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**HUD HANDBOOK 4350.3: OCCUPANCY REQUIREMENTS OF  
SUBSIDIZED MULTIFAMILY HOUSING PROGRAMS**

**SUMMARY FOR TENANTS**

**October 2003**

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## PURPOSE OF HUD HANDBOOK 4350.1 REV-1 AND THIS SUMMARY

HUD-subsidized multifamily properties represent an important and valuable resource in addressing the nation's affordable housing needs. The successful delivery of this housing resource to the people who need it depends on effective occupancy policies and procedures.

HUD's occupancy requirements and procedures ensure that eligible applicants are selected for occupancy, that tenants receive the proper level of assistance, and that tenants are treated fairly and consistently.

HUD Handbook 4350.3 Rev-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs* (also referred to in this summary as the *Multifamily Occupancy Handbook*) describes occupancy-related program requirements and the responsibilities of HUD, Contract Administrators, property owners, property managers, and tenants.

This summary is provided to help applicants to and tenants of HUD-subsidized properties. It highlights the key occupancy requirements in HUD Handbook 4350.1 Rev-1 that affect applicants and tenants, and provides references to the handbook for each topic. This summary presents the key topics using a Question and Answer format.

### I. INTRODUCTION

This section describes:

- What HUD means by the term "occupancy requirements;"
- The key topics covered in this summary;
- What types of properties are considered HUD-subsidized properties; and
- What information is available to help answer questions about other topics regarding HUD-subsidized properties.

**Q: What does HUD mean by the term "Occupancy Requirements"?**

**A:** The U.S. Department of Housing and Urban Development (HUD) provides a financial subsidy to the property in which you are applying to live or are currently a tenant. These properties are designed to serve eligible lower income families and this subsidy helps keep the rents in these properties affordable.

When the term – *occupancy requirements* – is used in this summary and HUD Handbook 4350.3 Rev-1, it refers to program requirements that help to ensure:

- Eligible applicants are selected to live in these properties.
- Tenants receive the proper level of housing assistance under the requirements of the program providing subsidy to the property.
- Tenants are treated equitably and fairly in accordance with program requirements.

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**Q: What are the key topics discussed in this summary?**

**A:** The key topics from HUD Handbook 4350.1 Rev-1 that are highlighted in this Summary include:

- Eligibility requirements for living in HUD-subsidized properties;
- Applying to become a tenant in HUD-subsidized properties;
- Applicant/tenant civil rights and responsibilities;
- How monthly rent payments are calculated;
- Lease terms;
- Ongoing tenant responsibilities for annual and interim income recertifications;
- Rent changes and unit transfers; and
- Other sources of information.

**Q: What types of properties are considered HUD-subsidized properties?**

**A:** HUD-subsidized properties are privately-owned, multifamily rental properties that receive a mortgage interest subsidy, project-based rental assistance, or both through one or more of the following federal housing programs administered by HUD.

- Section 221(d)(3) Below-Market Interest Rate (BMIR);
- Section 236;
- Rental Assistance Payment (RAP);
- Rent Supplement;
- Section 8 Project Based Assistance, which includes:
  - New Construction properties;
  - State Agency Financed properties;
  - Substantial Rehabilitation properties;
  - Section 202 properties with Section 8 assistance;
  - RHS Section 515 properties with Section 8 assistance;
  - Loan Management Set-Aside (LMSA) assistance;
  - Property Disposition Set-Aside (PDSA) assistance;
- Section 202 without assistance (income limits only);
- Section 202 with 162 Assistance – Project Assistance Contracts (PACs);
- Section 202 with Project Rental Assistance Contracts (PRACs); and
- Section 811 with Project Rental Assistance Contracts (PRACs).

These properties provide affordable rental units to lower income families who meet the eligibility requirements of the program(s) providing the subsidy. **For information on the programs listed above, please refer to HUD Handbook 4350.3 Rev-1, Chapter 1, paragraph 1-3.**

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Families applying to live in HUD-subsidized housing (and tenants already living in HUD-subsidized properties) can find out the type of federal program providing the subsidy to the property by asking the owner or manager of the property, or by calling the local HUD Field Office (see Section IX – “*Other Information Sources*” in this Summary for information about how to locate HUD Field Offices).

