



Assisting Housing Choice Voucher and Public Housing Tenants in Reducing Accrual of Rent Owed

Tens of millions of Americans are experiencing job loss, reduced hours, and reduced income due to the COVID-19 pandemic. This has hit low-income families hardest and impacts their ability to pay for basic needs like housing. This fact sheet is designed to provide Public Housing Agencies (PHAs) with guidance on how to assist tenants who have accrued back rent during the Federal eviction moratoria, to ensure they can stay in their current housing.

1 Make Timely Adjustments to Rent due to Loss of Income

➤ **Minimum Rent Hardship Exemptions.** PHAs have **flexibility to establish a minimum rent between \$0 and \$50** for the Public Housing and Housing Choice Voucher (HCV) programs. For other Section 8 programs, such as project based rental assistance, HUD regulations set the minimum rent at \$25 per month.

If the family believes it is unable to pay the minimum rent because of **financial hardship**, the family may apply for it; then the PHA must review and make a determination to grant or deny the hardship exemption from the minimum rent. If the PHA determines that the family qualifies for the hardship, the PHA must provide an **exemption from payment of minimum rent** as described in 24 CFR § 5.630(b). The PHA must have written policies on granting such exemptions. Financial hardship includes situations when the family has either lost eligibility or is waiting on an eligibility determination for a Federal, State, or local assistance program; the family would be evicted because of inability to pay the minimum rent; the family's income has decreased because of changed circumstances, including loss of employment; a death has occurred in the family; and/or other circumstances determined by the PHA or HUD per the ACOP or Administrative Plan.

➤ **Retroactive Interim Reexaminations.** PHAs are encouraged to implement a policy allowing for retroactive interim reexamination of family income and composition if the family had a decrease in income to limit the accrual of rent owed. The PHA must establish conditions or requirements for when such a retroactive application would apply. HUD strongly encourages maximum flexibility to support families during the pandemic. For example, a PHA may adopt a policy that would **make the effective date of an interim reexamination retroactive to the first of the month following the date of the actual decrease in income** as opposed to the first of the month following when the family reported the change in income or when the interim reexamination was conducted. Additionally, if the PHA implements such a policy, **the PHA may make this policy change available to families that have already been impacted by the prior policy.**

For the Public Housing program, HUD waived the requirement that families may only be offered a choice between a flat and an income-based rent once per year. While available, waiver PH-14 in [Notice PIH 2021-14](#) allows a family up to two opportunities to choose between rent types within the same one-year period. Allowing families who switched from a flat rent to an income based rent because of a financial hardship the **option to switch back to a flat rent once the hardship ends and before the next annual reexamination** may help prevent the accrual of rent owed.

2 Streamline Procedures for Reporting Income Changes

PHAs are encouraged to seek opportunities to streamline procedures for reporting changes to income. Waiver PH and HCV-4 in [Notice PIH 2021-14](#) allows **acceptance of tenant declarations or self-certification as the highest form of income verification to process interim reexaminations.** To further streamline the process, the Housing Authority of the City of Pittsburgh, for example, allows public housing and HCV residents to submit a simplified income reduction form online and send proof of reduced income. Rents are reduced without immediate documentation from the tenant. In addition, where the sole source of household income is lost, rents are reduced to the program's minimum rent or hardship rent.

3 Use CARES Act Funds Creatively

PHAs are not permitted to directly pay tenants' portion of the rent, offer debt forgiveness programs or reimburse themselves for lost rental revenue with CARES Act, Public Housing Operating or Capital, or HCV administrative fee funds. However, to prevent, prepare for, or respond to the COVID-19 pandemic, **these funds can be used to pay for a range of direct supports for residents**, including the coordination and delivery of services, goods, and supplies. For example, some families may be unable to pay for required utility deposits at move-in because of a loss of income. In situations such as these, **HCV CARES Act Administrative Fees and Operating Funds could be used for one-time payment of utility deposits**. Neither of these sources of funds, however, may be used for ongoing payment of a family's utilities.

For the HCV program, PHAs are allowed to **provide Owners with Retention Fees or other incentive fees with their CARES Act administrative fee funds** that may assist in retaining a resident who may, for example, need to enter into a repayment agreement for unpaid rent.

4 Work with Your Community

PHAs are encouraged to work with their localities to **link families with local partners and agencies** that may be able to help households access resources. For example, eviction prevention resources, financial capability programs, agencies with expertise in employment/unemployment, nonfederal emergency assistance programs may be able to directly assist tenants. In addition, Treasury's Emergency Rental Assistance Program (ERAP) makes funding available to assist households that are unable to pay rent or utilities. In some jurisdictions, PHAs can apply for ERAP on behalf of the family and/or with the family. [HUD's ERAP FAQs](#) make clear that PHAs and HCV landlords may accept funds from the ERAP program.

5 Enter into Repayment Agreements for Rent Owed

HUD strongly encourages PHAs and owners to enter into reasonable repayment agreements after the Centers for Disease Control and Prevention (CDC) and/or local eviction moratoriums expire so that families may continue to be housed, and the family can come back into compliance with its terms of tenancy.

As a reminder, **PHAs and owners have flexibility in how they structure the terms and length of the repayment agreement** and can work with the family to accommodate circumstances as appropriate. As the family's circumstances change, the PHA or owner and the family can renegotiate the agreement. As a reminder, the amount owed cannot be paid with non-monetary means such as community volunteer work. HUD recently updated its Eviction Prevention and Stability Toolkit which offers [guidance on repayment agreements](#) as well as sample repayment agreements.

Spread the Word and Stay Informed

Ensure all **tenants, property management staff and service coordinators are aware** of current interim reexamination and minimum rent hardship exemption policies. Encourage property management staff and service coordinators/case managers (including ROSS, FSS, Jobs Plus and Choice Neighborhoods) to include this in information routinely sent to and discussed with residents, for example with rent reminder notices. PHAs are encouraged to review their records and coordinate with owners to **proactively determine which families are behind on rent**. Staff most connected to residents can then **engage in direct outreach** to those families to further prevent accrual of rent owed or utility arrearages. Residents who do not speak English or have a disability may be at increased risk of not understanding the changes in rent rules or policies. PHAs and owners must ensure that they **communicate effectively to persons with limited English proficiency and persons with disabilities**.

While the federal eviction moratorium enacted by the CDC is currently set to expire on July 31, 2021, be aware that many states and localities have eviction moratoriums that continue beyond that date.

HUD has also published [information for owners of housing assisted under other Section 8 programs](#) to help promote housing stability during the COVID-19 national emergency.