SEWER ADD-ON		49	59	69	79	95	104
HEAT ADD-ON	GAS	36	48	59	70	87	99
	ELECTRIC	32	41	50	59	73	82
RANGE	TENANT SUPPLIED	5	5	5	5	5	5
STOVE	TENANT SUPPLIED	4	4	4	4	4	5

BR = bedroom.

Before approving the Request for Tenancy Approval, the lease should be examined to confirm that it indicates that the add-on costs are necessary. Information regarding the eligible utility allowance will be entered into the housing software.

Change in Utility Allowance Due to Changes Initiated by Housing Agency

The PHA staff should continue using current market consumption data to determine when adjustments to the simplified utility allowance schedule are needed. The simplified utility allowance schedule should be implemented very similarly to the standard utility allowance

schedule. Each year, the PHA staff should review current market utility consumption data and update the schedule.

However, if a new utility rate chart is issued, existing Housing Assistance Payment (HAP) subsidies and Total Tenant Payments (TTPs) are not automatically recalculated. As in the standard policy, utility allowance payments are to be adjusted only when HAP subsidies or TTPs are recalculated for other reasons. Apply the updated utility schedules in the following circumstances:

1. There is a change in contract rent.
2. TTP is recalculated as part of an interim or triennial recertification.
3. The household moves to a new unit.
4. There is a change in household composition requiring a change in voucher size.

6. Policy Safeguards: Reductions in Total Tenant Payment

Because the alternative rent policy uses retrospective income to determine Total Tenant Payment (TTP) on a triennial recertification schedule, the policy also has special safeguards to protect households from undue burden. Three different safeguards protect households at and between the triennial recertifications. This section provides guidance on the alternative rent policy safeguards.

Grace Period Total Tenant Payment

The alternative rent policy uses retrospective income, but some households may experience a recent reduction in their current/anticipated income leading up to their triennial recertification. To protect households from experiencing an increase in rent or a “locked in” rent that could be burdensome, a temporary Grace Period TTP based on the lower current/anticipated income may be applied as part of the triennial recertification process.

Based upon the entry of gross retrospective and gross current/anticipated income, the public housing agency (PHA) housing software has been modified to automatically apply the temporary Grace Period TTP if the household is eligible.

The household is eligible for a temporary Grace Period TTP **only** when the following two conditions exist:

1. The transaction being processed is a regularly scheduled triennial recertification.
2. The household’s current gross income is more than 10 percent below the household’s gross retrospective income as calculated during the triennial recertification processing.

Grace Period TTP is equal to the greater of 28 percent of gross monthly current/anticipated income, or the minimum rent, and is effective for 6 months beginning on the effective date of the triennial recertification.

The Grace Period TTP begins on the scheduled recertification effective date and remains in effect for 6 months. At the end of the 6-month temporary Grace Period, the household’s rent will revert to the TTP based on the retrospective income calculated when the recertification was conducted. The housing software has been modified to automatically create an interim recertification that resets TTP based on the retrospective income with an effective date 6 months after the triennial.

There is no need for the household to return to the office for another appointment and no need for the PHA to recalculate income for the household at the end of the Grace Period. However, if, at the end of the 6-month Grace Period, the TTP based on retrospective income is still a financial burden, the household may be eligible for an interim recertification for reduced TTP or a hardship TTP.

Exhibit 11. Rent Reform Demonstration Staff Perceptions

PHAs mailed two letters to households at the same time: one letter to indicate the temporary 6-month Grace Period rent and another to show the TTP that would be in effect once the Grace Period ended. PHAs considered but did not implement any reminders or notices closer to the end of the Grace Period. Some staff recalled receiving inquiries from households asking about the two sets of start and end dates, suggesting that, although upfront notification is practical, households might benefit from communication in the months leading up to the end of the Grace Period and clearer communication is needed to help households.

If the household qualifies for a temporary Grace Period TTP, provide two Notices of Rent:

1. A temporary Grace Period Notice of Rent that is effective on the scheduled recertification effective date. This temporary first notice should be entered into the PHA system at the scheduled triennial recertification and coded as such.
2. A Notice of Rent that is effective the first day of the month after the 6-month Grace Period expires. This second notice is entered into the PHA system and coded as an interim recertification.