**Q: *What information is available to help answer questions about other topics regarding HUD-subsidized properties?***

**A:** HUD Handbook 4350.1 Rev-1 does not address program requirements regarding topics beyond occupancy, such as the physical condition of a property, unit maintenance, or requests from property owners for rent increases. For information about these and other related topics, **please refer to HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing.**

For a listing of HUD informational resources about further topics, **please refer to Section IX – “*Other Information Sources*” in this Summary, or HUD Handbook 4350.1 Rev-1, Chapter 1, paragraph 1-7.**

## II. ELIGIBILITY TO LIVE IN HUD-SUBSIDIZED PROPERTIES

This section describes:

- General eligibility requirements;
- Income limits for different HUD programs;
- How income limits vary by family size;
- Restriction on rental assistance to noncitizens;
- Differences in eligibility requirements across properties under the same program;
- Occupancy standards; and
- Information that applicants have to provide owners/managers to determine their eligibility to live in the property.

**Q: *What are the eligibility requirements for HUD-subsidized multifamily housing?***

**A:** Applicants and tenants must meet the following requirements to be eligible for housing assistance.

- The family must report the annual income of family members, including assets, as required under program rules. (See Section V of this summary.)
- The family’s annual income must not exceed program income limits.
- All information reported by the family is subject to verification.
- Applicants must disclose social security numbers for all family members over the age of 6 and provide proof of the numbers reported.
- All adults in each applicant family must sign an Authorization for Release of Information prior to receiving assistance and annually thereafter.
- An applicant must agree to pay the rent required by the program under which the applicant will receive assistance.
- The unit for which the family is applying must be the family’s only residence.

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- Only U.S. citizens or eligible noncitizens may receive assistance under Section 8, Section 236, Rent Supplement, Rental Assistance Payment (RAP), and Section 202/8 programs.

Some multifamily housing programs may establish additional occupancy restrictions.

For more specific information about eligibility requirements, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 3, Section 1.**

***Q: What are income limits and how do they differ among HUD programs?***

**A:** HUD program requirements establish the income limits that are used to help determine whether applicants for HUD-subsidized housing are eligible for admission. HUD revises these income limits annually to ensure that they reflect increases or decreases in area income levels. There are four types of income limits:

- **BMIR income limit** - The annual household income equal to 95% of the median income for households in the area in which the property is located.
- **Low-income limit** - The annual household income equal to 80% of the median income for households in the area in which the property is located.
- **Very low-income limit** - The annual household income equal to 50% of the median income for households in the area in which the property is located.
- **Extremely low-income limit** - The annual household income equal to 30% of the median income for households in the area in which the property is located.

HUD program requirements specify the income limits used by each program. For additional information on income limits and the specific limits used by individual HUD programs, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 3, paragraph 3-6.**

***Q: How do income limits vary by family size?***

**A:** HUD establishes income limits based upon family size and the income of the family. The greater the number of family members that will occupy a unit, the higher the income limit used to determine a family's eligibility.

For additional information on how family size affects the income limits used to determine eligibility, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 3, paragraph 3-6 E, and Figure 3-3.**

***Q: Are noncitizens eligible for rental assistance?***

**A:** No (*except in certain properties*). By law, only U.S. citizens and noncitizens that have eligible immigration status may receive rental assistance. For more information on the restriction regarding rental assistance to noncitizens, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 3, paragraph 3-12.**

**NOTE:** The restriction prohibiting rental assistance to noncitizens does not apply to properties receiving the following four types of subsidy: Section 221(d)(3) BMIR, Section 202 PAC, Section 202 PRAC, and Section 811 PRAC.

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**Q: *Are there differences in the eligibility requirements across properties receiving assistance from a given program?***

**A:** Yes. So far, this section has described applicant eligibility to participate in HUD programs. However, HUD program requirements allow some limited differences in eligibility criteria within a program to help achieve the goals established for that program. For example, some or all of the units in a property might be designated for specific family types, such as those who are elderly or disabled.

