Fort Wayne Housing Authority
(FWHA) 2026 Agency Specific Waiver
MTW Supplement

Extension of HAP Contract Execution Deadline

a) Description
This waiver seeks approval to extend the standard timeframe for executing Housing Assistance Payment (HAP) contracts beyond the regulatory 60 calendar days from the start of the lease term, as outlined in 24 CFR § 982.305. Specifically, FWHA requests to adopt a

90-day standard timeframe. This waiver ensures that families are not penalized due to delays beyond their control.

b) Background
Under current regulation, PHAs are prohibited from making HAP payments if the contract is not executed within 60 calendar days from the lease start. However, situations frequently arise that prevent timely execution, even with best efforts. These include documentation errors, delayed communications with landlords, or landlord-related medical emergencies. FWHA also experiences constraints caused by staffing shortages or unexpected employee absences, which can temporarily slow down processing.

c) Statutory Objectives
This waiver supports HCV program objectives by:

- Protecting tenant households from assuming housing costs due to administrative or landlord-related delays
- Ensuring continuity of service and housing stability
- Reducing avoidable lease failures, rent burdens, or forced relocations

d) Cost Implications
This waiver does not impose additional program costs, as FWHA will continue prioritizing timely execution within the current 60-day period. However, the flexibility to extend execution up to 90 or 180 days (with approval) will reduce the risk of unpaid HAP, emergency assistance costs, or administrative time spent processing terminated leases and relocations.

e) Applicability
This waiver will apply only in cases where:

- Delays in execution are due to errors or issues with lease or RTA documentation

- The property owner is medically unable to complete the process (e.g., hospitalization)
- FWHA experiences unexpected staff attrition or administrative delays
  Written approval will be required for any case exceeding the new 90-day standard.

f) Hardship Requests
This waiver is intended to prevent hardship for tenants. No additional hardship request mechanism is needed, as FWHA will proactively use this waiver to shield families from HAP ineligibility due to administrative delays outside their control.

g) Prior Year Performance
FWHA consistently strives to meet the 60-day contract execution requirement. However, past instances have shown that external challenges—particularly related to documentation errors and elderly landlords—can delay processing despite timely tenant and staff efforts. These challenges, while infrequent, demonstrate a clear need for flexibility without penalizing families.

h) Regulation That Would Be Waived if Approved
This waiver seeks relief from the strict enforcement of 24 CFR § 982.305(c), which currently prohibits HAP payments if the contract is executed more than 60 calendar days after the beginning of the lease term. The waiver would extend the permissible window to 90 calendar days, with a case-by-case extension up to 180 days upon written justification and approval.

PART I: GENERAL REQUIREMENTS

20-I.A. OVERVIEW [FR Notice 8/28/20]

The Public Housing/Section 8 Moving to Work (MTW) demonstration program was first established under Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Public Law 104-134, 110 Stat. 1321 (1996 MTW Statute) to provide statutory and regulatory flexibility to participating public housing agencies (FWHA s) under three statutory objectives. Those three statutory objectives are: to reduce cost and achieve greater cost effectiveness in Federal expenditures; to give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and to increase housing choices for low-income families.

FWHA Policy

The **Fort Wayne Housing Authority (FWHA)** has been designated as a Moving-to-Work agency under **Cohort #2 – Rent Reform** and will operate its program in accordance with the Operations Notice for the Expansion of the Moving to Work Demonstration program published in the Federal Register on Friday, August 28, 2020, and the annual MTW Supplement (HUD form 50075-MTW).

For eligible families, the MTW policies in this chapter will take precedence over any traditional HUD policies listed anywhere in the administrative plan. These MTW policies will also apply to FWHA special voucher programs, where applicable.

PART II: MOVING TO WORK WAIVERS

20-II.A. STEPPED RENT POLICY – MTW Waiver 1.d

Activity
1.d. *Stepped Rent (HCV)*—The agency may create a stepped rent model that increases the family's TTP on a fixed schedule in both frequency and amount. The fixed schedule/stepped rent model may be disaggregated from family income.

Statutes and Regulations Waived
Stepped Rent (HCV)—Certain provisions of sections 8(o)(2)(A)–(C) of the 1937 Act and 24 CFR 5.628.

Safe Harbor(s)
- Rent increases may not occur more than once per year.
- Agency must conduct an annual impact analysis. *
- Agency must exclude elderly and disabled families from rent policy. *
- Agency must implement a hardship policy. *
- Services, or referrals to services, must be made available by the agency or a partner organization to support preparing families for the termination of assistance, if applicable.
- At the Department's request, the agency shall make available the method used to determine that rents charged to families are reasonable when compared to similar unassisted units in the market area. *
- Initial rents will be set at no more than 32% of a household's gross income, or 35% of a household's adjusted income.
- The PHA will establish a stepped rent increase by unit size. The increase may be no more than 4% of the Fair Market Rent for the applicable area.

FWHA Policy -Waiver 1.d

The agency will create a stepped rent model that establishes the Total Tenant Payment (TTP) based on adjusted annual income and increases the family's TTP annually based on 2% of the HUD published Fair Market Rent (FMR). The annual Stepped Rent increase will be a specific dollar amount, by unit size. The FWHA intends to increase the Stepped Rent by 2% each year and review and adjust the Stepped Rent increase each year when HUD publishes new Fair Market Rents during the six-year study period. Therefore, the Stepped Rent increases may change if the FMRs change. Each household's year one Total Tenant Payment (TTP) will be set at 30% of their gross income or the FWHA's minimum rent. After the first year, each household's rent will increase by the annual Stepped Rent increase, regardless of their income. The FWHA will be implementing Activity 1c and 1d – Stepped Rent Policy within the safe harbor limits established by the MTW Operations Notice but will include an agency specific waiver for the elimination of Earned Income Disallowances (EID) for all participants.

Under the Stepped Rent policy, the initial rent is based on adjusted income and will be ssetdetermined using the prior 12 months' adjusted retrospective income for existing/recertifying households and adjusted current income for new admissions. The FWHA will use a definition of income that differs from the existing rent rules. FWHA will apply the allowances or deductions typically used to calculate "adjusted income." Income will be defined as 12 months adjusted retrospective income for existing/recertifying households and adjusted current income for new admissions. Under the existing rent calculation rules, income is defined as the amount that the family expects to receive in the next 12 months. This is sometimes referred to as "current/anticipated income." In Stepped Rents, the triennial income reexaminations will measure income based on the prior 12 months' adjusted income, i.e., retrospective income. This should improve the accuracy of income reporting and better represent a household's long-term earning potential.

Under the Stepped Rent policy, during the enrollment period, any new admissions who qualify as eligible households are expected to undergo random assignments. After the study enrollment period is concluded, the FWHA will decide whether to implement the Stepped rent policy for any newly admitted non-elderly, non-disabled households. Households randomly assigned to the new Stepped Rent rules or existing rent rules must remain in that group for six years (unless they leave assistance, port out to another jurisdiction, or are exempted from the Stepped Rent rules group for other reasons such as becoming disabled).

A high-arching goal of the MTW demonstration is to conduct an empirical research study that randomly assigns 50% of eligible families during an enrollment period to either a stepped rent or control group in order to determine how the alternative rent schedule may encourage a family's head of household to increase self-sufficiency through working, looking for work or going to school to improve their economic circumstances. Eligible households will include residents and participants in both the public housing and HCV programs, including existing, currently assisted households and new households admitted during the alternative rent enrollment period. Elderly and disabled households will be excluded. Households with special-purpose vouchers and homeownership vouchers will be excluded. Households paying a public housing flat rent will be excluded. Households already participating in the current Family Self- Sufficiency (FSS) program will be excluded.

Requiring the family to attend fewer reexaminations (once every three years) will allow the family greater autonomy. While the household income will be reviewed every three years during the demonstration, the income will not be used to determine rent but instead to ensure that the family is eligible for continued assistance. In this Stepped Rent policy, the family's rent will increase annually that the family can plan for and does not require annual income reviews. See Exhibit 20-1 – Stepped Rent Policies.

<u>Hardship Policy - Activity 1c and 1d – Stepped Rent Policy</u>

The Stepped Rent policy is intended to benefit assisted households by allowing them to increase their income without a direct increase in their total tenant payment (TTP). The TTP will instead increase each year by a modest amount unrelated to the household's income. However, some households may need special accommodations to avoid negative consequences of the stepped rent.

General Hardship Provisions

Hardships must be requested by the household in writing, with the exception of automatic hardships processed by the PHA during the income certification that takes place at STRD enrollment. Hardship requests should use the PHA's hardship request form.

When a household submits a valid hardship request, the PHA will suspend the stepped rent for the household, beginning the next month after the request, until the PHA has determined if the hardship request is warranted. The PHA will complete hardship reviews within 10 days. If the hardship request is denied, the household may be required to enter into a repayment agreement.

There is no limit to the number of hardships that a household may receive.

If a household is approved for a hardship, and subsequently experiences another adverse event while still in hardship status, they may request an additional hardship that might further reduce their TTP.

If a household is approved for a hardship, they are not required to report subsequent income increases during the period of their approved hardship. Once the PHA approves a hardship, the hardship will not end early.

If a household is approved for a temporary hardship, when that hardship is scheduled to expire the household will be notified and may request an extension. When a hardship expires, the household will return to paying the stepped rent, including any annual stepped rent TTP increases that were scheduled to take effect during the period of the hardship.

If the head of household, spouse, or co-head of household becomes elderly or disabled, the household is eligible to be excluded from the stepped rent policy and return to the traditional income-based rent policy.

This hardship policy presents eligibility criteria and remedies for different types of hardships. The different types of hardships below are not mutually exclusive. If a household's circumstances correspond to more than one type of hardship, they will receive the hardship most beneficial to them.

Hardship Types, Criteria, and Remedies

I. Hardship Due to High Rent Burden.

Households participating in the stepped rent will be eligible for a temporary hardship exemption if the stepped rent causes a rent burden above 40%. The high rent burden may be caused by a reduction in income, an increase in eligible deductions, or the annual stepped rent TTP increase (or a combination of factors).

Automatic hardship: For households already receiving assistance, when the PHA conducts an income examination at the time of enrollment, the PHA will compare the household's current adjusted income with their prior year/retrospective adjusted income. If the household's current adjusted income is lower than their prior year/retrospective adjusted income, the PHA will automatically determine whether the household is eligible for a hardship exemption.

Hardship requested by household: At any time, other than the income examination that takes place at enrollment, a hardship must be requested in writing by the household.

Eligibility: A household will be eligible for this hardship exemption if the stepped rent policy causes their rent burden (their total tenant payment divided by their current adjusted monthly income) to exceed 40%.

Remedy: The household's TTP will be set equal to 40% of their current adjusted monthly income or the minimum rent, whichever is greater. This hardship will last for six months if the high rent burden is caused by a reduction in income or by the application of a stepped rent TTP increase. The hardship may be set to last twelve months if the high rent burden is caused primarily by an increase in eligible deductions and those deductions are expected to apply for the next twelve months.

Example 1 (automatic hardship due to loss of income): When she starts the stepped rent, Suzanne has a prior year/retrospective adjusted income of $12,000 ($1,000 per month). Her year 1 stepped rent TTP should be set at $300 (30 percent of $1,000). However, Suzanne recently lost her job and her income in the previous month was only $100 (she has no eligible deductions, so her gross monthly income and adjusted monthly income both equal $100). While conducting the initial stepped rent income examination, the PHA recognizes that her current income ($100 per month) and the stepped rent TTP ($300) would cause a rent burden above 40%, so she is eligible for a hardship exemption. 40% of her current adjusted monthly income would be $40, but the PHA has a minimum rent of $50, so Suzanne's hardship TTP is set at $50 for six months.

Example 2 (hardship requested by household due to loss of income and application of a stepped rent TTP increase): Jane has $1,000 prior year/retrospective adjusted monthly income when she starts the stepped rent. Her TTP is set at $300 per month for the first year. In the second year, a $50 stepped rent increase is applied and her TTP increases to $350. At the beginning of the second year, she also has her hours reduced at work, and her income decreases to $600 per month. Her rent burden would be 58% ($350 divided by $600) so she applies for a hardship exemption. Her request is approved, and her TTP is set equal to 40% of her income, or $240 per month. This hardship TTP will last for six months.

Example 3 (hardship requested by household due to increase in eligible deductions): When she starts the stepped rent, Felicia has a prior year/retrospective adjusted income of $2,000 per month (she has no eligible deductions, so her gross monthly income and adjusted monthly income both equal $2,000). Her year 1 stepped rent TTP is set at $600 per month (30% of $2,000).

Eight months later, she has a baby. In order to continue working, she enrolls her child in childcare at a cost of $960 per month ($11,520 per year). She applies for a hardship exemption and the PHA determines that she has $12,000 of eligible deductions ($11,520 in childcare expenses plus a $480 dependent deduction). The deductions are subtracted from her current gross income, which is now $2,100 per month ($25,200 per year). This results in an adjusted income of $13,200 per year, or $1,100 per month. The stepped rent ($600) causes a rent burden of 55% so she is eligible for a hardship, and her hardship TTP is set to $440 (40% of $1,100). The hardship TTP will apply for twelve months.