Note: Grace Period TTPs do not count toward a household's eligibility for one interim recertification to reduce rent per year.

Example: Grace Period and End of Grace Period Calculation

- Retrospective income: \$13,195.
- Current/anticipated income (due to reduction in work hours): \$9,800.
- The household's current income (\$9,800) is more than 10 percent below (\$11,875) the household's gross retrospective income (\$13,195).
- Grace Period TTP: \$229 (28 percent of \$9,800/12).
- TTP after the end of the Grace Period TTP: \$308 (28 percent of \$13,195/12).

Household Requested Interim Recertification for Reduced Total Tenant Payment

One of the goals of the alternative rent policy is to reduce the frequency that households have their income certified by the housing agency. Households under the alternative rent policy are on a triennial (3-year) recertification schedule. Households are not required to report any increase in the household income between the triennial recertifications, and TTP will not increase due to an increase in income. However, if a household experiences a decrease in income between the triennial recertifications, the alternative rent policy allows the household to request a TTP reduction.

The alternative rent policy permits a household that experiences a loss of income **greater than 10 percent of the retrospective income** to have an interim recertification to reduce their TTP once every 12 months.

If the household's income loss is more than 10 percent of the retrospective income last used to determine the TTP, then the household is eligible for a reduced TTP based on 28 percent of the updated retrospective gross income from the new retrospective period.

The reduced TTP based on this interim recertification remains in effect until the next scheduled triennial or until the next qualifying reduction in TTP.

Steps to Process a Request for an Interim Recertification to Reduce Total Tenant Payment

Exhibit 12. Rent Reform Demonstration Staff Perceptions

The new policy reduced the volume of completed interim recertifications, but staff reports suggest that interim recertification requests were not without burden. Unless households recently reported income information within the previous 12 months, the staff had to request and review all 12 months of their household retrospective income to determine eligibility.

1. Establish the request is within the permitted once-per-12-month period. The alternative rent policy will only permit one interim recertification for reduced income in each 12-month period based on the effective date of the triennial recertification. For example, if the triennial recertification effective date is March 2022, the household may have one interim recertification to reduce the TTP between March 2022 and February 2023. Then the household may have one interim recertification to reduce the TTP between March 2023 and February 2024, and so on.

If the household has already had an interim recertification to reduce the TTP within the 12-month period, they are not eligible for an interim recertification to reduce their TTP.

However, they could be eligible for a hardship TTP.

2. Establish the new retrospective period. The retrospective period for an interim recertification to reduce TTP is the 12-month period ending the month prior to the interim recertification request. For example, if the household requests an interim recertification to reduce their TTP on May 15, 2022, then the retrospective period is May 1, 2021, through April 30, 2022.
3. Establish that household retrospective income has declined by more than 10 percent compared to the last calculated household retrospective income calculation. Review all income sources of all household members to calculate the new retrospective income (including any household members that have been added since the last recertification).

If the household has not met the threshold of a loss of income greater than 10 percent of the last retrospective income used to set the TTP, they are not eligible for an interim recertification to reduce their TTP. However, they could be eligible for a hardship TTP. For example, a loss of income that is reported to the PHA soon after the loss occurred is not likely to equal a loss of 10 percent in the retrospective income. This situation may, however, result in the household having their TTP be greater than 40 percent of their anticipated/current gross monthly income, which would qualify the household for a hardship TTP.

4. Select the reason code for the interim recertification from the dropdown selection in the housing software (Certification Reason: Income Reduced—No Change of Voucher Size).

The Hardship Policy

A financial hardship exists when the household has an excessive rent burden. If a household experiences a hardship, and that hardship cannot be resolved by the one interim recertification to reduce TTP permitted under the alternative rent policy, the household may request a hardship review.

This section discusses the procedures for processing temporary reductions in TTP due to hardships, including hardship qualifying criteria, potential hardship remedies, key hardship procedures, possible variations in the hardship policies and procedures, and potential considerations and challenges.

