Summary of FY 2027 proposed MTW activities:

1. *Redefine over-income Public Housing residents*
   Proposed in FY 2027.

   Current HUD regulations state that no family other than a low-income family is eligible for admission to the PH program. According to HUD, low-income is defined as income that is at or below 80% of the area median income (AMI) for a specific area. This low-income restriction is used only during the eligibility process and once housed, families can earn up to 120% AMI before being determined over-income. RHA proposes to change the definition of over-income in the PH program from 120% AMI to 80% AMI and decrease the length of time that a family can remain in the unit once they reach this income threshold from HUD's grace period of 24 months to 12 months.

   Households at this income level often opt to pay RHA's flat rent, currently calculated at 80% of the metropolitan FMR. To accurately reflect current market rate conditions for unassisted units in the local community, RHA proposes to increase the amount of rent these households pay to 100% of the applicable FMR while allowing them to remain housed for 12 months. To provide an additional layer of support, RHA will provide a program completion escrow (PCE), that mirrors that in the voucher program (Activity 2019-02: Provide incentives to $0 HAP households) at move-out. The PCE amount will be calculated at 15% of the monthly fair market rent paid each month during the 12 months the family remains housed. The amount accumulated will be paid directly to the family once they vacate the PH unit.

2. *Rent cap on deed-restricted affordable housing properties*
   Re-proposed in FY 2027.

   The Low-Income Housing Tax Credit (LIHTC) program is an indirect federal subsidy used to finance the construction and rehabilitation of low-income affordable rental housing. This program gives investors a dollar-for-dollar reduction in their federal tax liability in exchange for providing financing to develop affordable rental housing. Financed projects must meet eligibility requirements for at least 30 years, and owners must keep the units' rent restricted and available to low-income tenants. Although these, and other deed restricted affordable housing properties, are required to remain affordable, current regulations also allow HCV contract rents to be greater than the rents being charged to non-voucher families if the tenant's portion of rent does not exceed the amount of rent being charged to non-voucher holders. This has inadvertently led to some Low-Income Housing Tax Credit (LIHTC) properties to set rents for HCV-assisted families that exceed those for non-assisted families.

Although this activity was initially proposed in FY 2026, it is now being reproposed to cap the amount of rent that all deed-restricted affordable housing properties can request from RHA for tenant-based HCV participants at no more than the 60% LIHTC Rent Limits based on the Multifamily Tax Subsidy Project for the appropriate bedroom size.

Summary of FY 2027 amended MTW activities

1. *Simplify rent calculations and increase the minimum rent*

   RHA proposes to allow HCV participants and PH residents to self-certify income earned by full-time students who are dependent family members. Full-time students under this proposed policy change must be dependent family members and not the head of household, spouse, or co-head. Following implementation, RHA will no longer verify employment income earned by dependent full-time students as any amount greater than dependent deduction is already excluded under HUD regulations.

2. *Simplification of medical deductions*

   RHA reviews and adjusts the standardized medical deduction amounts annually to determine their overall viability for program participants. After reviewing the Medicare premiums for 2026, RHA proposes to adjust the annual income tier ranges and the medical deduction for some households. The following table reflects RHA's updated income tiers and corresponding medical deductions based on the household's total gross income:

Gross Annual Income Range	Proposed Annual Medical Deduction
$1 - $15,659	$0
$15,660 - $21,131	$1,650
$21,132 +	$3,350

3. *Landlord Incentive Program*

   In FY 2025, RHA received approval to extend the length of time that an initial HQS inspection was valid for from 45 days to 90 days. Building on this approval, RHA proposes to allow initial inspections to take place prior to the submittal of a Request for Tenancy Approval (RFTA). Initial inspections, with or without a RFTA submission, will be valid for 90 days.

4. *Provide incentives to $0 HAP households*

   RHA adopted a policy in FY 2019 that extends the length of time a household can remain on the HCV program while receiving zero assistance to 12 months. RHA also allows these households to accrue an escrow account by setting aside 15% of each household's contracted rent monthly during the 12 months they are at $0 HAP. Rather than require a three year wait period before reapplying for housing assistance, in FY 2027 RHA proposes to change this policy and allow households who voluntarily give up their assistance to reapply to the waiting lists during times that the lists are open.

5. *Reduce Interim Recertifications*

   In FY 2025, RHA implemented a policy to no longer process interim recertifications due to an increase in income. In FY 2027, RHA proposes to allow for a change in this policy to allow for a recertification of household income if a noticeable pattern of sporadic or loss of income exists prior to annual recertification and remains consistently sporadic for two years. Ongoing sporadic income noted during the second annual reexamination will be used to calculate household income, regardless of whether the income is currently being earned.