II. Stepped Rent Reset for Sustained Hardships.

If a household receives a temporary hardship under section I, due to a rent burden above 40%, and the hardship condition persists after 12 consecutive months, the PHA may reset the household's stepped rent. The PHA will consider these requests on a case-by-case basis and decisions will be made by the PHA's hardship review panel; the hardship review panel will consist of the MTW Coordinator, one Supervisory Housing Specialist, and the HCV/PH Program Director.

Eligibility: The household has been approved for a hardship under section I. They remain in hardship status for 12 consecutive months. At the end of 12 months, the household requests that the hardship be extended. The hardship review panel determines that a permanent stepped rent reset would be better than continuing with temporary income-based hardships.

Remedy: The PHA will calculate a new stepped rent TTP at the higher of the minimum rent or 30% of prior year/retrospective adjusted income. This will not be a temporary hardship; the resulting TTP will apply for 12 months and will establish a new base on which future stepped rent annual increases will be applied. This action will establish a new annual cycle for the household's stepped rent increases.

Example: Felicia (from Example 3, above), pays the $330 hardship TTP for twelve months. When her hardship expires, her TTP would increase to $650; her initial stepped rent TTP was $600, and a $50 stepped rent increase is applied because one year has passed since her first reexamination after enrollment. But her circumstances have not changed: she still has a current gross income of $2,100 per month ($25,200 per year), eligible deductions of $12,000 per year, and a current adjusted income of $1,100 per month ($13,200 per year). The $650 stepped rent would cause a rent burden of 59%, so she requests another hardship exemption. The PHA's hardship review panel determines that it would be best to reset Felicia's stepped rent TTP because 1) that will enable her to increase her income going forward without a corresponding rent increase, and 2) it will reduce the PHA's administrative burden by eliminating the need for ongoing annual hardship reviews. Felicia's new stepped rent TTP is set at $330, which is 30% of her prior year/retrospective adjusted income.

III. Other Circumstances.

A household may request a hardship exemption for other circumstances not outlined above, such as the death of a family member, a significant increase in reasonable and necessary out-of-pocket expenses because of changed circumstances (for example, a large medical bill), or if the household is facing eviction due to inability to pay the rent. The PHA will consider these requests on a case-by-case basis and decisions will be made by the PHA's hardship review panel; the hardship review panel will consist of the MTW Coordinator, one Supervisory Housing Specialist, and the HCV/PH Program Director.

Eligibility: The hardship review panel determines that circumstances beyond the household's control make it difficult for the household to pay the stepped rent TTP, and a temporary rent reprieve is necessary.

Remedy: The PHA will set the household's TTP to the $75 minimum rent for up to three months (90 days).

IV. Right to Appeal:

If the household disagrees with the decision of the Housing Authority to deny a hardship exemption, the household may request a second level review in accordance with the FWHA informal hearing or grievance procedures.

20-II.B. ELIMINATION OF DEDUCTIONS – MTW Waiver 1.s

Activity

1.s. *Elimination of Deduction(s) (HCV)*—The agency may eliminate one, some, or all deductions.

Statutes and Regulations Waived

Elimination of Deduction(s) (HCV)—Certain provisions of sections 3(a)(1), 3(b)(4)– (5) and 8(o)(2)(A)–(C) of the 1937 Act and 24 CFR 5.611, and 982.516.

Safe Harbor(s)

i. Agency must conduct an impact analysis. *
ii. Agency must exempt elderly and disabled families from rent policy. *
iii. Agency must implement a hardship policy. *

<u>FWHA Policy -Waiver 1.s</u>

The FWHA is implementing the Stepped Rent Policy and therefore may eliminate one, some or all deductions during the Stepped Rent Policy Study.

<u>Hardship Policy – Waiver 1.s</u>

See Hardship Policy – Waiver 1.d – Stepped Rent Policy

20-II.C SELF CERTIFICATION OF ASSETS – MTW WAIVER 3.d

Activity
3.d. *Self-Certification of Assets (HCV)*—At reexamination, the agency may allow the self-certification of assets.

Statutes and Regulations Waived
Self-Certification of Assets (HCV)—Certain provisions of section 8(o)(5) of the 1937 Act and 24 CFR. 982.516 (a)(3).

Safe Harbor(s)

i. At reexamination, the agency may allow the self-certification of assets only up to $50,000.

FWHA Policy – Waiver 3.d

The FWHA will allow the family to self-certify assets up to $50,000 at the time of recertification. However, the FWHA is required to obtain third-party verification of all assets regardless of the amount during the intake process. Families participating in targeted funding will be included in this MTW waiver.

The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

20-II.D. ALTERNATIVE INSPECTION SCHEDULE WAIVER 5.D

Activity 5.d
Under this MTW activity, the PHA implements an alternative inspection schedule that replaces the standard annual HQS inspection requirement with a risk-based inspection model. This approach allows the PHA to tailor inspection frequency based on unit condition, owner performance, and tenant-reported issues, while maintaining housing quality standards and resident safety.
Under the alternative schedule, assisted units that demonstrate a history of compliance may be inspected less frequently than annually, while units with identified deficiencies, new admissions, owner noncompliance, or tenant concerns may be inspected more frequently as needed. Initial inspections, inspections for new admissions, complaint-based inspections, and inspections triggered by health or safety concerns will continue to be conducted in accordance with HUD requirements.
The PHA will continue to enforce Housing Quality Standards and ensure that all life-threatening and non-life-threatening deficiencies are corrected within required timeframes. The PHA may conduct inspections using a combination of in-person inspections, third-party inspections, or alternative methods permitted under MTW authority.

Statutes and Regulations Waived: Pursuant to MTW authority, the PHA waives Section 8(o)(8)(A) of the United States Housing Act of 1937 and 24 CFR §§ 982.405(a), (b), and (c), and 982.305(a), solely to the extent necessary to implement an alternative, risk-based inspection schedule, while continuing to conduct initial, complaint-based, and health and safety inspections in accordance with HUD requirements.

Objectives
This activity is intended to:

- Reduce administrative burden on program participants and property owners
- Improve inspection efficiency by focusing resources on higher-risk units
- Minimize unnecessary disruption to households residing in compliant units
- Maintain housing quality while allowing operational flexibility

Safeguards
The PHA will monitor outcomes under the alternative inspection schedule to ensure that housing quality is not adversely impacted. Complaint-based inspections, inspections prompted by condition concerns, and inspections required for new admissions will remain unchanged. The PHA will take corrective action, including increased inspection frequency, if patterns of noncompliance are identified.

20-II.E. INCREASE PBV PROGRAM CAP - MTW WAIVER 9.a

Activity
9.a. *Increase PBV Program Cap (HCV)*—The agency may increase the number of authorized units that it project-bases.

Statutes and Regulations Waived.
9.a *Increase PBV Program Cap (HCV)*—Certain provisions of section 8(o)(13)(B) of the 1937 Act and 24 CFR 983.6(a)–(b), as superseded by the Housing Opportunity through Modernization Act of 2016 (HOTMA) Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

i. The agency must not project-base more than 50% of the lower of either the total authorized units or annual budget authority.

FWHA Policy – Waiver 9.a
The FWHA will increase the PBV Program cap (number of authorized PBV units) to no more than 40% of units authorized in the Annual Contributions Contract (ACC). FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.F. INCREASE PBV PROJECT CAP - MTW WAIVER 9.b

Activity

9.b. *Increase PBV Project Cap (HCV)*—The agency may raise the PBV cap within a project up to 100%.

Statutes and Regulations Waived.
9.b Increase PBV Project Cap (HCV)—Certain provisions of section 8(o)(13)(D) of the 1937 Act and 24 CFR 983.56(a)–(b), as superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

i. The agency is subject to Notice PIH 2013–27 where applicable, or successor. *

FWHA Policy – Waiver 9.b
The FWHA may increase the project cap within a project to up to 100% on a case-by-case basis, subject to Notice 2013-27. FWHA will be implementing activity within the safe harbor limits established by the MTW Operations Notice.

20-II.G. ELIMINATION OF PBV SELECTION PROCESS FOR PHA-OWNED PROJECTS WITHOUTH IMPROVEMENT, DEVELOPMENT OR REPLACEMENT - MTW WAIVER 9.c

Activity
9.c. *Elimination of PBV Selection Process (HCV)*—The agency may eliminate the selection process in the award of PBVs to properties owned by the agency that are not public housing without engaging in an initiative to improve, develop, or replace a public housing property or site.

Statutes and Regulations Waived.
Elimination of PBV Selection Process (HCV)—Certain provisions of 24 CFR. 983.51 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

i. A subsidy layering review must be conducted. *
ii. The agency must complete site selection requirements. *
iii. HQS inspections must be performed by an independent entity according to 24 CFR 983.59(b) or 24 CFR 983.103(f). *
iv. The agency is subject to Notice PIH 2013–27 where applicable, or successor. *
v. Property must be owned by a single-asset entity of the agency, see Notice PIH 2017–21.

FWHA Policy – Waiver 9.c

The FWHA will eliminate the selection process in the award of PBV's to properties owned by the agency that are not public housing without engaging in an initiative to improve, develop or replace a public housing property or site. A subsidy layering review must be conducted. The agency must complete site selection requirements. HQS inspections must be performed by an independent entity approved by HUD. The property must be owned by a single-asset entity of the agency.

20-II.H. ALTERNATIVE PBV UNIT TYPES (SHARED HOUSING AND MANUFACTURED HOUSING) - MTW WAIVER 9.e

Activity
9.e. *Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)*—The agency may attach and pay PBV assistance
for shared housing units and/or manufactured housing.

Statutes and Regulations Waived.
Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)—Certain provisions of 24 CFR 983.53(a)(1) as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

i. PBV units must comply with HQS. *
ii. PBV units must comply deconcentration and desegregation requirements under 24 CFR part 903. *
iii. A subsidy layering review must be conducted. *
iv. Shared housing units may not be owner occupied. *

FWHA Policy – Waiver 9.e
The FWHA may attach and add PBV assistance to shared housing and/or manufactured housing. PBV units must comply with HQS. PBV units must comply deconcentration and desegregation requirements under 24 CFR part 903. A subsidy layering review must be conducted and if the FWHA allows shared housing, the units may not be owner occupied. The goal is to increase housing choice options for families. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.I. INCREASE PBV HAP CONTRACT LENGTH - MTW WAIVER 9.f

Activity
9.f. *Increase PBV HAP Contract Length (HCV)*—The agency may increase the term length of a PBV HAP Contract.

Statutes and Regulations Waived.
Increase PBV HAP Contract Length (HCV)—Certain provisions of section 8(o)(13)(F) of the 1937 Act and 24 CFR 983.205 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

i. PBV HAP Contract length must not be shortened.
ii. PBV HAP Contract length must not be greater than 50 years, including any extensions.
iii. PBV HAP Contract is subject to appropriations and the ending of an agency's MTW authorization. *

FWHA Policy – Waiver 9.f
The FWHA will increase the term length of a PBV contract to up to 50 years to preserve affordable housing in the Fort Wayne jurisdiction. The PBV HAP contract is subject to appropriations and the ending of the agency's MTW authorization. FWHA will be implementing activity within the safe harbor limits established by the MTW Operations Notice.

20-II.J. INCREASE PBV RENT TO OWNER - MTW WAIVER 9.g

Activity
9.g. *Increase Rent to Owner (HCV):* The agency is authorized to develop a local process to determine the initial and re-determined
rent to owner.

Statutes and Regulations Waived.
Increase Rent to Owner (HCV)—See MTW Waiver #2. a. and 2.b. ''Payment Standards'' and associated activities, statutes and regulations waived, and safe harbors.

Safe Harbor(s)

i. Any policy must comply with rent reasonableness, unless modified by waiver(s) 2.c. and/or 2.d.

FWHA Policy – Waiver 9.g
The FWHA may increase rents up to the lesser of 120% of Fair Market Rents or rent reasonableness. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

0-II.K. LIMIT PORTABILITY FOR PBV UNITS - MTW WAIVER 9.h

Activity
9.h. *Limit Portability for PBV Units (HCV)*—The agency is authorized to waive the requirement to provide a tenant-based voucher at 12 months when requested by a PBV household.

Statutes and Regulations Waived.
Limit Portability for PBV Units (HCV)—Certain provisions of section 8(o)(13)(E) of 1937 Act and 24 CFR 983.261 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

ii. Portability under this activity must not be restricted for more than 24 months.
iii. The agency must have a clear and uniform policy in place to address how move requests are received and how they are approved/denied for PBV households.
iv. Participants must still retain the ability to request a tenant-based voucher for reasonable accommodation according to existing rules.

FWHA Policy – Waiver 9.h
FWHA will waive the requirement to issue a tenant-based voucher to 24 months in the Project-Based Voucher program. Families will be notified at the briefing of their right to receive a tenant-based voucher after living in the unit for 24 months. To be eligible for a voucher, the family must be current in their rent and have no pending lease violations. The family must request a voucher in writing and will be issued a voucher within 60 days if a voucher is available. If no voucher is available, the family will be placed on the FWHA mobility list for the next available voucher.

Families will still have the ability to request a tenant-based voucher as a reasonable accommodation after one year under standard project-based voucher rules.