The specific eligibility requirements for a property are described in the written tenant selection plan. Applicants and tenants may request a copy of this plan from the manager of the property. For additional information on project eligibility, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 3, Section 2.**

**Q: *What are occupancy standards and how do they affect a family's eligibility to live in a specific HUD-subsidized property?***

**A:** Owners of HUD-subsidized properties must develop occupancy standards that specify the unit size and number of bedrooms appropriate for different family sizes. Occupancy standards ensure that tenants are treated fairly and consistently, and receive adequate housing space. One example of an occupancy standard is a limit of two persons per bedroom.

For additional information on occupancy standards, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 3, paragraph 3-22.**

**Q: *What information do applicants have to provide to an owner/manager so that he or she can determine and verify their eligibility?***

**A:** Property owners must determine and verify that an applicant is eligible under the HUD program requirements for their property before they can admit an applicant. Applicants must provide owners with the following information:

- Family annual income (see Section V of this Summary for more information about annual income and verification of this information);
- Family characteristics;
- U.S. Citizenship or eligible immigrant status; and
- Social security numbers for all family members age 6 and older.

For further description of the information that applicants must provide to establish their eligibility, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 3, Section 3 and Chapter 5.**

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### III. APPLYING TO BECOME A TENANT IN HUD-SUBSIDIZED PROPERTIES

This section describes:

- Application requirements when applying for occupancy in a HUD-subsidized property;
- Responsibilities of applicants to maintain their place on a property's waiting list; and
- Preferences - what are they and how they affect applicants.

***Q: What are the application requirements for HUD-subsidized properties?***

**A:** To apply to live in a HUD-subsidized property, a family must complete an application and certify that the information supplied is correct. Examples of the types of information that an application requests are:

- Basic characteristics, such as name, gender, and age, of all family members;
- Current address and telephone number;
- Annual income, the sources of that income, assets of the family, and certain types of expenses (see Section V of this Summary for more information about annual income and verification of this information);
- Citizenship status of all family members; and
- Screening information, such as prior landlords, credit history, drug and criminal history.

The owner or manager of the property will review the application and determine whether the family meets the eligibility and allowable screening criteria for the property. If the application is rejected, the owner or manager must provide the applicant with a written notice specifically stating the reasons for the rejection and providing the applicant with an opportunity to request a meeting to dispute the rejection.

If an appropriate-sized unit is not currently available, the owner or manager will make a preliminary determination of the family's eligibility. If the applicant appears to be eligible, then the applicant's name will be put on the waiting list for the property. When an applicant reaches the top of the waiting list, the owner or manager will contact the family as an appropriate-sized unit becomes available. The owner or manager will then conduct an applicant interview to determine if any information on the family's application has changed, and inform the applicant of the screening criteria for occupancy. (Also see the Question below for information about how allowable preferences affect selection of applicants from the waiting list.)

Because HUD program rules require owners to verify the eligibility of applicants, they will ask applicants to sign release forms and verification documents that allow them to verify this information with the appropriate source. As a protection for applicants, owners and managers must follow the federally-established privacy protections described on the documents that request authorization for the release of information. Where required by program rules, applicants will also need to sign certain written certifications.

For additional information on applications for occupancy in HUD-subsidized housing, application interviews, and screening of applicants, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 4, Sections 3 and 4.**



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**Q: *What are an applicant's responsibilities to maintain his or her family's place on the waiting list?***

**A:** If applicants move to another location but want to maintain their application to live in a HUD-subsidized property and their place on its waiting list, they must provide the owner or manager with the following information:

- Applicant's new address;
- Applicant's new telephone number; and
- Applicant's desire to remain on the waiting list for the property.

**Q: *What are preferences and how do they affect applicants?***

**A:** When applying for a unit at a HUD-subsidized property, applicants should ask whether there are any preferences applicable to the property. Preferences are criteria allowable under HUD program requirements that give priority to applicants with specific characteristics when families are selected from the waiting list. Congress and HUD have established certain, limited allowable types of preferences in an effort to provide housing to those with the greatest need. Preferences can be established by:

- Federal statute;
- HUD regulations;
- State or local governments; or
- A property owner.

Based on the preferences applicable to a property, the property owner or manager will select the first family on the waiting list that meets the criterion of the preference if the family at the top of the waiting list does not meet the preference criterion. For instance, a property owner can establish a preference for applicants who live in the city where the property is located. This means that applicants on the waiting list who live in the city have a priority over nonresident applicants on the waiting list.

