
HOUSING AUTHORITY OF THE CITY OF SEATTLE
MANUAL OF OPERATIONS

SUBJECT: Rent Policy for Low-Income Public Housing

SCOPE: These policies and procedures apply to all residents of low-income public housing except residents of public housing units in HOPE VI partnership properties. Certification of income and rent for these residents is governed by the properties' management plans.

POLICY:

Rents shall be calculated in accordance with Board Resolution 4785, June 20, 2005, adopting the Moving to new Ways rent policy and shall be established and administered in accordance with the principles and requirements outlined in this section.

The Moving to new Ways Rent Policy is intended to:

1. Remove disincentives and provide rewards for resident employment, job retention, and wage progression;
2. Preserve an economic safety net;
3. Reduce unnecessary administrative procedures;
4. Generate sufficient rent revenue to supplement federal subsidies; and
5. Remove incentive for manipulation and fraud.

Rent is due on the first day of each month unless an agreement is reached between the Senior Property Manager and the resident in accordance with L11.1-2, 'Alternative Rent Due Dates.'

Note: SHA usage of the terms "Gross Rent" and "Contract Rent" varies from the definitions given by HUD. SHA's usage of "Contract Rent" equals "Gross Rent" by HUD's definition; and similarly, SHA's usage of "Net Rent" corresponds to HUD's usage of "Contract Rent." SHA's definition is used throughout this section and is applicable to all other SHA policies and procedures referencing these terms. This difference should be kept in mind when referring to HUD regulations.

A. Definition of Rent Terms.

1. Contract Rent means rent plus utility allowance. If there is no utility allowance, contract rent equals net rent.
2. Net Rent means the monthly charge to a resident for use of the dwelling accommodations, equipment, services and utilities provided by SHA. (It does not include charges for any excess utility consumption.)
3. Minimum Rent means the lowest rent charged for use of the dwelling accommodations, equipment, services and utilities provided by SHA.

4. Market Rent means the market rent amount established annually by SHA. SHA shall use to establish the market rent based on an annual survey report by a contracted consultant on market rents in 13 regions of the city and unit amenities, such as number of bathrooms and types of appliances.
5. Rent Ceiling means a fixed rent level charged for a period of 24 months when the calculated rent is equal to or greater than the ceiling.
6. Eligibility Period means the 12-month period for which the household is determined eligible to continue to receive assistance. The eligibility period shall begin each year, on the first day of the month the household originally moves in.

B. The Contract Rent charged is subject to the following conditions:

1. Contract rent shall be calculated based on the type of income received by the household as outlined below.

The income used to calculate the contract rent must be income the household anticipates to receive during the 12-month eligibility period. This may be determined by 3rd party income verification, from past history, or industry standard as in the case of gratuity / tips.

Contract Rent shall not be increased by more than 10 percent during any 12-month period as a result of¹:

- a. applying Section 3; or
- b. any other provision of law redefining which governmental benefits are required to or may be considered as income.

However, Contract Rent shall be increased at any point during the 12-month eligibility period if the household income cumulatively increases by \$100.00 or more a month. With proper notice, rent may be increased by more than 10 percent.

2. Contract Rent shall not be decreased below the amount set at the annual recertification unless due to decreases in household income.
3. Utility allowances shall be set according to the Utility Schedule (as established in MLS). The Utility Schedule shall detail quantities allowed to each resident based upon unit size, type and other pertinent criteria and whether the utilities are provided by SHA or contracted for by the resident directly from the utility company. Water, sewer, and garbage collection shall be provided by the Housing Authority.

C. Minimum Rent. The minimum rent for all residents will be established annually by SHA. No rent will be reduced below the minimum rent amount by a utility allowance. The head of household *can* apply for a hardship exemption (see H. below). An annual adjustment for inflation shall be applied to the minimum rent based on the current year's Social Security Cost of Living Adjustment (COLA) factor.

¹ Contract Rent may be increased by more than 10 percent during any 12-month period to the extent that the portion of such increase above 10 percent is attributed solely to increases in income not caused by HUD redefinitions.

D. Ceiling Rent for Working Residents. Residents who have income from employment will be eligible for a rent level lower than 30 percent of total income. A temporary ceiling rent has been established at 100% of the Market Rent for the unit size and location as determined annually by SHA. See Exhibit 1 for Ceiling Rent Schedule.

