

## **Exhibit 13-3**

### **Minimum Rent Hardship Exemption**

The 1998 Quality Housing and Work Responsibility Act (QHWRA, in regulation at 24 CFR 5.630) required PHAs to establish:

- Minimum rents in an amount not more than \$50, and
- Procedures to exempt families from paying minimum rents in cases of financial hardship.

Although AHFC has the ability to offer a family a Repayment Agreement to help families remain current with their account, a family may not have the financial resources to make payments. This is when a hardship exemption may be an appropriate solution.

#### **13-3.1 FINANCIAL HARDSHIP TYPES**

In the 1998 QHWRA, Congress dictated that the following situations are eligible for a hardship exemption:

1. The family has lost eligibility for or is waiting on an eligibility determination for a federal, state, or local assistance program.
2. The family would be evicted as a result of the minimum rent requirement.
3. The income of the family has decreased because of changed circumstances, including loss of employment.
4. A death in the family has occurred.
5. Such other circumstances as determined by HUD or a PHA.

AHFC will also consider the following situations as eligible financial hardships:

1. Families paying more than 50 percent of their monthly adjusted income towards unreimbursed childcare or medical expenses.
2. Families who have incurred additional expenses as the result of a family emergency.
3. Other good cause as determined by AHFC.

### 13-3.2 HARDSHIP EXEMPTION REQUEST

In order to qualify for a hardship exemption, the family must complete and submit the *Hardship Exemption from Paying Minimum Rent Request* (form PW324). The request must be submitted within fourteen (14) calendar days of:

1. the date of a *Notice of Rent Change*, **OR**
2. the date of a *Notice to Quit: Notice of Lease Termination for Nonpayment of Rent*, **OR**
3. the date of the financial hardship event.

If the family does not submit the supporting documentation with their request, they have an additional five (5) calendar days to submit it to staff.

#### 13-3.2.A Suspension of Minimum Rent

Once the request has been submitted, AHFC must suspend the minimum rent beginning the first of the month following the request. The suspension will remain in effect until a determination has been made regarding the family's request.

#### **Example: Suspending Minimum Rent**

Staff receives a *Hardship Exemption from Paying Minimum Rent Request* from a client on May 8.

1. The suspension period begins June 1.
2. The suspension continues until staff receives the *Hardship Exemption Decision*.
3. The *Hardship Exemption Decision* will instruct staff when rent will resume.
4. For Voucher requests, staff should submit a *Section 8 Adjustment Transmittal* (form V736) to Central Office each month during the suspended period so that the landlord will continue to receive the family's portion of rent.

#### 13-3.2.B Prohibition Against Eviction

Once the request has been submitted, AHFC is prohibited from evicting the family for nonpayment of rent. This prohibition lasts for 90 days from the first of the month following the family's request.

This prohibition remains in place even if AHFC finds that a hardship does not exist.

### **Example: Eviction Prohibition**

1. Staff receives a Hardship Exemption from Paying Minimum Rent Request from a client on May 8.
2. The suspension period begins June 1.
3. Staff receives the *Hardship Exemption Decision* on July 2 with a finding of “no hardship.”
4. The AHFC client does not pay July rent.
5. Staff may **not** serve a Notice to Quit: Notice of Lease Termination for Nonpayment of Rent or Late Rent Fee Notice on July 7.
6. The minimum rent is reinstated August 1.
7. The AHFC client does not pay August rent.
8. Staff may **not** serve a Notice to Quit: Notice of Lease Termination for Nonpayment of Rent for August rent.
9. Staff serves a *Late Rent Fee Notice* (LR423) for August rent.
10. On September 1, if the client has still not paid rent, staff serves the *Notice to Quit: Notice of Lease Termination for Nonpayment of Rent* for August rent.

### **13-3.3 HARDSHIP EXEMPTION TYPES**

AHFC is responsible for determining if a hardship is of short- or long-term duration.