For additional information about preferences, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 4, paragraph 4-6.**

#### **IV. APPLICANT/TENANT CIVIL RIGHTS AND RESPONSIBILITIES**

This section refers applicants and tenants to resources that can help them understand their rights and responsibilities when applying for or living in HUD-subsidized housing.

**Q: *Where can applicants and tenants get more information about their rights and responsibilities in HUD-subsidized housing?***

**A:** Please refer to the following brochure:

**HUD's Resident Rights & Responsibilities brochure** can be obtained from the property manager, from HUD CLIPS (see Section IX – “Other Information Sources” in this Summary), or from HUD's website at:

<http://www.hud.gov/offices/hsg/mfh/gendocs/mfhrrr.pdf>.

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**Q: *What are applicants' and tenants' rights involving nondiscrimination when applying for or living in HUD-subsidized housing?***

**A:** Federal civil rights laws that address fair housing prohibit discrimination against applicants or tenants solely due to one or more of the following bases:

- Race;
- Color;
- National origin;
- Sex;
- Disability, except as allowed by regulation for certain programs;
- Religion; and
- Familial status (refers to families living with children under the age of 18 regardless of the number of children).

For information about these protections, **please refer to Section IX – “Other Information Sources” in this Summary; HUD Handbook 4350.3 Rev-1, Chapter 2; and HUD regulations 24 CFR, part 100 et seq Fair Housing Act.**

**Q: *Where can applicants and tenants find out more about the additional nondiscrimination and accessibility requirements for persons with disabilities that are applicable to HUD-subsidized housing?***

**A:** For information about these protections, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 2, Section 3; HUD regulations 24 CFR, part 8; and Section 504 of the Rehabilitation Act of 1973.**

**Q: *What is a reasonable accommodation?***

**A:** A reasonable accommodation is a change, adaptation, or modification to a program, service, building, dwelling unit, or workplace that will allow a person with a disability to:

- Participate fully in a program;
- Live in a dwelling;
- Take advantage of a service; or
- Perform a job.

For example, reasonable accommodations may include adaptations or modifications necessary for a person with a disability to use and enjoy a dwelling.

When such an applicant or tenant requests a reasonable accommodation, the owner must provide the requested accommodation unless doing so would result in a fundamental alteration in the nature of the program, or an undue financial and administrative burden.

For information about reasonable accommodations, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 2, Section 3, Subsection 4; HUD regulations 24 CFR, part 8; and Section 504 of the Rehabilitation Act of 1973.**

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***Q: If applicants or tenants need a reasonable accommodation, what should they do?***

**A:** Applicants or tenants who need a reasonable accommodation should request the accommodation in writing to the owner. The owner should inform an applicant or tenant about what information is needed when making such a request. For additional information on requesting a reasonable accommodation, **please refer to HUD Handbook 4350.3, Rev-1, Chapter 2, Section 3, Subsection 4;** and the local HUD Field Office - <http://www.hud.gov/local/index.cfm> - Office of Fair Housing and Equal Opportunity (FHEO).

***Q: Do HUD-subsidized properties have units with physical accessibility features? If so, how do applicants and tenants request one of these units?***

**A:** Owners of HUD-subsidized housing have a responsibility to make a percentage of the units physically accessible to persons with disabilities. Applicants who need an accessible unit should request one at the time of application. Tenants who need an accessible unit should ask the building manager whether such a unit is available and to have their name placed on a waiting list for such units.

For information about accessible units and how to request one, **please refer to HUD Handbook 4350.3, Rev-1, Chapter 2, Section 3, Subsection 2; Chapter 4, Section 3;** HUD regulations 24 CFR, part 8; and Section 504 of the Rehabilitation Act of 1973.

***Q: How does an applicant or tenant file a housing discrimination complaint?***

**A:** Applicants and tenants who feel that they have been discriminated against by an owner or manager of a HUD-subsidized property may file a housing discrimination complaint with HUD Fair Housing and Equal Opportunity staff in the Area or Regional Office with jurisdiction over the geographic area where the property is located.