Hardship Total Tenant Payment Eligibility Criteria

Households are eligible for a hardship TTP if at least one of the following conditions apply:

1. The household's TTP exceeds 40 percent of its current/anticipated monthly gross income up to the payment standard. The PHA software will flag household eligibility for a hardship TTP.
 - a. When considering eligibility for a hardship, the current gross income for all adult household members must be considered (even if the household member's income had not previously been included).
 - b. The household must supply information and documentation that supports a hardship claim with their written request. For example, a household must provide proof of the following: loss of eligibility for a federal, state, or local assistance program; loss of employment or reduction in work hours; or the incapacitation, illness, or death of an income-earning household member and amount of lost income.
2. The household faces risk of eviction for nonpayment of rent—including utility shut-offs for nonpayment of utility bills that could lead to eviction.
 - a. Households may experience hardships due to high utility costs. The ability to provide relief will depend on the nature and severity of the situation, subject to PHA policies and review.

Exhibit 13. Rent Reform Demonstration Staff Perceptions

Staff reported that some households misunderstood or found the *eligibility* for interim recertification to reduce rent and hardships remedies confusing. They said households did not always distinguish between the two when asking for rent relief. Staff typically checked whether the family was first eligible for an interim recertification and, if not, they checked whether the household qualified for a hardship TTP. Staff also used their interactions with families to educate them about the

Exhibit 14. Rent Reform Demonstration Staff Perceptions

Staff suggested that the hardship remedies were somewhat confusing. PHAs followed standing hardship review procedures, which the study did not change, and this helped them decide what hardship remedies to offer.

The common remedy was to set TTP at 28 percent of a family's current or anticipated income for up to 180 days.

If a household is in danger of eviction and/or termination of assistance because they have failed to pay their utilities, the PHA may decide to provide a temporary hardship rent to assist the household in resolving the utility bills and avoiding eviction or termination of assistance. The person or committee charged with approving hardship rents will review the circumstances and decide whether to grant a hardship remedy.

In cases where a temporary season of severe weather has increased utility costs, households should be referred to the assistance programs used by all housing agency residents.

- b. To request a hardship TTP based on the risk of eviction for nonpayment of rent or utilities, a household must provide a copy of written notice from the landlord of nonpayment of rent and the landlord's intent to terminate the household's tenancy or a notice from a utility company warning of a utility shutoff.¹⁴ Tenant should promptly deliver the notice from the landlord well in advance of a scheduled court date for eviction proceedings. Other examples of acceptable proof for risk of eviction include any court document (such as a complaint, a petition, and any notices required as a predicate to an eviction action), a copy of a rent ledger showing an accruing balance, and monthly rent statements. A copy of a recent utility bill showing an accruing balance is also acceptable proof.
3. Other circumstances as determined by the PHA in consultation with The MDRC team.

Hardship Remedies

The hardship remedies may include any of the following:

- Allow an additional interim recertification to reduce TTP beyond the one-per-year limit.
- Set the household's TTP at the minimum rent level for up to 180 days.
- Set the household's TTP at 28 percent of gross current income for up to 180 days.
- Offer a "transfer voucher" to support a move to a more affordable unit (including to a unit with lower utility expenses) given the consent of the landlord.
- Establish the duration of a hardship TTP for longer than 180 days based on specific circumstances. However, the duration cannot go past the triennial recertification date.
- Any combination of the above remedies.

End of Hardship Total Tenant Payment

The household does not have a new retrospective income period or income review following the hardship TTP. After the expiration of the hardship TTP, the household's prior TTP based on retrospective income is reinstated.

If the household qualifies for a hardship TTP, provide two Notices of Rent:

Exhibit 15. Rent Reform Demonstration Staff Perceptions

Staff also noted that it was not uncommon for some households to request another hardship as they approach the end of one hardship TTP.

¹⁴ PHA should make use of any proof that they may have available as a result of any legal requirement that the landlord notify a PHA prior to commencement of an eviction action.

1. A hardship TTP Notice of Rent.
2. A Notice of Rent that is effective the first day of the month after the hardship TTP expires.

The housing specialist should select the reason code for the interim recertification from the dropdown selection in the housing software (Certification Reason: End of Hardship).