20-II.L. FSS – ALTERNATIVE FAMILY SELECTION PROCEDURES - MTW WAIVER 10.c

Activity

10.c. *Alternative Family Selection Procedures (PH & HCV)*—The agency is authorized to develop its own recruitment and selection procedures for its MTW FSS Program. Alternatively, the agency may make participation in the MTW FSS Program mandatory for any household member that is non-elderly or non-disabled.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & HCV)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

i. Agency must review FSS Guidance. * 36
ii. The agency must execute a Contract of Participation, or other locally developed agreement, which is at least five years but not more than ten years, with each participant participating in their FSS program.
iii. The agency, if implementing an FSS program, even with MTW modifications, must have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract. *
iv. The agency must not require MTW FSS Program participation as a condition for housing subsidy for elderly and disabled families. *
v. If the agency requires MTW FSS Program participation as a condition for housing subsidy, an impact analysis must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. *
vi. If the agency requires MTW FSS Program participation as a condition for housing subsidy, a hardship policy must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. *
vii. The agency must not make MTW FSS Program participation mandatory for individuals that do not meet the definition of an eligible family at section 23(n)(3) of the 1937 Act, and those exempted from the Community Service Requirement under section 12(c)(2)(A), (B), (D) and (E) of the 1937 Act. *
viii. If an agency terminates the housing subsidy or tenancy of a family for alleged violation of mandatory MTW FSS Program participation, the family will be entitled to a hearing under the agency's Grievance Procedure (24 CFR part 966, subpart B) or the HCV informal hearing process (24 CFR part 982.555). *
ix. The agency must not use income increases during participation in the MTW FSS Program to change a family's eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or HCV assistance. *

FWHA Policy – Waiver 10.c

The FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. The FWHA wishes to include FSS families in the Stepped Rent demonstration and therefore will modify the FSS Contract and selection procedures to include these families. Any FSS funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the "Fresh Start Program" formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

The FWHA is authorized to operate its Family Self-Sufficiency (FSS) Program, and any successor programs, exempt from certain HUD program requirements. If the FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. Recruitment, eligibility, and selection policies and procedures must be consistent with HUD's nondiscrimination and equal opportunity requirements. To the extent that Family Self-Sufficiency activities include supportive services, such services must be offered to elderly and disabled persons who are participants in the covered program and eligible for such services.

Notwithstanding above, any funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the "Fresh Start Program" formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.M. FSS – MODIFY OR ELIMATE THE CONTRACT OF PARTICIPATION - MTW WAIVER 10.d

Activity

10.d. *Modify or Eliminate the Contract of Participation (PH & HCV)*—The agency is authorized to modify the terms of or eliminate the FSS Contract of Participation (HUD–52650), in lieu of a local form. The agency may modify the terms of the Contract of Participation
to align with adjustments made to its MTW FSS Program using MTW flexibility. Further, the agency may discontinue use of the Contract of Participation and instead employ a locally developed agreement that codifies the terms of participation.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & HCV)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

See safe harbors listed under FSS Alternative Family Selection Procedures – MTW Waiver 10.c

> **FWHA Policy – Waiver 10.d**
>
> The FWHA will modify the FSS Contract of Participation (HUD-52650) to align the program with adjustments made to its MTW FSS Program using MTW flexibility. The purpose will be to include families who are participating in the Stepped Rent Policy. The contract of participation will be for a five-year period with an optional one-year extension. Additionally, the PHA will move to a goal-based incentive self-sufficiency program where the family will receive escrow amounts based on achievement of certain self-sufficiency goals. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.N. FSS – POLICIES FOR ADDRESSING INCREASES IN FAMILY INCOME - MTW WAIVER 10.e

Activity
10.e. *Policies for Addressing Increases in Family Income (PH & HCV)*—The agency is authorized to set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency's existing rent policy) or changing the amount of funds moved to escrow/savings through the program.

Statutes and Regulations Waived.
FSS Program with MTW Flexibility (PH & HCV)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)
See safe harbors listed under FSS Alternative Family Selection Procedures – MTW Waiver 10.c

FWHA Policy – Waiver 10.e
The FWHA will set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency's existing rent policy) or changing the amount of funds moved to escrow/savings through the program. The FWHA will execute a Contract of Participation, or other locally developed agreement, that is at least five years but not more than six years, with each participant participating in the "Fresh Start Program" FSS program. The FWHA will have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract. The FWHA will not use income increases during participation in the MTW FSS Program to change a family's eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or HCV assistance. A goal-based incentive program will be implemented. **See Exhibit 20-2 – MTW Fresh Start Enrichment Program (FSEP)**

FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.O. HOUSING DEVELOPMENT PROGRAMS -MTW WAIVER 17.c

MTW Funding can be utilized per statute and regulation on the eligible activities listed at sections 9(d)(1), 9(e)(1), and 8(o) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity. The agency is authorized to implement the local, non-traditional activities listed below to provide a rental subsidy to a third-party entity to provide housing and supportive services to eligible low-income participants, and to contribute MTW Funding to the development of affordable housing. Families served through the activities described below must be at or below 80% of Area Median Income. Implemented activities must meet one of the three MTW statutory objectives of increasing the efficiency of federal expenditures, incentivizing self-sufficiency of participating families, and increasing housing choice for low-income families. The use of MTW Funding must be consistent with the requirements of 2 CFR 200 and other basic requirements for the use of federal assistance. The agency must determine the eligibility of families in accordance with 24 CFR 5.609 and with section 3(b)(2) of the Act. Local, non-traditional activities must fall within one of the three categories below and comply with PIH Notice 2011-45 or any successor notice/and or guidance.

Activity
17.c. *Housing Development Programs*—Programs that use MTW Funding to acquire, renovate and/or build affordable units for low-income families that are not public housing units. Eligible activities may include: Gap financing for non-FWHA development of affordable housing, development of project-based voucher units or tax credit partnerships.

Statutes and Regulations Waived
Local, Non-Traditional Activities—MTW Funding can be utilized per statute and regulation for the eligible activities listed at sections 8(o), 9(d)(1), and 9(e)(1) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity

Safe Harbor(s)

i. The agency must not spend more than 10% of its HAP budget on local, non-traditional activities.
ii. Families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income.
iii. The agency is subject to Notice PIH 2011-45 or any successor notice and/or guidance.
iv. Agency must comply with section 30 of the 1937 Housing Act.
Any MTW Funding awarded to a third-party provider must be competitively bid.

FWHA Policy – Waiver 17.c

The FWHA intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include: Gap financing for non-FWHA development of affordable housing, development of project-based voucher units or tax credit partnerships. The FWHA will not spend more than 10% of its HAP budget on local, non-traditional activities and families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income. This MTW activity will enable the FWHA to redevelop additional FWHA owned units and increase the amount of affordable housing in the City of Fort Wayne. The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

20-III.A. AGENCY SPECIFIC WAIVER

FWHA Policy - Elimination of Earned Income Disallowance (HCV and PH)

The FWHA will eliminate the mandatory Earned Income Disregard from annual income as required under 24 CFR 5.609 for all families. The Earned Income Disregard (EID) provision in the regulations would prevent the FWHA from effectively implementing and monitoring the Stepped Rent Policy and the number of families receiving and eligible for EID in PH and HCV is 0% of total households. Existing families currently in the initial or phase-in period of EID will be allowed to finish their income disallowance as per the regulation.

Hardship Policy – Agency Specific Waiver – Elimination of Earned Income Disallowance

This is an Earned Income Disallowance specific hardship to protect tenants from potential rent burden caused by the elimination of Earned Income Disallowance.

This is an income-based hardship that applies at recertification and/or upon household request.

Hardship due to increase in income that would be excluded by Earned Income Disallowance (EID)

- The family will be granted up to one hardship request per year for families whose Total Tenant Payment (TTP) exceeds 40% of current monthly gross income. The hardship may not exceed 90 days (3-months). If granted a hardship, the household's new rent would be based on 30% of their current gross monthly income for up to 90 days (3 months). If the hardship still exists after 90 days, the hardship may be extended by the PHA for another 90 days up to a maximum 180 days (6 months). At the end of the hardship period, the household will resume the stepped rent increases.

Right to Appeal

- If the household disagrees with the decision of the Housing Authority to deny a hardship exemption, the household may request a second level review in accordance with the FWHA informal hearing or grievance procedures.

EXHIBIT 20-1: STEPPED RENT POLICY DISCUSSION GUIDE

(7/7/22)

Fort Wayne Housing Authority

Stepped Rent Policy Discussion Guide

Component
Eligibility

Non-elderly, non-disabled households currently or newly receiving an HCV or PH subsidy at the time of random assignment
Exclusions based on status at the time of random assignment:
→ Head, Co-Head, Spouse 56 years of age or older
→ Households in the homeownership program
→ Current FSS participants (standard FSS only)
→ PH flat rent
→ HCV 0 HAP households
→ Special purpose vouchers
    o VASH
    o Mod Rehab (Certificate)
    o Enhanced Voucher
    o Shelter Plus Care
    o Foster Youth
    o Emergency Housing Voucher
    o Mainstream
    o Tenant Protection Voucher (still under Enhanced Voucher requirements)
→ Mixed eligibility families
→ Households living in Jobs Plus developments
→ Households receiving Earned Income Disregard (EID) at RA
→ Households living in developments that underwent a PBRA RAD conversion (not excluded if PBV conversion)
→ Households in phase-in period under RAD protections
→ Port-outs
→ Port-ins (Administered)
→ Households who are not yet indicated as disabled according to HUD definition, but:
    o Have been approved to receive SSI/SSDI but have not yet received first payment:
    o Have a pending SSI/SSDI application in (applied recently and waiting to learn of approval status)

Eligibility Notes
a. Some eligibility criteria will be checked prior to study enrollment using a software report and some criteria will be checked at study enrollment by the staff member conducting enrollment. → Age will be checked prior to study enrollment but age eligibility is determined based on household members' age as of the recertification effective date (for recertifying households) or as of the date of study enrollment (for new admissions). → TBD for stepped rent sites depending on the timing of the rollout of their alternative FSS programs because households enrolled in an alt FSS are eligible for study. → To be checked at study enrollment: ○ Zero-HAP status ○ Tenant Protection Voucher status ○ Pending disability status b. TPVs are eligible for the study if the enhanced voucher requirements no longer apply c. If the PHA will definitely demo/dispo public housing properties and transition households to TPVs, then the PHA can designate those households as ineligible for the study (at the study enrollment meeting). d. LIHTC is not an exclusion. LIHTC households will still be required to report income annually, but it would not affect the rent. e. Households must meet the HUD definition of a "disabled household" to be excluded as a disabled household. Household to self-attest to the fact they have applied for Social Security (disability) for the head, co-head or spouse. Doctor's note or SS documentation is not required. f. If a household is assigned to the Stepped rent rules group but then subsequently becomes disabled (meets HUD definition of disabled) the PHA can switch the household to the standard rent rules.
Ports
Port-ins. If a household ports-in and the PHA absorbs the household, then they are treated as a new admission—conduct a certification using current gross income to establish the first step (administered Port-ins are excluded).
Port-outs. If a household ports-out and the PHA absorbs the household, then they are no longer subject to the Stepped rent policy (but may still be part of the study data collection).
Returning study households
Returning study households. If a household completes study enrollment and is randomly assigned to a rent rule group, then ports out or exits the program, and then returns to the PHA, they are to be served according to their original randomly assigned rent rules group status (regardless of whether they are a billed or absorbed port-in). For example, if the household was under the Stepped Rent Policy and ported out, they would continue to be under the Stepped Rent Policy if they ported back in. PHA to do a new income collection and review and set a new stepped rent using current gross income and recert schedule (i.e., reset the step).
Study enrollment period

The study enrollment period is one year: January 1, 2023 -December 31, 2023.

Study enrollment appointment letters are distributed in January 2023and study enrollments starts in January 2023 for new admissions and households with May 2023 recert effective dates.

All (study eligible) recertifying households with recertification effective dates May 1, 2023 -April 30, 2024, and any new admissions that are determined eligible for voucher issuance will participate in a meeting during the enrollment year where they will be enrolled into a rent rules group (randomly assigned into one of the two rent rules groups).

a. Transitions from one program to another do not necessarily trigger study enrollment unless they are considered a new enrollee, or the transition coincides with a recertification.

b. If a household is not enrolled in the study at the time of the transition but has subsequent recertification in a program that is part of the study during the enrollment period, then they should be enrolled into the study at that time.

c. Households remain in their assigned rent rules group even if they later transition to a different program (unless that program is not eligible for the study)

Households assigned to the standard rent rules group are to be subject to the standard rent rules—the standard rent rules are to remain unchanged for the duration of the study.

The PHA has discretion to serve households that are not eligible for the study and households that newly enroll after the end of the one-year study enrollment period, according to any rent rules.

Prior/retrospective Income

Prior/retrospective period for recertifying households—first recertification following study enrollment. The period is defined as the prior twelve months ending 120 days before the recertification effective date. The period always begins on the first of the month and ends the last day of the month. The prior/retrospective period is fixed; it does not change or update after it is communicated with the household (even if the effective date is moved to accommodate a move at the first certification following enrollment).