For information about filing a housing discrimination complaint, **please refer to HUD Handbook 4350.3, Rev-1, Chapter 2, Section 4.**

## **V. HOW ARE FAMILY INCOME AND MONTHLY RENTS CALCULATED?**

This section describes:

- What is included when determining a family's annual income;
- What deductions are allowed when calculating a family's adjusted income;
- How do annual and adjusted incomes affect the rent that tenants pay;
- How medical expenses are treated when the owner calculates annual family income; and
- Minimum rents.

***Q: What is included when determining a family's annual income?***

**A:** A family's annual income includes:

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- All amounts, both in the form of money and goods, that a family receives during a 12-month period, except for amounts that are specifically excluded by HUD regulation.
  - Amounts derived (during the 12-month period) from assets to which any member of the family has access. Income from assets includes items such as interest earned on a savings account and stock dividends.

For detailed information on what constitutes a family's annual income, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 5, Section 1**. This section of the Handbook also explains what amounts are excluded from a family's annual income and how to calculate income from assets. In addition, rent calculation formulas are included in HUD's "Fact Sheets for Project-Based Assistance Programs" which may be obtained from **HUD Handbook 4350.3 Rev-1, Appendix 14**, through the property manager, or from HUD's Website at <http://www.hud.gov/offices/hsg/mfh/hsgrent.cfm>.

***Q: What deductions are allowed when calculating a family's adjusted income?***

**A:** To determine a family's adjusted income, certain deductions are made to a family's annual income. These deductions are based on certain family characteristics and the amount of allowable expenses incurred by the family.

There are five types of deductions. Three of these are available to all eligible families. They are:

- A deduction for dependents;
- A child care deduction; and
- A disability assistance deduction.

There are two types of deductions permitted only for families in which the head, spouse, or co-head is elderly or disabled. They are:

- A deduction for medical expenses for which the family is not reimbursed by insurance or other sources; and
- An elderly/disabled family deduction.

To calculate adjusted income, take a family's annual income and subtract the allowable deductions. The adjusted income result is then divided by 12 months to obtain the family's adjusted monthly income.

For detailed information on determining adjusted income, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 5, Section 2**.

***Q: How are medical expenses treated in the annual income calculation?***

**A:** In general, owners calculate applicant and tenant medical expenses based on expenses anticipated to occur during the 12-month period following an annual certification/recertification. However, in addition to anticipated expenses, past, one-time, nonrecurring medical expenses may be included in the calculation of the medical

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expense deduction. These expenses may be added to the family's total medical expenses, either at the time the expense occurs through an interim recertification, or in the rent calculation for the following year during the annual recertification.

For more information on how medical expenses affect a family's annual income calculation, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 5, paragraph 5-10.**

***Q: How do annual and adjusted incomes affect the rent that tenants pay?***

**A:** Each HUD program uses a specific rent formula to calculate the amount that tenants pay for rent (total tenant payment or tenant contribution). These formulas use a tenant's annual income and/or monthly adjusted income to determine the amount paid for rent.

The rent formulas are based on the principal that families with higher incomes will pay higher rents. However, in many cases families can have different incomes and still pay the same amount for rent.

For detailed information on how rents are calculated under different HUD subsidy programs, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 5, Section 4 and Exhibit 5-9 at the end of the chapter.**

***Q: What is the Section 8 minimum rent?***

**A:** Tenants in properties subsidized through the Section 8 program must pay a minimum rent of \$25. However, owners must waive the minimum rent for any family unable to pay due to a long-term financial hardship, such as the loss of federal, State, or local government assistance.

For detailed information on the Section 8 minimum rent, **please refer to HUD Handbook 4350.3, Rev-1, Chapter 5, paragraph 5-26.**

## **VI. LEASE TERMS**

This section describes:

- Tenant rights and responsibilities under the lease;
- Security deposits;
- Other allowable types of changes; and
- Other charges that are not allowable.

***Q: What are a tenant's rights and responsibilities under the lease?***

**A:** HUD programs use model leases to establish tenants' rights and responsibilities. While there are some differences across the four HUD model leases, each of these leases provides tenants with the same basic rights and responsibilities.

Several key tenant rights under the lease are as follows:

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- To live in decent, safe, and sanitary housing that is maintained in good repair;
  - To receive notice if the owner/manager wants to make a non-emergency inspection of the unit; and
  - The right to fair and equitable treatment and use of the building's services and facilities.