General Hardship Policy Guidance

- PHA should automatically check hardship TTP qualification at every triennial recertification, but a household must initiate a request for a hardship TTP between triennial recertifications by completing and submitting a written hardship request form.
- If the hardship can be remedied by the one interim recertification to reduce TTP permitted each year, then the interim recertification should be completed instead of a hardship.
- TTP is not reduced until the PHA confirms eligibility.
- If a household claims zero income as part of its hardship request, it must provide a detailed accounting of funds used to cover basic costs of living (for example, food and personal/family care necessities).
- Hardships should not be ended early due to changes in household income. As such, hardship durations should align with zero income reporting requirements when they apply. For example, if a household is required to report expenses or otherwise demonstrate accountability to the PHA after 3 months of claiming zero income, then the duration of the hardship remedy should align with the reporting requirement.
- PHA staff must record all information regarding the request for a hardship remedy and the outcome in the housing software.
- During the hardship TTP, the PHA is to increase its payment to the landlord (to cover the portion of the rent previously paid by the tenant directly to the landlord) and notify the landlord of the change and the time period of the increased payments.
- Hardship remedies do not cover any portion of the rent attributable to having a gross rent that exceeds the applicable payment standard.
- Opting out of the alternative rent policy is not a hardship remedy option.
- The duration of a hardship TTP can never be set to end beyond the triennial recertification date.
- Hardship TTPs do not count toward the one-per-year interim recertification to reduce TTP.

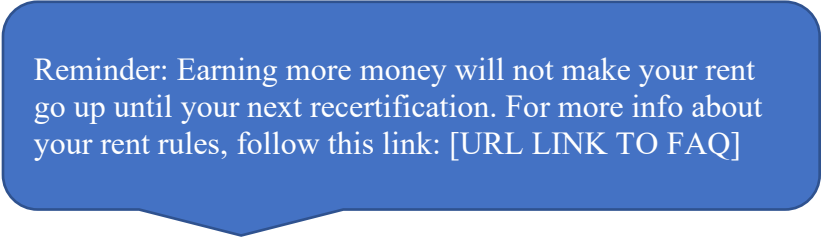
7. Strategies Used to Inform Tenants About the Alternative Rent Policy

Providing clear and consistent information about the alternative rent policy and how it differed from the traditional policy was critical. Households that were transitioned to the alternative rent policy were accustomed to the traditional rent policy (often for many years), and the transition required the public housing agencies (PHAs) to provide them with several resources to inform them about the changes, explain what the changes meant for them, and routinely remind them of the changes. As such, MDRC drew upon its experience in messaging complex information in the simplest manner possible. MDRC also consulted its Center for Applied Behavioral Science and incorporated insights that would better ensure households received the information and that they were more likely to act on that information as appropriate.¹⁵

At the time households made the transition to the alternative rent policy, they viewed a video and were provided with various printed documents that conveyed information about the alternative rent rules, each presenting similar information in a different format. For example, a welcome letter provided a summary of the goals and benefits of the alternative rent policy, while a one-page fact sheet and a video highlighted the key features of the policy. Households were also provided with a chart that compared the two policies and a frequently asked questions document that attempted to anticipate questions that households may have. At least one of the PHAs also posted the documents on its website. The MDRC team and the PHAs refreshed some of these documents and redistributed them to households at the triennial recertification 3 years after the initial transition.

In between the triennial recertifications, the MDRC team worked with the PHAs to disseminate ongoing communications with the households about the policy once every 6 months. Messages were often narrowly focused on a subset of the policy components and were delivered in several formats, including mailed letters and flyers, emails, and text messages. For example, several of these messages reminded households about the availability of support via the hardship policy or interim recertification to reduce their rent if they have had a loss of income. Exhibits 16 and 17 show example text messages.

Exhibit 16. Policy Reminder Text Message 1



Reminder: Earning more money will not make your rent go up until your next recertification. For more info about your rent rules, follow this link: [URL LINK TO FAQ]

¹⁵ Center for Applied Behavioral Science (<https://cabs.mdrc.org/>).

Exhibit 17. Policy Reminder Text Message 2 With Picture

Hi [FIRST NAME], Remember, you might qualify for a lower rent from [PHA] if your household has lost income and is facing rent hardship. Click link [URL LINK TO PIC] or call [PHA PHONE #]. Reply STOP if you do not want these reminders.

Other efforts reminded households how they could benefit from the policy. PHAs also sent households reminders about preparing for upcoming triennial recertifications by saving retrospective income documents (exhibits 18 and 19).