Prior/retrospective period when resetting a household's step after study enrollment (following 12 months of hardship). The period is defined as the prior twelve months ending 60 days prior to effective date of the step reset. The period always begins on the first of the month and ends the last day of the month. The prior/retrospective period is fixed; it does not change or update after it is communicated with the household.

Prior/retrospective income. The actual income received in the prior twelve months.

The Stepped Rent policy does not change any of the income exclusion rules. Include all required types of income sources when determining prior/retrospective income. However, there are some differences in how income may be treated as follows.

- The STRD policies do not change income exclusion rules, and one income exclusion is temporary/sporadic income. HUD does not have a specific definition for "sporadic," so under current rules it is up to the PHAs to define sporadic income for exclusion. This guidance extends to retrospective income as well. However, unlike determining current/anticipated income, with a 12-month look back period for prior year/ retrospective income, PHAs have a better picture of what is truly sporadic, versus just irregular, income.
    - Examples of income that would not be considered sporadic and not be excluded from retro income include:
        - Somebody that works multiple short-term jobs over the retro period
        - A job ended a month into the retro period
        - Seasonal work
    - Examples of income that could be considered sporadic and excluded from retro income include:
        - Someone worked at one job for most of the retro period, but then also took a job that lasted only a couple of days for a different employer in the middle of it
        - Income from recycling for refunds

  There is clearly a gray area between these examples, and PHAs can use their discretion to decide how they want to define sporadic income that would be excluded within that gray area. However, a blanket rule that excludes any earnings from any jobs that lasted less than 30 days, for example, would not be appropriate to apply to retro income.
- Even if income (from any source) began partway through the prior/retrospective period, only use the *actual* amount received during the prior/retrospective period.
- Do not count income from TANF, UI, SSI, SSDI, or court ordered child support if it ends partway through the prior/retrospective period. (Each PHA has the discretion to develop a plan for how to handle court ordered child support if the household is not actually receiving it regularly.)
- If a household member turned age 18 during the prior/retrospective period do not include any of that member's 'earned' income.
- If a household member is a student at the time of recertification, then designate that member as a student and only include $480 of that household member's income when calculating the first rent amount under the stepped rent policy.
    - Student status is determined <u>at recertification</u> using standard verification procedures.
    - Household members designated as a student at recertification retain that designation *unless the step is reset at a later time*.

Income Verification

Income Verification. PHAs have some discretion in developing the policy for verifying prior/retrospective and current income. PHAs must use EIV to verify as much as of the income as possible but can then develop a customized process. For example, PHAs can use the existing HUD verification hierarchy with modifications to the process for moving through the hierarchy and they can apply for agency-specific waivers in the MTW supplement to skip steps in the hierarchy entirely. At minimum verification must be EIV and self-certification. The PHAs alternative verification policy can be applied to prior/retrospective and current income; new admissions and existing households; and to the treatment and controls groups as well as non-study households. However, a PHA may not simply skip from EIV to self-certifications for new admissions because EIV is not available for new admissions. The income verification policy and procedures (including details about the hierarchy level of self-certifications) should be documented in the PHAs Administrative plan and Admissions and Continued Occupancy Plan (ACOP). a. PHAs can use the existing HUD verification hierarchy with modifications to the process for moving through the hierarchy b. PHAs can apply for agency-specific waivers in the MTW supplement to skip steps in the hierarchy. At minimum verification must be EIV and self-certification. c. PHAs can apply for an agency-specific waiver to increase the $2,400 discrepancy threshold. • Some income documentation sources (EIV, tax returns) show income *received* during a particular time period (e.g., Q1 2020 EIV shows wages paid during that quarter). Paystubs show both the time period for which the wages are paid, as well as a check/payment date. Self-certs are more likely to reflect the time period that income is *earned* – it is likely easier for someone to remember when they started a job or when a job ended than when they received their first or final paycheck for that job. (This might also be true for some letters from employers.) Some income documentation sources (EIV, tax returns) show income *received* during a particular time period (e.g., Q1 2020 EIV shows wages paid during that quarter). Paystubs show both the time period for which the wages are paid, as well as a check/payment date. Self-certs are more likely to reflect the time period that income is *earned* – it is likely easier for someone to remember when they started a job or when a job ended than when they received their first or final paycheck for that job. (This might also be true for some letters from employers.). When combining different sources of income documentation, it is up to the PHAs to decide whether they want to require alignment across income documentation sources (e.g. ask tenants for paycheck dates instead of start and end dates of when they worked) or if inconsistency is acceptable (e.g. use actual EIV amounts where available + self-cert on when the person worked and their hourly wage during the remainder of the retro period).
Corrections for Income Discrepancies
Corrections for Income Discrepancies. Stepped rent policy does not affect a PHA's policy to make/not make corrections for income discrepancies for reported/ verified prior/retrospective income for the designated prior/retrospective period. If the PHA later identifies a discrepancy to the reported/verified prior/retrospective income for the designated prior/retrospective period, the PHA should process discrepancies as they normally would, which may result in "interim" or "annual correction" actions to make these types of corrections. PHAs are required to check IVT or EIV for income discrepancies at the first certification following study enrollment, at subsequent triennial recertifications (not annually), and for interims. [PHAs have discretion to request an agency-specific waiver to increase the $2,400 discrepancy threshold.]
Calculating TTP

Recertifying Households. The first rent amount under the stepped rent policy calculation for recertifying households is based on 12-month *prior/retrospective* adjusted income (That is, keeping all deductions/allowances for the year 1 stepped rent and all hardships.). Rent is set at 28% or 30% of gross or adjusted monthly prior/retrospective income. Then rent steps up annually by a fixed amount set at (2 to 4) % of FMR based on unit size. [PHAs have discretion in using 28% or 30% and 2 to 4% of FMR to set TTP and step increases.]
New Admissions. The first rent amount under the stepped rent policy calculation for newly admitted households is based on *current adjusted income*. Rent is 28% or 30% of current adjusted monthly income. Then rent steps up annually by a fixed amount set at (2 to 4) % of FMR based on unit size. [PHAs have discretion in using 28% or 30% and 2 to 4% of FMR to set TTP and step increases.]
Subsequent rent calculations. The household's rent is not redetermined by subsequent recertifications but will instead automatically step up annually by a fixed amount set at (2 to 4) % of FMR based on unit size. [PHAs have discretion in using 28% or 30% and 2 to 4% of FMR to set TTP and step increases.]
Asset income. Stepped rent policy does not stipulate how to treat asset income. [PHAs have discretion to revise in the asset income policy but the policy must be the same for both rent rules groups]
Utilities allowance. Stepped rent policy does not affect utilities. [PHAs have discretion to revise utility allowance policy but the policy must be the same for both rent rules groups.]
Minimum Rent/ TTP. Stepped rent policy requires a $75 minimum rent.
Eligibility determinations
Triennial eligibility determinations. PHAs complete triennial eligibility determinations using current *gross* income.
HCV Zero-HAP at the first recertification following study enrollment. If an HCV household's *prior/retrospective adjusted income* (for recertifying households) or current adjusted income (for new admissions) results in zero HAP at the first recertification following study enrollment, then implement standard zero-HAP process (6-month zero-HAP grace period). However, if the zero-HAP rent (or a loss of income) causes a rent burden above 40% of current gross income, the household could request and receive a hardship. This would halt the HCV termination process. **HCV Zero-HAP at subsequent triennial eligibility determination.** If an HCV *household's current adjusted income is over 120% of AMI* at subsequent triennial eligibility check, this designates the household as zero-HAP. The household gets a 6-month zero HAP grace period. At the end of that grace period, the household exits the voucher program However, if the zero-HAP rent (or a loss of income) causes a rent burden above 40% of current gross income, the household can request and receive a hardship. A hardship would halt the HCV termination process.
Public Housing Over-income rule. If a Public Housing household's income is over the income limit the first recertification following study enrollment or at a subsequent triennial eligibility check, the standard over-income procedures are triggered. PHA measures income the following year. Over-income rent rules supersede the stepped rent policy.

The last rent step. The "last step" in public housing is when the household's TTP reaches the flat rent.
Contract Rent Increases
Contract Rent Increases. If the contract rent is increased conduct an interim to increase the contract rent and update the payment standard and utility schedule. This may result in an increase in family share if the new gross rent is above the new payment standard.
Household Composition Changes
Household member added. If a household adds a new member, conduct an interim to add the member. However, do not reset the step or include the new members income. If the new member results in a move to a larger unit size, the household's step is adjusted to match the new (larger) unit size at the next annual step increase.
Household member removed. If a household removes a member, conduct an interim to remove the member. If the removal results in a decrease in income and/ or a move to a smaller unit size —the household could/ would need to request a hardship evaluation in order to lower the rent. As applicable, the household's step would be adjusted to match the new (smaller) unit size at the next annual step increase.
HCV Maximum Family Share at Initial Occupancy
The stepped rent policy may cause an initial family share to be above 40%, that is acceptable because it is part of the alternative rent policy. Thus, no waiver is required. [Separately, PHAs have discretion to pursue MTW Waiver/Activity 1o to eliminate the 40% maximum family share at initial occupancy, for HCV households.]
Moves
If a household moves, update the payment standard and utility schedule and conduct an Other Change of Unit (50058 action type = 7) to process the move but do not adjust the rent. If a household moves to a different unit size, then the household's step would be adjusted to match the new (smaller/ larger) unit size at the next annual step increase. Use current gross income to test for unit affordability. "Current" in this case can be current income in the SOR. However, if household income has increased since the last action, the households can request a review of updated current income (and the PHA to advise the household to do so when appropriate), so the household can afford a unit with higher rent. Do not change the effective date to align with the new lease date after study enrollment. PHA can move the effective date up by one or two months to match a new lease date for the first recertification following study enrollment; however, after that the effective date cannot be changed.
The New Policy's interaction with Other PHA Programs and Services

Community Self Sufficiency Requirement. The CSSR requirement to verify compliance each year at least 30 days ahead of the annual lease term continues to apply. The MTW Waiver of the annual reexam requirements does not (and cannot) waive this CSSR requirement.

However, since the stepped rent policy does change the 50058 reporting requirement from annual to triennial, the PHAs are not required to report households' CSSR compliance status to HUD annually by submitting 50058s in between triennial reexams with the sole purpose of reporting households' CSSR compliance.

[Software vendors are being asked to include a CSSR field in their systems that tracks CSSR compliance independent from 50058 actions, that the PHA staff can update as needed (without submitting a 50058).]

Per the standard CSSR policy, do not make a change in CSSR status between (triennial) recertifications unless notified otherwise that status has changed.

FSS participation. Households can enroll in FSS or other FSS alternatives after random assignment.

[PHAs have discretion to choose to implement any of the following options:

a. New rent rules households can choose to participate in FSS but cannot accrue escrow.
b. New rent rules households can access a similar economic self-sufficiency program that *is* compatible with the stepped rent policy, such as one that provides cash rewards tied to self-sufficiency milestones.
    i. This alternative FSS program would also be offered to control group households *in addition to regular FSS* (control group households must pick one).
    ii. This alternative FSS program is also offered to control group households *in place of regular FSS* (e.g., if the new program is replacing FSS PHA-wide).
    iii. This alternative FSS program would be offered to new rent rules group households only (not the control group).

Programs cannot have a work requirement. If it includes a requirement to participate in any activity, and if it includes any penalties for noncompliance with that requirement, HUD has indicated that it will likely not approve it. PHAs are welcome to propose a mandatory program in their supplements, and HUD will provide a definitive response to their specific proposals when it reviews the supplements.

Mandatory programs would have to apply to both rent rules groups.]

Homeownership Program. Study households can enroll in the Homeownership Program after random assignment.

Hardships

<u>Minimum Rent Waiver Hardship</u>.

A hardship that temporarily waives the minimum rent requirement due to zero income.

This hardship type should apply to all PHA households—including both treatment and control study households and should be noted in the Stepped Rent hardship policy. However, PHAs have discretion to not to offer a minimum rent waiver.

<u>Other Hardships/ Extenuating circumstances</u>.

Eligibility: A hardship that provides temporary relieve to households that encounter an extenuating circumstance including, for example:

- The family has experienced a death in the family
- The family has experienced a sudden increase in expenses (funeral costs, medical bills, transportation costs, education costs, etc.) or loss of other assistance or benefits determined by the PHA to be qualifying
- Other situations and factors determined by the PHA to be qualifying

Remedy: The remedy for this hardship type would be short-term. For example, the PHA could set the TTP at or below the minimum rent for one or two months or can set up a payment plan.

This hardship type applies to all PHA households – including both treatment and control study households and should be noted in the Stepped Rent hardship policy. PHAs must indicate whether hardships will be granted or not for the above circumstances in the MTW supplement.

Income-based Hardship.

A Stepped Rent-specific hardship that protects families from potential rent burden due to a loss of income an increase in eligible deductions, or income not increasing to keep up with the automatic step increases.

Eligibility: A household is eligible for this hardship exemption if their rent burden (their total tenant payment divided by their current adjusted monthly income) exceeds 40%.

Remedy: Setting the TTP at 40% of *current adjusted* income (or the minimum rent, whichever is greater) for up to 12 months.

- PHAs have discretion over the duration of the hardship remedy but it cannot exceed 12 months. PHAs can create a standard duration for all income-based hardships or can determine the duration on a case-by-case basis.

