



Commonwealth of Massachusetts
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Jennifer D. Maddox, Undersecretary

To: Regional Administering Agencies
From: Maryssa Schneider McLean, Deputy Director, Division of Rental Assistance
Subject: Implementation Guidance for FY23 Moving to Work (MTW) Plan Activities
Date: November 3, 2022

INTRODUCTION

On June 30, 2022, HUD approved DHCD's [MTW Plan for Fiscal Year 2023](#). In that Plan, DHCD included new voucher-related activities:

1. As part of Activity 2012-1, MTW Utility Allowances:
 - a. Reintroduced utility allowances for cooking and hot water and;
 - b. Increased utility allowance for "other electricity."
2. As part of Activity 2015-1, Rent Simplification:
 - o Earned income exclusion for working families of up to \$5,000.

These new policies are effective for regular reexams beginning **February 1, 2023**.

IMPLEMENTATION GUIDANCE

Reintroduction of Allowances for Cooking and Hot Water

As a non-significant change to *Activity 2012-1: MTW Utility Allowances*, DHCD will provide utility allowances for cooking and hot water for a pilot period of one regular recertification cycle. RAAs will apply the updated utility allowance for at least one full recertification cycle (two or three years) for each eligible household. In this pilot period, DHCD will add the cooking and hot water allowances to **any household who pays for heat and/or other electricity**. As with heat and other electricity, the household will receive the allowances based on the smaller of the unit size or voucher size, and the set schedule will not vary based on geographical area or building type.

Utility	0BR	1BR	2BR	3BR	4BR	5BR
Cooking	\$11	\$16	\$20	\$25	\$31	\$36
Hot Water	\$35	\$49	\$62	\$76	\$97	\$111
Total	\$46	\$65	\$82	\$101	\$128	\$147

RAAs shall apply the new cooking and hot water allowances on a rolling basis at each affected household's regular reexamination, beginning with reexams (or moves) effective **February 1, 2023**. This pilot encompasses one regular recertification cycle.

When conducting the reexam for an affected household, RAA staff shall review the HAP contract and RFTA and enter complete utility information¹ in Tenmast so that DHCD and RAAs can track households paying for cooking and hot water in the event that DHCD extends this policy beyond the pilot. Prior to January 31, 2025, DHCD will issue guidance to maintain, amend, or discontinue the expanded utility allowances. Accordingly, RAA staff will need to track households that have received the pilot allowances to ensure removal or amendment, if needed, of the allowances for cooking and hot water beginning with biennial reexams effective **February 1, 2025** and triennial reexams effective **February 1, 2026**.

The allowances for cooking and hot water have been added to Tenmast for reexams starting effective February 1, 2023. As the pilot will be rolled out households at the time of regular recertifications (or a move), program staff shall select the FY22 utility allowance in Tenmast when completing an interim certification. DHCD will provide further procedural guidance within the next month.

Increased Allowance for Other Electricity

In FY19, HUD gave DHCD the authority to conduct discretionary periodic reviews of our utility allowance schedules. DHCD has determined that an increase for households paying other electricity is warranted.

Electricity	0BR	1BR	2BR	3BR	4BR	5BR	6BR	7BR
Current	\$27	\$30	\$31	\$32	\$33	\$34	\$35	\$36
New	\$30	\$33	\$34	\$35	\$36	\$37	\$38	\$39

These amounts will remain in effect until DHCD determines that another adjustment is appropriate (note that there is no change to the allowance for tenant-paid heat).

DHCD has updated the utility allowance for other electricity in Tenmast for all regular reexams (or moves) beginning effective **February 1, 2023**. As the pilot will be rolled out households at the time of regular recertifications (or a move), program staff shall select the FY22 utility allowance in Tenmast when completing an interim certification. DHCD will provide further procedural guidance within the next month.

The increased amounts for other electricity shall be applied beginning with regular reexams (or moves) effective **February 1, 2023**.

¹ Currently, Tenmast tracks only heat and other electricity.

Earned Income Exclusion for Working Families

Finally, HUD approved DHCD's proposal to pilot an earned income exclusion for working families. For families who have earned income, DHCD/RAAs will exclude up to \$5,000 of that earned income from the income-based rent calculation. If the family's total earned income is less than \$5,000, DHCD/RAAs will exclude the full amount of earned income. For example, if a household's total earned income is \$20,000, \$5,000 of that amount will be excluded. However, if a household's total earned income is only \$3,400, only \$3,400 may be excluded for purposes of rent calculation.

Note that this earned income exclusion will not apply to earned income already excluded by regulation or our MTW policies, such as earned income from a full-time student. Further, it will not apply to any earned income that is already excluded (or eligible to be excluded) by way of the MTW Earned Income Disallowance (EID) for persons with disabilities. If a family remains eligible for this earned income exclusion for working families upon the expiration of the EID, the new exclusion may be implemented at that time.

RAAs shall apply the earned income exclusion for working families on a rolling basis at each affected household's regular reexamination, beginning with reexams effective **February 1, 2023**. DHCD will provide this exclusion for an initial two-year period, and will determine prior to then whether to continue or discontinue this exclusion. Accordingly, *without further guidance from DHCD extending or amending the exclusion*, RAA staff will need to track households that have received this exclusion in the initial period and ensure removal of this exclusion beginning with regular reexams effective **February 1, 2025**.

RAAs shall apply the earned income exclusion in the same manner as other exclusions. DHCD will release guidance in the form of a standard operating procedure (SOP) within the next month. RAAs are encouraged to postpone finalizing February 1, 2023 certifications for households with earned income until the SOP is available.

For FSS families, DHCD will give them the option to accept the earned income exclusion or not, as it will impact escrow. DHCD may provide further guidance concerning FSS and the earned income exclusion.