



Cost of Living Adjustment for 2023

Thursday, October 13, 2022 - Today the Social Security Administration announced that the Cost of Living Adjustment (COLA) for 2023, which apply to Social Security (SS), Supplemental Security Income (SSI) and Dual Entitlement (DE) benefits, are going to increase by **8.7%**. All recipients will see the increase impact their benefits deposits beginning January 2023.

As this is the **largest increase in almost 40 years**, a new situation will present itself. In households where two (2) or more of the adults are receiving SS, SSI, or DE benefits, their income could increase by \$200 or more a month. Due to the size of the increase in monthly income, the HUD Handbook 4350.3 requires an Interim Recertification (IR) to be completed. This applies to households that do not have an Annual Recertification (AR) in January or February 2023.

Properties will have two choices on how to handle IRs for households who have a \$200 a month or more increase.

- * Option 1: Proactively run the calculations and contact tenants who will have an increase of \$200 or more a month and complete an IR effective 2/1/2023.
- * Option 2: Allow tenants to self-report the increase of \$200 a month or more. If you chose option 2, please keep in mind that if the tenant(s) fails to report the increase, there is a high likelihood that a repayment agreement will be required.

For households who have an AR due in January or February 2023, the property will have to act to account for the COLA increase. Note that the Enterprise Income Verification (EIV) system's Income Reports for January and February 2023 will most likely not be updated in time to include the COLA increase. According to the HUD Handbook 4350.3, properties have two options when it comes to adding the increase.

- * Option 1: Calculate the COLA and manually add the amounts shown in EIV. Do not round to the nearest dollar, include the full amount of the increase. Contract Administrators (CAs) require the full amount including the cents.
- * Option 2: Use the amounts shown in EIV, without adding the COLA. These income calculations will be used to determine household's subsidy for all of 2023. It is important to remember for option 2, that rents in 2024 will increase by at least 8.7%, regardless of the 2024 COLA.

Please remember that you cannot accept the notice that the Social Security Administration releases about the COLA as documentation of income.