- Short-term or temporary duration is defined as a financial hardship that will last for more than 30 days, but less than 90 days.
- Long-term duration is defined as a financial hardship that will extend beyond 90 days. This hardship may last for an indefinite period, depending upon the nature of the financial hardship.

### **13-3.4 HARDSHIP EXEMPTION COMMITTEE**

AHFC has established a Hardship Exemption Committee. This Committee will meet once a month, as needed, to evaluate and issue determinations on hardship exemption requests.

Once staff receives the *Hardship Exemption from Paying Minimum Rent Request*, staff must collect the appropriate documentation from the client and review the request.

### **Instruction - Researching the *Request***

Clients are responsible for submitting a *Hardship Exemption Request*. Once the request is submitted, staff must act promptly.

1. Read the family's request so that you understand the family's situation. If you do not, have the family explain their situation to you.
2. Tell the family that their *Request* and supporting documentation are what the Committee will use to make its decision.
3. Collect any supporting documentation the family wishes to include with their request. If the family does not have the documents with them, give the family five (5) calendar days to get it to you.
4. Research the qualifying event for the hardship and indicate the type of event on the back page of the form.
5. If staff has any additional information that will aid the Committee, add that information to the *Request* (back page has space for staff comments).
6. Sign and date the *Request*.
7. Send the *Request* and any documents to Regina O'Keefe at Central Office.

Central Office will coordinate the Committee meeting and send a letter (*Hardship Committee Meeting Notification*) to the client.

#### **13-3.4.A Exemption Options**

Once a decision to grant a hardship exemption is made by the Committee, the Committee may decide to:

1. Reduce the family's rent portion to 30 percent of monthly adjusted income;
2. Reduce the family's rent portion to 10 percent of monthly gross income;
3. Reduce the family's rent to a minimum of \$25;
4. Grant additional income allowances for unreimbursed, verified childcare or medical expenses;
5. Waive the minimum rent requirement;
6. Any combination of the above.

#### **13-3.4.B Hardship Exemption Decision**

Once a decision has been made, a *Hardship Exemption Decision* (form PW326) will be issued to the family. A copy will be provided for the file. The Decision will include:

1. The date of the family's request.
2. The family's reason for the hardship exemption request.

3. The exemption period requested.
4. The determination of whether the financial hardship is short or long term.
5. The determination of whether the exemption is approved or denied.
6. The family's right to grieve the decision.

The Public Housing Division Director has the discretion to overrule a decision of the Hardship Exemption Committee.

#### **13-3.4.C Short-Term or Temporary Hardship**

If AHFC determines a financial hardship is temporary or short-term:

1. The minimum rent will be reinstated once the 90-day period has expired.
2. The family will not be subject to a late rent fee for the suspended period.
3. The family will be responsible for paying for any rent or late fees accrued prior to the hardship exemption request.
4. The family will sign a Repayment Agreement with AHFC for the suspended minimum rent and any accrued rent or late fees at the conclusion of the hardship exemption.
5. The family will meet with AHFC to review the family's circumstances after 90 days.

#### **13-3.4.D Long-Term Hardship**

If AHFC determines a hardship is long-term:

1. The minimum rent will be suspended until the end of the qualifying financial hardship.
2. The family will not be subject to a late rent fee for the suspended period.
3. The family will be responsible for paying for any rent or late fees accrued prior to the hardship exemption request.
4. The family will sign a Repayment Agreement with AHFC for the suspended minimum rent and any accrued rent or late fees at the conclusion of the hardship exemption.
5. The family will meet with AHFC to review the family's circumstances after 90 days.

#### **13-3.4.E No Financial Hardship**

If AHFC determines the family does not have a qualifying financial hardship:

1. The minimum rent will be reinstated the first of the month following the Hardship Exemption Committee's decision.
2. The family will not be subject to a late rent fee for the suspended period.

3. The family will be responsible for paying for any rent or late fees accrued prior to the hardship exemption request.
4. The family will sign a Repayment Agreement with AHFC for the suspended minimum rent and any accrued rent or late fees.