While most households indicated that they understood key components of the alternative rent policy, PHAs implementing similar alternative rent policies may want to consider additional communication strategies and materials. For example, a website or application dedicated to the alternative rent rules where households can access documents, get guidance, submit questions, and participate in discussion boards could be valuable. In addition, the availability of calculators on the website could help households estimate rent changes and assess potential qualifications for interim recertification for rent reductions and hardships. PHAs may also consider providing financial education and budgeting resources.

Please read and remember these important rules about rent reductions.

You are on a 3-year recertification schedule
Your rent could stay the same for 3 years, but it could go down if your household loses income*

- **If your household loses a lot of income and can no longer afford to pay the rent, you may be able to receive:**
 - A temporary "hardship rent"
 - A reduction in rent each year that could last until your next recertification
- **Your household must submit a request to the housing authority to find out if you qualify to get your rent lowered. Not every loss will qualify.**

Contact the housing authority for more information



(859) 281-5060
300 West new Circle Road
Lexington, KY 40505

Exhibit 18. Policy Reminder Letter 1



Lexington Housing Authority • 300 West New Circle Road • Lexington, KY 40505 • Phone: (859) 281-████

October 1, 2020

Dear **[Housing Choice Voucher Participant Name]**,

part of the ongoing Rent

Know your rent rules! Here are a few reminders about your rent policies as Reform Demonstration.

If your income goes DOWN ↓

to find out if you qualify to get
er afford to pay the rent,
able to receive:

Submit a change of income packet and hardship request form to LHA to
your rent lowered. **If your household loses income and can no longer**

rary "hardship rent"

you may be

- A tempo

ion in rent each year that could last until your next recertification

- A reduct

ome goes UP ↑

If your inc

made you rent more affordable - you don't need an impact income increase until your recertification

The Rent Reform Demonstration lets you increase your income without getting a rent increase.

- **Your rent will NOT go up before your next recertification if you or any other household member:**
 - ✓ Start a new job
 - ✓ Start working more hours
 - ✓ Start working a second job
 - ✓ Get a raise

Sincerely,

The Lexington Housing Authority

Contact the Housing Authority for More Information

(859) █████-1-5060
300 West new Circle Road
Lexington, KY 40505

Exhibit 19. Policy Reminder Letter 2



Lexington Housing Authority • 300 West New Circle Road • Lexington, KY 40505 • Phone: 859.281-5060

Important information about your household's rent

From: Lexington Housing Authority
Date: April 16, 2020
Subject: Rules about rent reductions as part of the Rent Reform Demonstration

part of the Rent Reform Demonstration

nt rules about rent reductions.

Please read and remember these important

Yearly recertification schedule
Your rent could go up each year, but it could go down if your household loses income

You are on a 3-year rent freeze
Your rent could stay the same for 3 years

If your household loses income and can no longer afford to pay the rent,

▪ **If your household loses a lot of income, you may be able to receive:**

- A temporary "hardship rent"
- A reduction in rent each year that your household is on a rent freeze

that could last until your next recertification

Request to the housing authority to find out if you qualify for every loss will qualify.

▪ **Your household must submit a request to the housing authority to find out if you qualify for every loss will qualify.**

Contact the housing authority for more information

Contact the housing authority for more information

859) 281-5060
300 West New Circle Road
Lexington, KY 40505

300 W
Lex

8. Key Software Modifications

MDRC worked with the public housing agencies (PHAs) and their software vendors to incorporate the alternative rent rules into their software systems and to design enrollment procedures for building the study sample. This section describes the software modifications that other agencies hoping to replicate the alternative rent policy would need to request from the software vendors. The following requirements are modifications that were requested for the Rent Reform Demonstration (RRD), but software vendors may implement the software modifications differently based on their needs.

Calculating Total Tenant Payment and Retrospective Income

The alternative rent policy simplified the process of setting a household's Total Tenant Payment (TTP) and its subsidy amount by eliminating deductions and allowances from the calculation and applying a lower percentage of income (28 percent) to a household's gross income. It also includes a minimum TTP/minimum rent, ranging from \$50 to \$150, depending on the housing agency. The software will need to calculate the rent under different rules and income used to determine TTP needs to be based on 12-month retrospective gross income for recertifications and the triennial rent policies. Current/anticipated gross income needs to be used for hardship determination, hardship exemption calculation, and shopping estimates for moves.