This hardship that applies at recertification and/or upon household request.

- **Automatic hardships.** If the new stepped rent TTP divided by *current* adjusted income exceeds 40% at the first recertification following study enrollment, automatically grant a hardship. Households do not need to request this hardship or complete a hardship form. PHA to conduct an income examination and compare the household's current adjusted income with their prior year/retrospective adjusted income. If the household's current adjusted income is lower than their prior/retrospective adjusted income, automatically determine whether the household is eligible for a temporary hardship exemption.
  Note: Automatic hardships at the first certification following enrollment, will not be applicable to new admissions since current income is being used to determine TTP.

- **Requested by household.** At any time other than the first certification following study enrollment, a hardship must be requested by the household. Households request this hardship by completing and submitting a hardship request form and providing the household's updated current income.

When the hardship rent expires, if the step is not reset and household does not request (or the PHA does not approve) a hardship renewal, the household's TTP is set according to the previously determined rent schedule. This means that if the rent stepped up while the household was on a hardship, the new rent following the end of the hardship will include that step increase.

Student Income and Hardships. If a household applies for a hardship and a household member (other than the head, co-head, or spouse) was not a student at the time of the recertification but then subsequently becomes a student, then verify student status using the PHAs standard practices and only include up to $480 of that member's income when determining hardship qualification. A change in student in student status does not automatically qualify a household for a hardship—the household would still need to meet the income-based hardship criteria: *current adjusted income* (subtracting all but $480 of eligible student income) makes their rent burden (their total tenant payment divided by their current adjusted monthly income) exceed 40%. In other words, the policy is not that households have to report student status changes or that they *should* or have to request a hardship if they become a student.

- If a PHA prefers not to allow for hardships when a household member becomes a full-time student and there is no decrease in income, then propose a policy specifying this in your hardship policy as a hardship qualification requirement.

<u>**Stepped Rent Reset for Sustained Hardships.**</u> If a household spends 12 consecutive months in a hardship status and then requests an ongoing hardship rent, the PHA has two options. 1. <u>Grant new hardship.</u> PHA can grant the household with new temporary hardship (e.g., another 6 or 12-month hardship). 2. <u>Reset the step.</u> PHA can reset the household's stepped rent (even if the household no longer has a rent burden above 40%). A step reset operates similar to the first recertification following study enrollment. PHA conducts a new full income reexamination (action type 2, in 50058 terms). The household's new rent is based on *28% or 30%* of their prior/retrospective adjusted income. A step reset establishes a new annual stepped rent increase cycle based on the step reset effective date. a. For example: a household starts out the stepped rent on 1/1/23. But on 8/1/23 they get a hardship rent. They're in hardship for 12 months and their situation doesn't improve, so on 8/1/24 you reset their stepped rent. By that point, the 1/1 date won't be meaningful. It wouldn't make sense to have a stepped rent increase kick in 5 months later, on 1/1/25. You would just put them on a new cycle, with stepped rent increases being applied on 8/1 each year.
<u>**General Hardship Policy Guidance.**</u> • There is no limit to the number of hardships that a household may receive. Hardship request caps are not permitted • When a household requests a hardship exemption from the stepped/tiered rent, (PHA) will suspend the stepped/tiered rent for the household beginning the next month after the request, until (PHA) has determined if the request is warranted. PHAs will need to come up with additional detail about how this will be implemented, but that wouldn't need to be specified in the MTW Supplement hardship policy. PHAs could follow the process they already use for minimum rent hardships. • If a household member has seasonal employment resulting in a temporary reduction in current income, the PHA can create a policy to determine whether the household would qualify for a hardship regardless of whether the seasonal income reduction puts them in a rent burden. For example, the PHA may determine that even when a seasonal worker is in the period where their income is zero, their "current income" according the PHA definition might not be zero given the "anticipated" part of the current income definition. However, if the household is truly in danger of not being able to the pay the rent, the PHA may need to offer some kind of relief. o The PHA may also want to use discretion about hardship duration in these situations. For example, if it is known that the household member has summers off, then the PHA may want to only grant a shorter (3 months) hardship remedy. • PHAs to track all hardships requests from Stepped rent households regardless of type. Request = hardship form completed & submitted.

*Generally, PHAs can decide to modify the discretionary elements of the above policies (e.g., the childcare threshold or income verification policy) after launch but the core policy elements will need to remain unchanged for the duration of the study. Requests for modifications will be considered on a case-by-case basis.

EXHIBIT 20-2: MTW FRESH START ENRICHMENT PROGRAM

Fort Wayne Housing Authority
MTW Fresh Start Enrichment Program Description

DESCRIPTION
This activity applies to Housing Choice Voucher (HCV) and Public Housing (PH) FSS program participants. FWHA proposes using MTW flexibility to revise and rename the existing Family Self-Sufficiency (FSS) Program to the Fresh Start Enrichment Program (FSEP), a local MTW FSS program. The MTW FSS program "Fresh Start program" (FSEP) is voluntary. Existing FSS participants in the traditional program may finish out their contract or may choose to switch to the new Fresh Start Enrichment Program (FSEP). FWHA anticipates these program enhancements will strengthen the FSS program by improving the retention rate and by increasing participants' long-term economic capacity by providing incentives to encourage participants to complete education and training programs before entering the workforce. FWHA will also use MTW funds to provide supportive services aimed at empowering families to build savings and financial capabilities as a pathway out of poverty. Additionally, FSEP families would be eligible to participate in the Stepped Rent initiative/demonstration program and the FWHA will remain eligible for the FSS coordinator grant.

Enhancements to FWHA's FSS program include:

- Modification of the requirement that an FSS applicant must have an interim or annual recertification within 120 days prior to FSS enrollment. FWHA will use the last completed HUD-50058 income certification prior to the effective date of the Contract of Participation (COP) to determine initial income.
- The term of the Contract of Participation (COP) will be five (5) years with a one-year extension up to a maximum of six (6) years.
- Opportunity to obtain escrow funds for clients who would otherwise be ineligible for the component of the FSS due to their level of income. FWHA will modify the escrow calculation methodology by calculating FSS credits using the same method for all participants regardless of income level. The method used for very low-income households will apply to all participants.
- Placement of an absolute cap on the amount of escrow regardless of prior FSS participation. The cap, which may be periodically reviewed and updated at FWHA's discretion, will initially be set at **$18,200** per household. Generally, incentive payments count toward the **$18,200** escrow cap.
- Establishment of goal-specific incentive payment when a family attains an established goal. FWHA reserves the right to disburse incentive payments upon final escrow disbursement or at the time of goal completion. Incentives are included in Attachment 1: Goal Based Incentive Program.
- Establishment of an incentive payment for graduates of the local MTW FSS program who purchase a home within 2 years of completion of the FSEP program. The incentive payment amount, which may be periodically reviewed and updated at FWHA's discretion, will be set at $5,000 per household. To qualify for the homebuyer purchase bonus, the FSEP homebuyer must complete an approved Homebuyer Education course. The $5,000 bonus may be used for a down payment or for post-purchase expenses.
- Allow existing FSS participants, at the time of implementation of the local MTW FSS program, the right to opt-in to the local MTW FSS program. Existing participants would sign a new FSEP COP, which reflects the original enrollment and completion dates, income and earned income, but which

includes the MTW FSS program features and requirements. MTW escrow calculations and incentives would apply as of the effective date of the new COP and the five-year clock would restart.

- FWHA will also develop local versions of the FSS Contract of Participation and Individual Training and Service Plan to reflect the features of its local FSS Program. FWHA anticipates that approximately 100 new participants will join the local MTW FSS program entitled the Fresh Start Enrichment Program (FSEP) in FY 2022.
- In order to successfully graduate from the FSEP program, the family must meet the following criteria:
    - **Be employed full-time or achieve a degree or certificate <u>and</u> be free of all welfare assistance**
    - **Complete three (3) personal goals**
    - **Receive a minimum of five (5) bonus incentives (which includes completing three (3) personal goals)**
- Families will be unenrolled/terminated from the FSEP program after 5 years (plus any one-year extension up to 6 years, if applicable)

Local MTW FSS Program/Fresh Start Enrichment Program (FSEP)
Goal Based Incentive Program

Category	Pay Point	Eligibility	Amount	Maximum Amount
Education & Training	Completion of training/Certification program (skilled trade, real estate license, cosmetology license, etc.)	One-time	$500	$500
	Completion of GED	One-time	$400	$400
	Completion of Associates Degree	One-time	$500	$500
	Completion of bachelor's degree	One-time	$1,000	$1,000
	Completion of master's degree or Doctorate Degree	One-time	$1,500	$1,500
Employment	Obtain new employment	One-time	$100	$100
	Employment retention for 12 consecutive months	Annually	$200	$1,200
	Removed from food stamps, or childcare assistance due to increased earnings from wages or started paying into healthcare benefits or Medicaid	One-time	$300	$300
Engagement	Completion of annual FSEP progress meeting	Annually	$100	$600
Financial Stability	Attend 12 FWHA Financial Literacy Program Meetings	12x	$100	$1,200
	Open and maintain a new checking or savings account (12 consecutive months; no negative ending balance more than twice per year)	One time	$500	$500
	Improve credit score (by 50 points or more)	Annually	$500	$3,000
	Increase and maintain personal savings by either a) making a $25 per month deposit or; b) showing a $300 increase to savings for a six (6) month period (verifiable over a 12-month period)	One-time	$1,000	$1,000
	Increase earned income	Annually	$100	$600
Housing & Homeownership	Engage in homeownership preparation activities	2x	$250	$500
	Purchase a home	One time	$5,000	$5,000
Personal	Completion of three (3) personal goals established at admission & progress meeting.	3x	$100	$300
Graduation	Employed full-time or achieved a degree or certificate and free of welfare assistance; completion of three (3) personal goals: and received a minimum of five (5) other bonus incentives listed above (including personal goal achievements)	One-time	$1,000	$1,000
			Maximum Earnings	**$18,200**

GLOSSARY

A. ACRONYMS USED IN THE HOUSING CHOICE VOUCHER (HCV) PROGRAM

ACC	Annual contributions contract
ADA	Americans with Disabilities Act of 1990
AIDS	Acquired immune deficiency syndrome
BR	Bedroom
CDBG	Community Development Block Grant (Program)
CFR	Code of Federal Regulations (published federal rules that define and implement laws; commonly referred to as "the regulations")
CPI	Consumer price index (published monthly by the Department of Labor as an inflation indicator)
EIV	Enterprise Income Verification
FDIC	Federal Deposit Insurance Corporation
FHA	Federal Housing Administration (HUD Office of Housing)
FHEO	Fair Housing and Equal Opportunity (HUD Office of)
FICA	Federal Insurance Contributions Act (established Social Security taxes)
FMR	Fair market rent
FR	Federal Register
FSS	Family Self-Sufficiency (Program)
FY	Fiscal year
FYE	Fiscal year end
GAO	Government Accountability Office
GR	Gross rent
HA	Housing authority or housing agency
HAP	Housing assistance payment
HCV	Housing choice voucher
HIP	Housing Information Portal
HOTMA	Housing Opportunity through Modernization Act of 2016
HQS	Housing quality standards
HUD	Department of Housing and Urban Development
HUDCLIPS	HUD Client Information and Policy System

IPA	Independent public accountant
IRA	Individual retirement account
IRS	Internal Revenue Service
IVT	Income Validation Tool
JTPA	Job Training Partnership Act
LBP	Lead-based paint
LEP	Limited English proficiency
MSA	Metropolitan statistical area (established by the U.S. Census Bureau)
MTW	Moving to Work
NOFA	Notice of funding availability
NSPIRE	National Standards for the Physical Inspection of Real Estate
OGC	HUD's Office of General Counsel
OIG	HUD’s Office of Inspector General
OMB	Office of Management and Budget
PASS	Plan to Achieve Self-Support
PBV	Project-based voucher
PHA	Public housing agency
PIH	(HUD Office of) Public and Indian Housing
PS	Payment standard
QC	Quality control
RAD	Rental Assistance Demonstration Program
REAC	(HUD) Real Estate Assessment Center
RFP	Request for proposals
RTA	Request for tenancy approval
RIGI	Regional inspector general for investigation (handles fraud and program abuse matters for HUD at the regional office level)
RVI	Remote Video Inspection
SEMAP	Section 8 Management Assessment Program
SRO	Single room occupancy
SSA	Social Security Administration
SSI	Supplemental security income
SWICA	State wage information collection agency

TANF	Temporary assistance for needy families
TPV	Tenant protection vouchers
TR	Tenant rent
TTP	Total tenant payment
UA	Utility allowance
UFAS	Uniform Federal Accessibility Standards
UIV	Upfront income verification
URP	Utility reimbursement payment
VAWA	Violence Against Women Act
VCA	Voluntary Compliance Agreement
VMS	Voucher Management System

B. GLOSSARY OF SUBSIDIZED HOUSING TERMS

Abatement. Stopping HAP payments to an owner with no potential for retroactive payment.

Absorption. In portability (under subpart H of this part 982): the point at which a receiving PHA stops billing the initial PHA for assistance on behalf of a portability family. The receiving PHA uses funds available under the receiving PHA consolidated ACC.

Accessible. The facility or portion of the facility can be approached, entered, and used by persons with disabilities.