The resident's net rent will be set at the Market rent ceiling for a period of 24 months when an annual recertification results in a rent equal to or greater than the ceiling rent. Once the 24-month period expires, rent will be set at 30% of the resident's adjusted income. If, during the 24 months, the household's income decreases, causing the calculated rent to be set lower than the ceiling rent, the household will continue to be eligible to receive the ceiling rent when the household's income increases.

A household may have the rent set at the Market rent ceiling for only one 24-month period.

E. Fixed/ Miscellaneous Incomes.

1. Fixed Income. SHA will conduct formal rent reviews every three years for residents whose sole sources of income are from fixed-income sources (Social Security, SSI, Veterans, and retirement pensions.) In the two interim years between formal rent reviews, SHA will base adjustments in residents' rent on the percentage increase of Social Security's annual cost of living adjustment (COLA). All residents will have the option to request a formal rent review in place of the automatic adjustment. Residents whose income source changed to include new income sources, or who claim medical expenses as a deduction will be required to have a formal rent review.
2. Miscellaneous Income – Zero Income, GAU, Child Support, Unemployment, L&I, Family Contributions. SHA will conduct formal rent reviews annually. Rent shall be calculated at 30% of adjusted income.

Residents claiming Zero Income may be subject to a rent calculated on "imputed income" based on their eligibility for TANF or Employment Security benefits, regardless of whether the household has actually applied for these benefits.

F. Minimum Rent – Hardship Exemption. Residents may request a Hardship Exemption to the established minimum rent, reducing it to \$25 or \$0 based on their income. At no time will the monthly rent be reduced to less than \$0. Residents with exempt income are NOT eligible for a Hardship Exemption. The resident may request a reduction in the minimum rent for any of the following reasons:

1. Out-of-pocket medical expenses equal or exceed 50% of the gross household income and, as a result of the high medical deduction, the calculated rent, minus utility allowance if applicable, would be less than the established minimum rent. An exemption for this reason can be approved for up to 12 months.
2. The resident received no income the previous month due to a loss of income or waiting for an eligibility determination for assistance and / or would be evicted if the minimum rent requirement was imposed. An exemption for this reason must be requested monthly and cannot be approved for more than 3 consecutive months.

- I. Income and Deductions.** To determine income and deductions, staff shall refer to SHA's Manual Section L11.1-5.
- J. Removal of Housing Assistance.** A resident's failure to comply with SHA's request to complete the required Annual Recertification may result in the removal of the household's housing assistance, meaning that the resident's rent will no longer be subsidized. The resident will be required to pay the full market rent for the unit effective the 1st day of the month following the removal of housing assistance. Once a resident is charged market rent for non-compliance, regardless of when the household brings their condition into compliance, at least one month of market rent will be due to the Housing Authority.
- Housing assistance may subsequently be reinstated if the resident submits the income or other data required by SHA to complete the Annual Recertification. Reinstatement of the housing assistance will be effective the 1st day of the month following completion of the recertification.
- K. Fraud.** Most resident fraud results from unreported income and assets, identity fraud, and from unauthorized boarders and lodgers. The Housing Authority, at its discretion, may pursue all applicable remedies in cases of fraud, including, but not limited to, repayment agreements, termination of housing assistance, eviction, civil proceedings to recover overpaid housing assistance and investigation and legal costs or referral to other government agencies for criminal prosecution.
- Housing Authority staff is expected to be constantly aware of the possibility of fraud, and to be vigilant in observing circumstances that may indicate potential fraud. Staff shall refer to SHA's Fraud policy, L12.4-2 when fraud is suspected.
- L. Relocation.** When SHA requires a resident to move from their current community to another SHA community, the completion of a resident's recertification may be delayed up to but no more than six months to accommodate the relocation to the new community. Upon leasing at the new community, staff shall complete the recertification to establish the rent for the remaining months in the eligibility period. If a decrease in rent results from the recertification, staff shall make the new rent effective retroactive to the effective date of the annual recertification.
- If a planned relocation is not anticipated to occur within the first six months of an eligibility period, staff at the current community shall complete the recertification prior to the relocation, according to the effective date of the annual recertification.
- M. Hope VI Communities.** Refer to the management plans for those communities.