The following list provides software modifications that may be requested from the software vendors. It also provides some options on how retrospective income may be collected.

Calculating Nonhardship Total Tenant Payment

- Set up the system to use different TTP rent calculations (which would affect Housing Assistance Payment [HAP]/family share/tenant rent calculations).
- The initial TTP calculation for recertifying households is based on 12-month retrospective gross income. Initial TTP is set at 28 percent of gross monthly retrospective income. TTP recalculation occurs during triennial recertification.
- TTP calculation should exclude deductions and allowances.
- All households pay a minimum TTP determined by PHA.
- Do not allow input of income from assets with values below \$25,000.
- The end user will be allowed to override the TTP manually, but the system must require a reason for the override.

Retrospective Income

- Add fields to show the start and end of the retrospective income period.
- Allow for three ways for PHAs to enter in retrospective income: (1) using start and end dates for each income source, (2) a quarterly calendar where they can enter in quarterly totals for each income source, and (3) a monthly calendar where they can enter in monthly totals for each income source.

Data entry method 1: Input income using start and end dates.

- Create start and end dates for each income source (start date can occur before the start of the retrospective income period, and end date can occur after the end of the retrospective income period).
- Allow users to enter income within that period in multiple ways:
 - Cumulative (total income within that period).
 - Monthly (monthly amount within that period if constant (for example, received \$500 in Temporary Assistance for Needy Families [TANF] monthly from [start] to [end])).
 - Semimonthly.
 - Biweekly.
 - Weekly.
 - Hourly (also add a field for number of hours per week).
- For all frequencies besides cumulative, aggregate to a cumulative amount within that time period (using start and end dates).
- Convert to calendar monthly amounts.
 - Start and end months would be prorated if the start date is not on the first of the month or the end date is not on the last day of the month.
- Only count months that occurred within the retrospective income period.
- Display: member name, income source/type, start and end date, and income amount.

Data entry method 2: Input and view income using calendar quarters.

- Display calendar quarters that overlap with the retrospective income period.
- Users should be able to enter in quarter totals for each income source.
- If retrospective income for a particular quarter is not entered, the default will be \$0.
- Start and end quarters would be prorated if the start date is not on the first day of a calendar quarter or the end date is not on the last day of a calendar quarter.

Data entry method 3: Input and view income using calendar months.

- Display calendar months that overlap with the retrospective income period.
- Users should be able to enter in monthly totals for each income source.
- If retrospective income for a particular month is not entered, default will be \$0.
- Start and end months would be prorated if the retrospective period start date is not on the first of the month or the end date is not on the last day of the month.

Other Requirements:

- Include all required types of income sources when determining retrospective income.
 - Even if income (from any source) began partway through the retrospective period, only use the actual amount received during the retrospective period.
 - Do not count income from TANF, Unemployment Insurance (UI), Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), or court-ordered child support if it ends partway through the retrospective period.

- Retrospective income 12-month period ending 1 month before the reexamination meeting.

Reexamination

The alternative rent policy will use a triennial recertification schedule in place of an annual recertification schedule. The PHAs will need to calculate the TTP using both the retrospective income and the current income. The interim recertification will have the rent calculated off of the retrospective income. However, if the current income is more than 10 percent less than the retrospective income TTP, the family is eligible for a Grace Period. The Grace Period will be where the family’s rent is calculated on the current income. In 6 months, an interim recertification, end-of-grace-period recertification will be put into effect. Furthermore, earnings gains do not increase TTP for 3 years, and interim recertifications are limited to a maximum of one per year to protect households when their income drops and limit the burden to the housing agency.