Several key tenant responsibilities under the lease are as follows:

- Comply with all of the terms of the lease;
- Pay the correct monthly rent on a timely basis;
- Provide accurate information about family composition and income to the owner/manager on an annual basis, and when interim changes occur;
- Ensure that family members conduct themselves in a manner that does not disturb neighbors;
- Avoid engaging in criminal behavior anywhere on the property; and
- Keep the unit and the property's common areas clean.

For additional information about tenants' rights and responsibilities under the lease, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 6, Section 1 and HUD's Resident Rights & Responsibilities brochure**, available on HUD's website at <http://www.hud.gov/offices/hsg/mfh/gendocs/mfhrrr.pdf>, or from HUD CLIPS (see Section IX – “Other Information Sources” in this Summary).

**Q: What amount are tenants required to pay as a security deposit, and what are the conditions for its return?**

**A:** The amount that tenants pay for a security deposit depends on the property type and rental assistance program (if applicable). In general, tenants pay either:

- One month's rent (or total tenant payment – the amount paid toward the rent for the unit);
- The greater of one month's total tenant payment or \$50; or
- An amount up to one month's total tenant payment.

Tenants will get their security deposit plus accrued interest back within 30 days (or less, if required by State law) after moving out of the unit if they give the owner/manager a forwarding address.

Tenants will not get their full security deposit back if they vacated their unit and owed rent and/or an amount for any damages to the unit that were caused by the tenant, any family member living in the unit, or any guest of the family.

For specific information about the security deposit requirements for individual HUD programs, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 6, Section 2.**

**Q: What types of other charges are allowable?**

**A:** Tenants may have to pay charges other than rent and a security deposit. Several types of other allowable charges that are commonly used include:

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- Fee for late payment of rent, if the tenant pays rent after the fifth day of the month in which it is due;
  - Pet deposit for dogs and cats in properties that allow tenants to have these animals, unless the animal is an assistive animal;
  - Fee for checks returned for insufficient funds;
  - Damages to the unit or common area of the property caused by the tenant, another family member, or a visitor of the family;
  - HUD-approved meals fee, in properties for the elderly or persons with disabilities;
  - Special management services, such as providing extra keys to the tenant's unit; and
  - Legal fees incurred by the owner/manager who files an eviction suit against a tenant.

For additional information about charges in addition to rent and a security deposit that tenants may be required to pay, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 6, Section 3.**

**Q: *What type of other charges are not allowable?***

**A:** In HUD-assisted multifamily housing, tenants do not have to pay the following:

- Fees for submitting applications;
- Charges for screening applications; and
- Charges for credit checks.

## **VII. ONGOING TENANT RESPONSIBILITIES**

This section describes:

- Requirements to provide updated information about income and family composition annually;
- An overview of the recertification process;
- What can happen if a tenant does not provide the required recertification information; and
- What tenants must do if family composition or income changes between annual recertifications.

**Q: *Why do tenants have to provide updated information about income and family composition annually?***

**A:** Tenants must provide updated income and family composition information annually because:

- The amount that a tenant pays for rent is determined based on the family's income. If a family's income changes, their rent may also change.
- A change in family composition can also change the amount of rent that a tenant pays, and may mean that the current unit is no longer appropriate in size for the family.
- It is a requirement under the model leases, unless the tenant is paying the market rent for his or her unit.

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For additional information on the requirement to provide updated information about income and family composition annually, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 7, Section 1.**

***Q: What is the recertification process?***

**A:** The following is a brief overview of the recertification process:

- The owner/manager interviews the tenant, collects updated information about income and family composition, and obtains signatures on consent forms to allow verification of the information supplied.
- The owner/manager verifies the information provided by the tenant.
- The owner/manager recalculates the total tenant payment.
- The owner/manager provides the tenant with a 30-day written notice of any increase in the total tenant payment.

For detailed information on the recertification process, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 7, Section 1.**

***Q: What happens to tenants who fail recertify?***

**A:** Tenants in HUD-subsidized housing generally pay a subsidized rent that is less than the market rent for the unit. When a tenant fails to provide the required information for recertification by his or her recertification anniversary date, the tenant then is required to pay the market rent for the unit, rather than the subsidized rent.

