

# FACT SHEET #6

## Rent



*Under the project-based Section 8 program, tenants continue to pay 30% of their adjusted income towards rent.*



## How is Rent Calculated in Public Housing and in Section 8?

**Most public housing residents already have an *income-based rent* where residents pay 30% of adjusted income towards rent and utilities.** Section 8 (Project-based Vouchers or Project-based Rental Assistance) also bases rent on 30% of a resident's income. The way income is calculated under the two programs is slightly different so there may be a small change. However, most residents will **not** have a rent increase because of RAD. (As explained below, residents paying a flat rent may see an increase.)



## What Happens if My Income Changes After a RAD Conversion?

**In Section 8, as in public housing, when your income changes, your rent changes.** If your income goes down, your rent will go down. And if your income goes up, your rent will increase as well. Your income and rent will be recalculated during your next annual re-examination and, if your income has changed, your rent payment will be adjusted. In addition, changes in rent may occur between your annual reexaminations. Exactly how this happens depends on which Section 8 program the PHA uses for your building after the RAD conversion. If the building is subsidized with Project-Based Vouchers (PBV), the PHA can set their own policy for evaluating income. If the building is subsidized using Project-Based Rental Assistance (PBRA), the building owner must adjust your rent every time your income changes by \$200 or more per month. (For more general information on differences between PBV and PBRA, see [Fact Sheet #4: The Difference Between Project-Based Vouchers and Project-Based Rental Assistance](#))



## What about Residents Paying Flat Rent?

Some public housing residents pay a **flat rent** that is not based on income and does not increase or decrease as their income changes. Public housing households who currently pay a flat rent may have a rent change because Section 8 does not allow flat rents. If a resident's rent would increase, RAD allows the increases to be "phased-in." Under RAD, you will never pay more than 30% of your household's adjusted income towards rent.

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For residents paying flat rent whose building is now transitioning to RAD, you will pay the lower amount of two numbers: the Total Tenant Payment minus any utility allowance or a number based on other rents in the area. This second number will be either 110% of the fair market rent in your area minus the utility allowance or a lower rent based on another affordable housing requirement that the property has. Your rent will be based on the lowest number and will never be more than 30% of your family's adjusted income. If your income does fall so that 30% of your adjusted income minus any utility allowance would be less than the rent you are paying, you will then start paying 30% of adjusted income to rent and utilities.

If your building transitioned to RAD before July 27, 2023 and you moved from paying flat rent to income-based rent set at 30% of your household's adjusted income you will continue to pay rent based on this standard.

If this transition would cause your rent to increase by 10% or \$25, or more, your new rent will be phased in. This means you will not have to start paying the full amount of the income-based rent immediately. Instead, your rent will increase a little over 3 to 5 years.



**Nashville, TN:** Audrey Bone was a Cayce Place public housing resident for 17 years. Through RAD, she was able to move into her first brand-new rental home while staying in her neighborhood.