Adjusted income. Annual income, less allowable HUD deductions and allowances.

Administrative fee. Fee paid by HUD to the PHA for administration of the program. See §982.152.

Administrative plan. The plan that describes PHA policies for administration of the tenant-based programs. The Administrative Plan and any revisions must be approved by the PHA's board and included as a supporting document to the PHA Plan. See §982.54.

Admission. The point when the family becomes a participant in the program. The date used for this purpose is the effective date of the first HAP contract for a family (first day of initial lease term) in a tenant-based program.

Affiliated individual. With respect to an individual, a spouse, parent, brother, sister, or child of that individual, or an individual to whom that individual stands in loco parentis (in the place of a parent), or any individual, tenant, or lawful occupant living in the household of that individual

Amortization payment. In a manufactured home space rental: The monthly debt service payment by the family to amortize the purchase price of the manufactured home.

Annual. Happening once a year.

Annual contributions contract (ACC). The written contract between HUD and a PHA under which HUD agrees to provide funding for a program under the 1937 Act, and the PHA agrees to comply with HUD requirements for the program.

Prior to PHA implementation of HOTMA 102/104: Annual income. The anticipated total income of an eligible family from all sources for the 12-month period following the date of determination of income, computed in accordance with the regulations.

Upon PHA implementation of HOTMA 102/104: Annual income. All amounts not specifically excluded in 24 CFR 5.609(b), received from all sources by each member of the family who is 18 years of age or older or is the head of household, spouse or cohead, plus unearned income by or on behalf of each dependent who is under 18 years of age.

Applicant (applicant family). A family that has applied for admission to a program but is not yet a participant in the program.

Area exception rent. An amount that exceeds the published FMR. See 24 CFR 982.504(b).

As-paid states. States where the welfare agency adjusts the shelter and utility component of the welfare grant in accordance with actual housing costs.

Assets. (See *net family assets.*)

Authorized voucher units. The number of units for which a PHA is authorized to make assistance payments to owners under its annual contributions contract.

Auxiliary aids. Services or devices that enable persons with impaired sensory, manual, or speaking skills to have an equal opportunity to participate in, and enjoy the benefits of, programs or activities receiving federal financial assistance.

Biennial. Happening every two years.

Bifurcate. With respect to a public housing or Section 8 lease, to divide a lease as a matter of law such that certain tenants can be evicted or removed while the remaining family members' lease and occupancy rights are allowed to remain intact.

Budget authority. An amount authorized and appropriated by the Congress for payment to PHAs under the program. For each funding increment in a PHA program, budget authority is the maximum amount that may be paid by HUD to the PHA over the ACC term of the funding increment.

Building. A structure with a roof and walls that contains one or more dwelling units.

Child. *A* member of the family other than the family head or spouse who is under 18 years of age.

Childcare expenses. Amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further their education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for childcare. In the case of childcare necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.

Citizen. *A* citizen or national of the United States.

Cohead. An individual in the household who is equally responsible for the lease with the head of household. A family may have a cohead or spouse but not both. A cohead never qualifies as a dependent. The cohead must have legal capacity to enter into a lease.

Common space. In shared housing, the space available for use by the assisted family and other occupants of the unit.

Computer match. The automated comparison of databases containing records about individuals.

Confirmatory review. An on-site review performed by HUD to verify the management performance of a PHA.

Consent form. Any consent form approved by HUD to be signed by assistance applicants and participants to obtain income information from employers and SWICAs; return information from the Social Security Administration (including wages, net earnings from self-employment, and retirement income); and return information for unearned income from the IRS. Consent forms expire after a certain time and may authorize the collection of other information to determine eligibility or level of benefits.

Congregate housing. Housing for elderly persons or persons with disabilities that meets the HQS for congregate housing. A special housing type: see 24 CFR 982.606–609.

Contiguous MSA. In portability (under subpart H of part 982): An MSA that shares a common boundary with the MSA in which the jurisdiction of the initial PHA is located.

Continuously assisted. An applicant is continuously assisted under the 1937 Act if the family is already receiving assistance under any 1937 Housing Act program when the family is admitted to the voucher program.

Contract authority. The maximum annual payment by HUD to a PHA for a funding increment.

Cooperative (term includes mutual housing). Housing owned by a nonprofit corporation or association, and where a member of the corporation or association has the right to reside in a particular apartment, and to participate in management of the housing. A special housing type (see 24 CFR 982.619).

Covered families. Statutory term for families who are required to participate in a welfare agency economic self-sufficiency program and who may be subject to a welfare benefit sanction for noncompliance with this obligation. Includes families who receive welfare assistance or other public assistance under a program for which federal, state or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for the assistance.

Dating violence. Violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors:

- The length of the relationship
- The type of relationship
- The frequency of interaction between the persons involved in the relationship

Upon PHA implementation of HOTMA 102/104: Day laborer. An individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future.

Upon PHA implementation of HOTMA 102/104: De minimis error. An error that results in a difference in the determination of a family's adjusted income of $30 or less per month.

Dependent. A member of the family (except foster children and foster adults) other than the family head or spouse, who is under 18 years of age, or is a person with a disability, or is a full-time student.

Dependent child. In the context of the student eligibility restrictions, a dependent child of a student enrolled in an institution of higher education. The dependent child must also meet the definition of *dependent* as specified above.

Disability assistance expenses. Reasonable expenses that, when combined with health and medical care expenses, exceed 10 percent of annual income and are anticipated, during the period for which annual income is computed, for attendant care and auxiliary apparatus for a disabled family member, and that are necessary to enable a family member (including the disabled member) to be employed, provided that the expenses are neither paid to a member of the family nor reimbursed by an outside source.

Disabled family. A family whose head, cohead, spouse, or sole member is a person with disabilities; two or more persons with disabilities living together; or one or more persons with disabilities living with one or more live-in aides.

Disabled person. See *person with disabilities.*

Disallowance. Exclusion from annual income.

Displaced family. A family in which each member, or whose sole member, is a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to federal disaster relief laws.

Domestic violence. Felony or misdemeanor crimes committed by a current or former spouse or intimate partner of the victim under the family or domestic violence laws of the jurisdiction receiving grant funding, and in the case of victim services, includes the user or attempted use of physical abuse or sexual abuse, or a pattern of any other coercive behavior committed, enabled, or solicited to gain or maintain power and control over a victim, including verbal, psychological, economic, or technological abuse that may or may not constitute criminal behavior, by a person who is:

- The current or former spouse or intimate partner of the victim, or person similarly situated to a spouse or intimate partner of the victim
- A person who is cohabitating or has cohabitated with the victim as a spouse or intimate partner
- A person with whom the victim shares a child in common
- A person who commits acts against a youth or adult victim who is protected from those acts under the domestic or family violence laws of the jurisdiction

Domicile. The legal residence of the household head or spouse as determined in accordance with state and local law.

Drug-related criminal activity. The illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute, or use the drug.

Upon PHA implementation of HOTMA 102/104: Earned income. Income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment. Earned income does not include any pension or annuity, transfer payments (meaning payments made or income received in which no goods or services are being paid for, such as welfare, social security, and governmental subsidies for certain benefits), or any cash or in-kind benefits.

Economic abuse. Behavior that is coercive, deceptive, or unreasonably controls or restrains a person's ability to acquire, use, or maintain economic resources to which they are entitle, including using coercion, fraud, and manipulation to:

- Restrict a person's access to money, assets, credit, or financial information
- Unfairly use a person's personal economic resources, including money, assets, and credit, for one's own advantage
- Exert undue influence over a person's financial and economic behavior or decisions, including forcing default on joint or other financial obligations, exploiting powers of attorney, guardianship, or conservatorship, or to whom one has a fiduciary duty

Economic self-sufficiency program. Any program designed to encourage, assist, train or facilitate the economic independence of assisted families, or to provide work for such families. Can include job training, employment counseling, work placement, basic skills training, education, English proficiency, Workfare, financial or household management, apprenticeship, or any other program necessary to ready a participant to work (such as treatment for drug abuse or mental health treatment). Includes any work activities as defined in the Social Security Act (42 U.S.C. 607(d)). Also see 24 CFR 5.603(c).

Elderly family. A family whose head, cohead, spouse, or sole member is a person who is at least 62 years of age; two or more persons who are at least 62 years of age living together; or one or more persons who are at least 62 years of age living with one or more live-in aides.

Elderly person. An individual who is at least 62 years of age.

Eligible family A family that is income eligible and meets the other requirements of the 1937 Act and Part 5 of 24 CFR. See also *family.*

Employer identification number (EIN). The nine-digit taxpayer identifying number that is assigned to an individual, trust, estate, partnership, association, company, or corporation.

Evidence of citizenship or eligible status. The documents which must be submitted as evidence of citizenship or eligible immigration status. See 24 CFR 5.508(b).

Extremely low-income family. A family whose annual income does not exceed the federal poverty level or 30 percent of the median income for the area, whichever number is higher. Area median income is determined by HUD, with adjustments for smaller and larger families. HUD may establish income ceilings higher or lower than 30 percent of median income if HUD finds such variations are necessary due to unusually high or low family incomes. See 24 CFR 5.603.

Fair Housing Act. Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988.

Fair market rent (FMR). The rent, including the cost of utilities (except telephone), as established by HUD for units of varying sizes (by number of bedrooms), that must be paid in the housing market area to rent privately owned, existing, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. In the HCV program, the FMR may be established at the ZIP code level (see definition of *Small Area Fair Market Rents*), metropolitan area level, or nonmetropolitan county level.

Family. Includes but is not limited to the following, regardless of actual or perceived sexual orientation, gender identity, or marital status, and can be further defined in PHA policy. Family includes a single person, who may be:

- An elderly person, displaced person, disabled person, near-elderly person, or any other single person;
- ***Upon PHA implementation of HOTMA 102/104:*** An otherwise eligible youth who has attained at least 18 years of age and not more than 24 years of age and who has left foster care, or will leave foster care within 90 days, in accordance with a transition plan described in section 475(5)(H) of the Social Security Act (42 U.S.C. 675(5)(H)), and is homeless or is at risk of becoming homeless at age 16 or older; or

Family also includes a group of persons residing together, and such group includes, but is not limited to:

- A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);
- An elderly family;
- A near-elderly family;
- A disabled family;
- A displaced family; and
- The remaining member of a tenant family.

Family rent to owner. In the voucher program, the portion of rent to owner paid by the family.

Family self-sufficiency program (FSS program). The program established by a PHA within its jurisdiction to promote self-sufficiency among participating families, including the coordination of supportive services to these families (24 CFR 984.103).

Family share. The portion of rent and utilities paid by the family. For calculation of family share, see 24 CFR 982.515(a).

Family unit size. The appropriate number of bedrooms for a family, as determined by the PHA under the PHA subsidy standards.

Federal agency. A department of the executive branch of the federal government.

Upon PHA implementation of HOTMA 102/104: Foster adult. A member of the household who is 18 years of age or older and meets the definition of a foster adult under state law. In general, a foster adult is a person who is 18 years of age or older, is unable to live independently due to a debilitating physical or mental condition, and is placed with the family by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Upon PHA implementation of HOTMA 102/104: Foster child. A member of the household who meets the definition of a foster child under state law. In general, a foster child is placed with the family by an authorized placement agency (e.g., public child welfare agency) or by judgment, decree, or other order of any court of competent jurisdiction.

Foster childcare payment. A payment to eligible households by state, local, or private agencies appointed by the state to administer payments for the care of foster children.

Full-time student. A person who is attending school or vocational training on a full-time basis (carrying a subject load that is considered full-time for day students under the standards and practices of the educational institution attended). See 24 CFR 5.603.

Funding increment. Each commitment of budget authority by HUD to a PHA under the consolidated annual contributions contract for the PHA program.

Gender identity. Actual or perceived gender-related characteristics.

Gross rent. The sum of the rent to owner plus any utility allowance.

Group home. A dwelling unit that is licensed by a state as a group home for the exclusive residential use of two to twelve persons who are elderly or persons with disabilities (including any live-in aide). (A special housing type: see 24 CFR 982.610–614.)

Handicap. Any condition or characteristic that renders a person an individual with handicaps. (See *person with disabilities*.)

HAP contract. The housing assistance payments contract. A written contract between the PHA and an owner for the purpose of providing housing assistance payments to the owner on behalf of an eligible family.

Head of household. The adult member of the family who is the head of the household for purposes of determining income eligibility and rent.

Health and medical care expenses. Any costs incurred in the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatments affecting any structure or function of the body. Health and medical care expenses include medical insurance premiums and long-term care premiums that are paid or anticipated during the period for which annual income is computed.

Household. A household includes additional people other than the family who, with the PHA's permission, live in an assisted unit, such as live-in aides, foster children, and foster adults.

Housing assistance payment. The monthly assistance payment by a PHA, which includes: (1) A payment to the owner for rent to the owner under the family's lease; and (2) An additional payment to the family if the total assistance payment exceeds the rent to owner.

Housing agency (HA). See *public housing agency.*

Housing quality standards (HQS). The minimum quality standards developed by HUD in accordance with 24 CFR 5.703 for the HCV program, including any variations approved by HUD for the PHA under 24 CFR 5.705(a)(3).