- Create a triennial certification schedule.
- Create a triennial certification date.
- Allow two 50058 forms to be created on the same date with different effective dates.
- Create system alert when current income is more than 10 percent less than the retrospective income TTP.
- If household receives a Grace Period, set the expiration 6 months later and schedule interim recertification. The Grace Period is, for the triennial only, 6 months.
- Create system alert when interim recertification is started with reasons “Income Decreased,” “Income Increased,” “Composition Change,” or “Contract Rent Change.”
- Create a system alert when a second interim recertification within a 12-month period is initiated. Warn the user but allow if TTP changes less than or equal to 10 percent.
- Allow the system to warn the user of a duplicate interim recertification within a certification year. The warning will not stop the user from creating the interim recertification.
- Create a Certification Reason field that appears in each annual or recertification.¹⁶
 - Initial Triennial—Newly Approved.
 - Initial Triennial—Reexamination.
 - Subsequent Triennial—Reexamination.
 - Household Addition/Removal.
 - Household Addition/Removal—New Voucher Size.
 - Annual Correction.
 - End of Grace Period.
 - Hardship Remedy.
 - End of Hardship.
 - Income Increased—No Change of Voucher Size.
 - Income Reduced—No Change of Voucher Size.

¹⁶ These values were requested for RRD. PHAs participating in the Moving to Work (MTW) demonstration through the MTW Expansion may not need all these categories.

- Annual Correction.
- End Zero Income.
- New Contract Rent.
- Other.

Utility Schedule

The alternative rent policy had a different utility allowance that tailored allowances to a standard base rate for utility costs that varied according to the voucher size, with additional payments available to households paying higher costs due to the type of heating (for example, electric or oil heat) and water and sewer charges.

- Agencies should be allowed to modify utility allowance setup.
- Software should be modified to utilize minimum of voucher size and unit bedroom size to determine utility allowance amount.
- Agency to define new utility schedules for tenant units and select the appropriate unit type.

Hardship

Section 6 provides details of the alternative rent rule’s safeguards. Below are some software modifications that should be considered.

- The current/prospective income is only considered for hardship waivers.
- The agencies should be able to set the length of the hardship exemption in the software system. The hardship exemption cannot last longer than 180 days.
- The system should alert the end user (highlight fields, provide exception report, or other):
 - When the household income is eligible for a request for hardship waiver (TTP is 40 percent or greater of current/anticipated income).
 - 45 days prior to the end of a hardship remedy period.
- If hardship is approved, user should be able to mark the family as having qualified for rent hardship. Software should flag this person before performing the rent calculation.
- Triennial date should not change when hardship exemption is granted.

Reports

Several reports should be developed for quality control and implementation of the alternative rules. Exhibit 20 shows some examples of reports developed for the Rent Reform Demonstration.

Exhibit 20. Reports Developed for the Rent Reform Demonstration

Total Tenant Payment—Rent Calculation

The report will display the TTP calculation for a household:

- Total, average, and 28 percent of retrospective income.
- 10 percent of current/anticipated income.
- Gross rent.

<ul style="list-style-type: none"> • Utility allowance. • 40 percent of current/anticipated gross income.
<p>Total and Average: Total HAP, HAP to Owner</p> <p>The report will calculate the total and/or average HAP total, and HAP to owner for a user-defined time period.</p>
<p>Interim Certifications by Type</p> <p>The report will calculate the number of interim certifications by certification reason and total interim certifications for household for a user-defined time period.</p>
<p>Income by Source</p> <p>The report will list income by source (for example, full time, part time) for rent reform study group for a user-defined time period.</p>
<p>Triennial Certifications</p> <p>The report will count the number of triennial certifications for a user-defined time period.</p>
<p>Hardship Exemption Report</p> <p>The report will count the number of hardship exemption requests and determine the outcome percentages.</p>
<p>Interim Certification Audit Report</p> <p>The report will list the interim certifications completed in the same certification year for a user-defined time period. The period is always based on the effective date of the triennial.</p>
<p>Rent Calculation Worksheet</p> <p>The report will list alternative rent calculations, including interim certification schedule and eligible changes.</p>

HAP = Housing Assistance Payment. TTP = Total Tenant Payment.

Other System Requirements

- Allow the system to warn the user of duplicate interim certifications within a certification year. The warning will not stop the user from creating the interim certification.
- Track the date of reexamination review or mail-in due date.
- Identify the family as “Zero Income” and allow for a 3-month (90-day) reexamination schedule.
- Create a system alert to warn the user of Maximum Rent Burden—when tenant rent exceeds 40 percent of current/prospective gross monthly income.
- Create a testing environment for testing software modifications.

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