Tenants living in a Section 202 PRAC or 811 PRAC project may be evicted for failing to recertify. Tenants will pay the greater of the project's operating rent or 30% of adjusted income until eviction procedures are completed.

For additional information on the consequences for tenants who fail to recertify and the ability to reinstate assistance, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 7, Section 1.**

***Q: What happens if family income or composition changes during the year?***

**A:** If family composition changes or the family's monthly income increases by \$200 or more between annual recertifications, tenants must report these changes promptly to owners/managers. The owner/manager will verify the information supplied regarding these changes and will recalculate the total tenant payment.

It is important that tenants report these changes. Under HUD requirements, if an owner discovers that a tenant has failed to report changes in family income or composition, the tenant may have to pay the market rent for the unit or in Section 202 PRAC or 811 PRAC projects, the tenant may be evicted.

For additional information on the requirements for interim recertifications, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 7, Section 2.**



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## VIII. RENT CHANGES AND UNIT TRANSFERS

This section describes:

- When rent increases occur and how tenants are informed; and
- Required unit transfers arising from a change in family composition.

**Q: *When does a tenant's rent increase and how is the tenant informed?***

**A:** A family's total tenant payment increases when an increase in family income or a change in family composition triggers an increase. For families in units without some type of rental subsidy, the total tenant payment will also increase when the owner applies for and receives permission to increase the rents of all of the units in the property. Owners must give tenants a 30-day written notice of any increase in their total tenant payment.

**NOTE:** Changes in income or family composition may also result in a decrease in the total tenant payment, and these reductions are implemented in accordance with the timeframes described in the Handbook.

For additional information on changes in total tenant payment at recertification and gross rent changes, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 7, Sections 1, 2, and 4.** For detailed information on the procedures for owner requests for gross rent changes, **please refer to HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing.**

**Q: *What happens when tenants need a larger, smaller, or accessible unit?***

**A:** If a change in family composition results in the need for a larger, smaller, or accessible unit, the owner/manager must determine the appropriate unit size or configuration for the family. When an appropriate size unit is available, the tenant may be allowed to remain in the current unit under certain circumstances, but generally the family will be required to move to the new, appropriate-sized unit. If a unit of appropriate size is not available then the tenant should move to the most appropriately sized unit. In cases where the tenant is required to move but chooses not to do so, the tenant must pay the market rent for the unit.

For additional information on unit transfers, **please refer to HUD Handbook 4350.3 Rev-1, Chapter 7, Section 3.**

## IX. OTHER SOURCES OF INFORMATION

This section lists additional sources of information for tenants.

- The property manager or management company for the property where you live or where you are applying to live.
- HUD's website at <http://www.hud.gov>.

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- **HUD Handbook 4350.1 Rev-1, Occupancy Requirements of Subsidized Multifamily Housing Programs**, available on <http://www.hudclips.org>, or by calling HUD at 1-800-767-7468 or faxing a request to 1-202-708-2313.
  - HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing, available on <http://www.hudclips.org>, or by calling HUD at 1-800-767-7468 or faxing a request to 1-202-708-2313.
  - HUD's *Resident Rights & Responsibilities* brochure, available on HUD's website at <http://www.hud.gov/offices/hsg/mfh/gendocs/mfhrrr.pdf>, or by calling HUD at 1-800-767-7468 or faxing a request to 1-202-708-2313.
  - The local HUD Field Office - <http://www.hud.gov/local/index.cfm>.
  - HUD toll-free number for information on what constitutes housing discrimination at 1-800-669-9777 or Office of Fair Housing and Equal Opportunity staff in the local HUD Field Office.
  - The housing counseling agency in your community. For assistance, call the HUD Housing Counseling Service locator at 1-800-569-4287.
  - HUD's National Multifamily Housing Clearinghouse at 1-800-685-8470 to report maintenance or management concerns.
  - HUD's "Fact Sheets for Project-Based Assistance Programs," available from **HUD Handbook 4350.3 Rev-1, Appendix 14**, the property manager, or from HUD's Website at <http://www.hud.gov/offices/hsg/mfh/hsgrent.cfm>.

**Please refer to HUD Handbook 4350.3 Rev-1, Chapter 1, paragraph 1-7 for additional informational resources.**