HUD. The U.S. Department of Housing and Urban Development.

Human trafficking. A crime involving the exploitation of a person for labor, services, or commercial sex. The Trafficking Victims Protection Act of 2000 and its subsequent reauthorizations recognize and define two primary forms of human trafficking:

- Sex trafficking is the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age. See 22 U.S.C. § 7102(11)(A).
- Forced labor is the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery. See 22 U.S.C. § 7102(11)(B).

Imputed welfare income. An amount of annual income that is not actually received by a family as a result of a specified welfare benefit reduction, but is included in the family's annual income and therefore reflected in the family's rental contribution.

Income for eligibility. Annual income.

Upon PHA implementation of HOTMA 102/104: Independent contractor. An individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code Federal income tax requirements and whose earnings are consequently subject to the Self-Employment Tax. In general, an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.

Independent entity. The unit of general local government; however, if the PHA itself is the unit of general local government or an agency of such government, then only the next level of general local government (or an agency of such government) or higher may serve as the independent entity; or a HUD-approved entity that is autonomous and recognized under state law as a separate legal entity from the PHA. The entity must not be connected financially (except regarding compensation for services performed for PHA-owned units) or in any other manner that could result in the PHA improperly influencing the entity.

***Individual with handicaps*.** See *person with disabilities.*

Upon PHA implementation of HOTMA 102/104: Inflationary index. An index based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) used to make annual adjustments to the deduction for elderly disabled families, the cap for imputing returns on assets, the restriction on net family assets, the amount of net assets the PHA may determine based on self-certification by the family, and the dependent deduction.

***Initial PHA*.** In portability, the term refers to both: (1) A PHA that originally selected a family that later decides to move out of the jurisdiction of the selecting PHA; and (2) A PHA that absorbed a family that later decides to move out of the jurisdiction of the absorbing PHA.

Initial payment standard. The payment standard at the beginning of the HAP contract term.

Initial rent to owner. The rent to owner at the beginning of the HAP contract term.

Inside. Under NSPIRE, the inside of HUD housing (or "inside areas") refers to the common areas and building systems that can be generally found within the building interior and are not inside a unit. Examples of "inside" common areas may include, basements, interior or attached garages, enclosed carports, restrooms, closets, utility rooms, mechanical rooms, community rooms, day care rooms, halls, corridors, stairs, shared kitchens, laundry rooms, offices, enclosed porches, enclosed patios, enclosed balconies, and trash collection areas. Examples of building systems include those components that provide domestic water such as pipes, electricity, elevators, emergency power, fire protection, HVAC, and sanitary services.

Institution of higher education. An institution of higher education as defined in 20 U.S.C. 1001 and 1002. See Exhibit 3-2 in this Administrative Plan.

Jurisdiction. The area in which the PHA has authority under state and local law to administer the program.

Landlord. Either the owner of the property or their representative, or the managing agent or their representative, as shall be designated by the owner.

Lease. A written agreement between an owner and a tenant for the leasing of a dwelling unit to the tenant. The lease establishes the conditions for occupancy of the dwelling unit by a family with housing assistance payments under a HAP contract between the owner and the PHA.

Life-Threatening deficiency. Under NSPIRE, the life-threatening category includes deficiencies that, if evident in the home or on the property, present a high risk of death or severe illness or injury to a resident.

Live-in aide. A person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:

- Is determined to be essential to the care and well-being of the persons;
- Is not obligated for the support of the persons; and
- Would not be living in the unit except to provide the necessary supportive services.

Local preference. A preference used by the PHA to select among applicant families.

Low deficiency. Under NSPIRE, deficiencies critical to habitability but not presenting a substantive health or safety risk to resident.

Low-income family. A family whose income does not exceed 80 percent of the median income for the area as determined by HUD with adjustments for smaller or larger families, except that HUD may establish income limits higher or lower than 80 percent for areas with unusually high or low incomes.

Manufactured home. A manufactured structure that is built on a permanent chassis, is designed for use as a principal place of residence, and meets the HQS. (A special housing type: see 24 CFR 982.620 and 982.621.)

Manufactured home space. In manufactured home space rental: A space leased by an owner to a family. A manufactured home owned and occupied by the family is located on the space. See 24 CFR 982.622 to 982.624.

Minor. A member of the family household other than the family head or spouse, who is under 18 years of age.

Mixed family. *A* family whose members include those with citizenship or eligible immigration status, and those without citizenship or eligible immigration status.

Moderate deficiency. Under NSPIRE, this includes deficiencies that, if evident in the home or on the property, present a moderate risk of an adverse medical event requiring a healthcare visit; cause temporary harm; or if left untreated, cause or worsen a chronic condition that may have long-lasting adverse health effects; or that the physical security or safety of a resident or their property could be compromised.

Monthly adjusted income. One twelfth of adjusted income.

Monthly income. One twelfth of annual income.

Mutual housing. Included in the definition of *cooperative.*

National. *A* person who owes permanent allegiance to the United States, for example, as a result of birth in a United States territory or possession.

National Standards for the Physical Inspection of Real Estate. HUD's housing inspection approach. NSPIRE is a single inspection standard for all units under the Public Housing, HCV, Multifamily, and Community Planning and Development (CPD) programs. NSPIRE's focus is on the areas that impact residents the most, such as the dwelling unit.

Near-elderly family. A family whose head, spouse, or sole member is a person who is at least 50 years of age but below the age of 62; or two or more persons, who are at least 50 years of age but below the age of 62, living together; or one or more persons who are at least 50 years of age but below the age of 62 living with one or more live-in aides.

Prior to PHA implementation of HOTMA 102/104: Net family assets. (1) Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.

- In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under §5.609.
- In determining net family assets, PHAs or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefore. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

Upon PHA implementation of HOTMA 102/104: Net family assets. The net cash value of all assets owned by the family, after deducting reasonable costs that would be incurred in disposing real property, savings, stocks, bonds, and other forms of capital investment. In determining net family assets, PHAs or owners, as applicable, must include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives consideration not measurable in dollar terms. Negative equity in real property or other investments does not prohibit the owner from selling the property or other investments, so negative equity alone would not justify excluding the property or other investments from family assets.

Noncitizen. *A* person who is neither a citizen nor national of the United States.

Notice of funding availability (NOFA). For budget authority that HUD distributes by competitive process, the *Federal Register* document that invites applications for funding. This document explains how to apply for assistance and the criteria for awarding the funding.

Office of General Counsel (OGC). The General Counsel of HUD.

Outside. Under NSPIRE, outside of HUD housing (or "outside areas") refers to the building site, building exterior components, and any building systems located outside of the building or unit. Examples of "outside" components may include fencing, retaining walls, grounds, lighting, mailboxes, project signs, parking lots, detached garage or carport, driveways, play areas and equipment, refuse disposal, roads, storm drainage, non-dwelling buildings, and walkways. Components found on the exterior of the building are also considered outside areas, and examples may include doors, attached porches, attached patios, balconies, car ports, fire escapes, foundations, lighting, roofs, walls, and windows.

Overcrowded. A unit that does not have at least one bedroom or living/sleeping room for each two persons.

***Owner*.** Any person or entity with the legal right to lease or sublease a unit to a participant.

PHA-owned unit. A dwelling unit in a project that is: (A) Owned by the PHA (including having a controlling interest in the entity that owns the project); (B) Owned by an entity wholly controlled by the PHA; or (C) Owned by a limited liability company or limited partnership in which the PHA (or an entity wholly controlled by the PHA) holds a controlling interest in the managing member or general partner. A controlling interest is: (A) Holding more than 50 percent of the stock of any corporation; (B) Having the power to appoint more than 50 percent of the members of the board of directors of a non-stock corporation (such as a nonprofit corporation); (C) Where more than 50 percent of the members of the board of directors of any corporation also serve as directors, officers, or employees of the PHA; (D) Holding more than 50 percent of all managing member interests in an LLC; (E) Holding more than 50 percent of all general partner interests in a partnership; or (F) Equivalent levels of control in other ownership structures.

PHA Plan. The annual plan and the 5-year plan as adopted by the PHA and approved by HUD.

PHA's quality control sample. An annual sample of files or records drawn in an unbiased manner and reviewed by a PHA supervisor (or by another qualified person other than the person who performed the original work) to determine if the work documented in the files or records conforms to program requirements. For minimum sample size see CFR 985.3.

Participant (participant family). A family that has been admitted to the PHA program and is currently assisted in the program. The family becomes a participant on the effective date of the first HAP contract executed by the PHA for the family (first day of initial lease term).

Payment standard. The maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family).

Person with disabilities. *For the purposes of program eligibility*. A person who has a disability as defined under the Social Security Act or Developmental Disabilities Care Act, or a person who has a physical or mental impairment expected to be of long and indefinite duration and whose ability to live independently is substantially impeded by that impairment but could be improved by more suitable housing conditions. This includes persons with AIDS or conditions arising from AIDS but excludes persons whose disability is based solely on drug or alcohol dependence. *For the purposes of reasonable accommodation.* A person with a physical or mental impairment that substantially limits one or more major life activities, a person regarded as having such an impairment, or a person with a record of such an impairment.

Portability. Renting a dwelling unit with a Section 8 housing choice voucher outside the jurisdiction of the initial PHA.

Premises. The building or complex in which the dwelling unit is located, including common areas and grounds.

Private space. In shared housing, the portion of a contract unit that is for the exclusive use of an assisted family.

Project owner. The person or entity that owns the housing project containing the assisted dwelling unit.

Public assistance. Welfare or other payments to families or individuals, based on need, which are made under programs funded, separately or jointly, by federal, state, or local governments.

Public housing agency (PHA). Any state, county, municipality, or other governmental entity or public body, or agency or instrumentality of these entities, that is authorized to engage or assist in the development or operation of low-income housing under the 1937 Act.

Qualified census tract. With regard to certain tax credit units, any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50 percent of households have an income of less than 60 percent of Area Median Gross Income (AMGI), or where the poverty rate is at least 25 percent, and where the census tract is designated as a qualified census tract by HUD.

Upon PHA implementation of HOTMA 102/104: Real property. Real property has the same meaning as that provided under the law of the state in which the property is located.

Reasonable rent. A rent to owner that is not more than rent charged: (1) For comparable units in the private unassisted market; and (2) For comparable unassisted units in the premises.

Reasonable accommodation. A change, exception, or adjustment to a rule, policy, practice, or service to allow a person with disabilities to fully access the PHA's programs or services.

Receiving PHA. In portability: A PHA that receives a family selected for participation in the tenant-based program of another PHA. The receiving PHA issues a voucher and provides program assistance to the family.

Recertification. Sometimes called *reexamination.* The process of securing documentation of total family income used to determine the rent the tenant will pay for the next 12 months if there are no additional changes to be reported.

Remaining member of the tenant family. The person left in assisted housing who may or may not normally qualify for assistance on their own circumstances (i.e., an elderly spouse dies, leaving widow age 47 who is not disabled).

Rent to owner. The total monthly rent payable to the owner under the lease for the unit (also known as contract rent). Rent to owner covers payment for any housing services, maintenance, and utilities that the owner is required to provide and pay for.

Request for Tenancy Approval (RTA). A form (Form HUD-52517) submitted by or on behalf of a family to a PHA once the family has identified a unit that it wishes to rent using tenant-based voucher assistance.

Residency preference. A PHA preference for admission of families that reside anywhere in a specified area, including families with a member who works or has been hired to work in the area (See *residency preference area*).

Residency preference area. The specified area where families must reside to qualify for a residency preference.

Responsible entity. For the public housing and the Section 8 tenant-based assistance, project-based voucher assistance, and moderate rehabilitation programs, the responsible entity means the PHA administering the program under an ACC with HUD. For all other Section 8 programs, the responsible entity means the Section 8 owner.

Secretary. The Secretary of Housing and Urban Development.

Section 8. Section 8 of the United States Housing Act of 1937.

Section 8 covered programs. All HUD programs which assist housing under Section 8 of the 1937 Act, including Section 8 assisted housing for which loans are made under Section 202 of the Housing Act of 1959.

Section 8 Management Assessment Program (SEMAP). A system used by HUD to measure PHA performance in key Section 8 program areas. See 24 CFR Part 985.

Section 214. Section 214 of the Housing and Community Development Act of 1980, as amended.

Section 214 covered programs. The collective term for the HUD programs to which the restrictions imposed by Section 214 apply. These programs are set forth in 24 CFR 5.500.

Security deposit. A dollar amount (maximum set according to the regulations) which can be used for unpaid rent or damages to the owner upon termination of the lease.

Upon PHA implementation of HOTMA 102/104: Seasonal worker. An individual who is hired into a short-term position and the employment begins about the same time each year (such as summer or winter). Typically, the individual is hired to address seasonal demands that arise for the particular employer or industry.

Set-up charges. In a manufactured home space rental, charges payable by the family for assembling, skirting, and anchoring the manufactured home.

Severe deficiency. Under NSPIRE, the severe category includes deficiencies that, if evident in the home or on the property, present a high risk of permanent disability, or serious injury or illness, to a resident; or the physical security or safety of a resident or their property would be seriously compromised.

Sexual assault. Any nonconsensual sexual act proscribed by federal, tribal, or state law, including when the victim lacks capacity to consent (42 U.S.C. 13925(a)).

Sexual orientation. Homosexuality, heterosexuality or bisexuality.

Shared housing. A unit occupied by two or more families. The unit consists of both common space for shared use by the occupants of the unit and separate private space for each assisted family. (A special housing type: see 24 CFR 982.615–982.618.)

Single person. A person living alone or intending to live alone.

Single room occupancy housing (SRO). A unit that contains no sanitary facilities or food preparation facilities, or contains either, but not both, types of facilities. (A special housing type: see 24 CFR 982.602–982.605.)

Small Area Fair Market Rents (SAFMRs). FMRs established for ZIP code areas.

Small rural public housing agency (PHA). Section 38 defines the term “small public housing agency” as a public housing agency “for which the sum of the number of public housing dwelling units administered by the agency and the number of vouchers under section 8(o) administered by the agency is 550 or fewer” and “that predominantly operates in a rural area, as described in section 1026.35(b)(2)(iv)(A) of title 12, Code of Federal Regulations.” After consideration of the public comments discussed above, HUD is interpreting “predominantly operates in a rural area” to mean a small PHA that:

(1) Has a primary administrative building with a physical address in a rural area as described in 12 CFR 1026.35(b)(2)(iv)(A); or

(2) more than 50 percent of its combined public housing units and voucher units under section 8(o) are in rural areas as described in 12 CFR 1026.35(b)(2)(iv)(A). HUD also clarifies that voucher units under section 8(o) include those in the tenant-based Housing Choice Voucher (HCV) program and the Project-Based Voucher (PBV) program.

Social security number (SSN). The nine-digit number that is assigned to a person by the Social Security Administration and that identifies the record of the person’s earnings reported to the Social Security Administration. The term does not include a number with a letter as a suffix that is used to identify an auxiliary beneficiary.

Special admission. Admission of an applicant that is not on the PHA waiting list or without considering the applicant's waiting list position.

Special housing types. See subpart M of part 982. Subpart M states the special regulatory requirements for: SRO housing, congregate housing, group homes, shared housing, cooperatives (including mutual housing), and manufactured homes (including manufactured home space rental).

Specified welfare benefit reduction. Those reductions of welfare benefits (for a covered family) that may not result in a reduction of the family rental contribution. A reduction of welfare benefits because of fraud in connection with the welfare program, or because of welfare sanction due to noncompliance with a welfare agency requirement to participate in an economic self-sufficiency program.

Spouse. The marriage partner of the head of household.

Stalking. To follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate; or to place under surveillance with the intent to kill, injure, harass, or intimidate another person; and in the course of, or as a result of, such following, pursuit, surveillance, or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to (1) that person, (2) a member of the immediate family of that person, or (3) the spouse or intimate partner of that person.

State wage information collection agency (SWICA). The state agency, including any Indian tribal agency, receiving quarterly wage reports from employers in the state, or an alternative system that has been determined by the Secretary of Labor to be as effective and timely in providing employment-related income and eligibility information.

Subsidy standards. Standards established by a PHA to determine the appropriate number of bedrooms and amount of subsidy for families of different sizes and compositions.

Suspension. The term on the family's voucher stops from the date the family submits a request for PHA approval of the tenancy, until the date the PHA notifies the family in writing whether the request has been approved or denied. This practice is also called *tolling.*

Tax credit rent. With regard to certain tax credit units, the rent charged for comparable units of the same bedroom size in the building that also receive the low-income housing tax credit but do not have any additional rental assistance (e.g., tenant-based voucher assistance).

Technological abuse. An act or pattern of behavior that occurs within domestic violence, dating violence, sexual assault, or stalking and is intended to harm, threaten, intimidate, control, stalk, harass, impersonate, exploit, extort, or monitor another person, except as otherwise permitted by law, that occurs using any form of technology, including but not limited to:

- Internet enabled devices
- Online spaces and platforms
- Computers
- Mobile devices
- Cameras and imaging programs
- Apps
- Location tracking devices
- Communication technologies
- Any other emergency technologies

Tenancy addendum. For the housing choice voucher program, the lease language required by HUD in the lease between the tenant and the owner.

Tenant. The person or persons (other than a live-in aide) who executes the lease as lessee of the dwelling unit.

Tenant-paid utilities. Utilities and services that are not included in the rent to owner and are the responsibility of the assisted family, regardless of whether the payment goes to the utility company or the owner. The utilities and services are those necessary in the locality to provide housing that complies with HQS. The utilities and services may also include those required by HUD through a *Federal Register* notice after providing opportunity for public comment.

Tenant rent to owner. See *family rent to owner*.

Term of lease. The amount of time a tenant agrees in writing to live in a dwelling unit.

Total tenant payment (TTP). The total amount the HUD rent formula requires the tenant to pay toward rent and utilities.

Upon PHA implementation of HOTMA 102/104: Unearned income. Any annual income, as calculated under 24 CFR 5.609, that is not earned income.

Unit. Under NSPIRE, a unit (or "dwelling unit") of HUD housing refers to the interior components of an individual unit. Examples of components included in the interior of a unit may include the balcony, bathroom, call-for-aid (if applicable), carbon monoxide devices, ceiling, doors, electrical systems, enclosed patio, floors, HVAC (where individual units are provided), kitchen, lighting, outlets, smoke detectors, stairs, switches, walls, water heater, and windows.

Utilities. Water, electricity, gas, other heating, refrigeration, cooking fuels, trash collection, and sewage services. Telephone service is not included.

Utility allowance. If the cost of utilities (except telephone) and other housing services for an assisted unit is not included in the tenant rent but is the responsibility of the family occupying the unit, an amount equal to the estimate made or approved by a PHA or HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.

Utility reimbursement. In the voucher program, the portion of the housing assistance payment which exceeds the amount of rent to owner.

Utility hook-up charge. In a manufactured home space rental: Costs payable by a family for connecting the manufactured home to utilities such as water, gas, electrical and sewer lines.

Very low-income family. A low-income family whose annual income does not exceed 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD may establish income limits higher or lower than 50 percent of the median income for the area on the basis of its finding that such variations are necessary because of unusually high or low family incomes. This is the income limit for the housing choice voucher program.

Veteran. A person who has served in the active military or naval service of the United States at any time and who shall have been discharged or released therefrom under conditions other than dishonorable.

Violence Against Women Act (VAWA). Prohibits denying admission to the program to an otherwise qualified applicant or terminating assistance on the basis that the applicant or program participant is or has been a victim of domestic violence, dating violence, sexual assault, stalking, or human trafficking.

Violent criminal activity. Any illegal criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force against the person or property of another.

Voucher *(housing choice voucher).* A document issued by a PHA to a family selected for admission to the housing choice voucher program. This document describes the program and the procedures for PHA approval of a unit selected by the family. The voucher also states obligations of the family under the program.

Voucher holder. A family holding a voucher with an unexpired term (search time).

Voucher program. The housing choice voucher program.

Waiting list. A list of families organized according to HUD regulations and PHA policy who are waiting for a unit to become available.

Waiting list admission. An admission from the PHA waiting list.

Welfare assistance. Income assistance from federal or state welfare programs, including assistance provided under TANF and general assistance. Does not include assistance directed solely to meeting housing expenses, nor programs that provide health care, childcare or other services for working families. For the FSS program (24 CFR 984.103), *welfare assistance* includes only cash maintenance payments designed to meet a family's ongoing basic needs. Does not include nonrecurring short term benefits designed to address individual crisis situations, work subsidies, supportive services such as childcare and transportation provided to families who are employed, refundable earned income tax credits, contributions to and distributions from Individual Development Accounts under TANF, services such as counseling, case management, peer support, childcare information and referral, financial empowerment, transitional services, job retention, job advancement, and other employment-related services that to not provide basic income support, amounts solely directed to meeting housing expenses, amounts for health care, Supplemental Nutrition Assistance Program (SNAP) and emergency rental and utilities assistance, SSI, SSDI, or social security, and child-only or non-needy TANF grants made to or on behalf of a dependent child solely on the basis of the child's need and not the need of the child's current non-parental caretaker.

Withholding. Stopping HAP payments to an owner while holding them for potential retroactive disbursement.

HOTMA 102/104 Appendix to the Administrative Plan

Purpose of the Appendix

HUD published a final rule on February 14, 2023, revising regulations related to income, assets, adjusted income, verification, and reexams (among others) to implement Sections 102 and 104 of HOTMA. While the new regulations were effective January 1, 2024, HUD has delayed the compliance date for HOTMA 102/104. Initially, HUD published a delayed compliance date of January 1, 2025, but HUD again delayed the compliance date for HOTMA 102/104 and no new date has been provided. *Compliance* with Sections 102 and 104 of HOTMA means not only applying HOTMA 102/104 regulations to affected programs but also reporting in HUD's new Housing Information Portal (HIP) system. Currently, PHAs remain unable to comply with HOTMA 102/104 because compliance depends on transitioning from HUD's IMS/PIC system (which is unable to accept HOTMA-compliant Form HUD-50058) to HUD's new HIP system (which will be the only system that accepts HOTMA-compliant Form HUD-50058). PHAs cannot transition to HOTMA until HIP is in place, HOTMA-compliant, and accessible. However, HUD has determined that a few HOTMA 102/104 policies are not dependent on transition systems and easily isolated from other HOTMA 102/104 policy changes. These policies may be implemented prior to the migration to HIP.

HUD stated that PHAs may update their policy documents before determining the date at which they will transition to all HOTMA Section 102 and 104 policies. HUD stated that in order to update their policy documents for HOTMA in this circumstance, PHAs may create an appendix that contains the HOTMA policies that will be incorporated at a later date. The model policy adopts such an approach. HOTMA 102/104 policies are provided in each affected area of the model policy. However, with the exception of the policies HUD has indicated may be adopted early, HOTMA policies that are "on hold" are indicated in the model policy as such. Further, an appendix has been provided to explicitly call out those policies that are on hold.

HOTMA 102/104 Policies Not Yet Implemented

Chapter 00

No HOTMA 102/104 policies apply.

Chapter 1

No HOTMA 102/104 policies apply.

Chapter 2

No HOTMA 102/104 policies apply.

Chapter 3

Model policy section **3-I.B. FAMILY AND HOUSEHOLD** is amended to comply with section E.1 of Notice PIH 2023-27, **Definition of Family**
Model policy section **3-I.K. FOSTER CHILDREN AND FOSTER ADULTS** is amended to comply with section E.2 of Notice PIH 2023-27, **New Definitions of Foster Adult and Foster Child**
Model policy section 3**-II.D. FAMILY CONSENT TO RELEASE OF INFORMATION** is amended to comply with section J.2 of Notice PIH 2023-27, **Revocation of Consent**
Model Policy section **III.C. RESTRICTION ON ASSISTANCE BASED ON ASSETS** is added to comply with section A.1 of Notice PIH 2023-27, **Asset Limitation**

Chapter 4

No HOTMA 102/104 policies apply.

Chapter 5

No HOTMA 102/104 policies apply.

Chapter 6

Prior to the PHA's HOTMA compliance date, the PHA will follow policies in Chapter 6.A.

Upon the PHA's HOTMA compliance date, the PHA will follow policies in Chapter 6.B.

Chapter 7

Prior to the PHA's HOTMA compliance date, the PHA will follow policies in Chapter 7.A.

Upon the PHA's HOTMA compliance date, the PHA will follow policies in Chapter 7.B.

Chapter 8

No HOTMA 102/104 policies apply. However, prior to the NSPIRE compliance date, the PHA will follow policies in Chapter 8.A. Upon the NSPIRE compliance date, the PHA will follow policies in Chapter 8.B.

Chapter 9

No HOTMA 102/104 policies apply.

Chapter 10

No HOTMA 102/104 policies apply.

Chapter 11

Prior to the PHA's HOTMA compliance date, the PHA will follow policies in Chapter 11.A.

Upon the PHA's HOTMA compliance date, the PHA will follow policies in Chapter 11.B.

Chapter 12

Model policy section **12-I.D. MANDATORY TERMINATION OF ASSISTANCE** is amended to comply with section J.2 of Notice PIH 2023-27, **Revocation of Consent**
Model Policy section **12-I.E. MANDATORY POLICIES AND OTHER AUTHORIZED TERMINATIONS** is added to comply with section A.1 of Notice PIH 2023-27, **Asset Limitation**

Chapter 13

No HOTMA 102/104 policies apply.

Chapter 14

Model policy section **14-II.D. PHA-CAUSED ERRORS OR PROGRAM ABUSE** is amended to comply with 24 CFR 5.609(c)(4), **De Minimis Errors**

Chapter 15

No HOTMA 102/104 policies apply.

Chapter 16

No HOTMA 102/104 policies apply.

Chapter 17

No HOTMA 102/104 policies apply.

Chapter 18

No HOTMA 102/104 policies apply.

Chapter 19

No HOTMA 102/104 policies apply.

Glossary

The following definitions are applicable upon the PHA's implementation of HOTMA 102/104:

- Annual income (revised)
- Day laborer
- De minimis error
- Earned income
- Family (revised)
- Foster child
- Foster adult
- Independent contractor
- Inflationary index
- Net family assets (revised)
- Real property
- Seasonal worker
- Unearned income