

### Exhibit 10-3 Policy Overview

Old Policy	New Policy
Exhibit 13-3 Minimum Rent Exemption	All in this exhibit
Introduction	Adds a reference to Chapter 1 where all minimum rents are listed
	10-3.2.A Clarification of the 90-day suspension period
	10-3.2.A Clarification on what family rent changes to process during the suspension period

#### Forms

PW324 Minimum Rent Exemption Request  
PW325 Minimum Rent Exemption Procedure  
PW326 Minimum Rent Exemption Decision  
PW327 Hardship Committee Meeting Notification

#### Administrative Desk Manual

None

## **Exhibit 10-3**

### **Minimum Rent 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.

See Chapter 1 for a listing of each voucher program and the required minimum rent. 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 an exemption may be an appropriate solution.

#### **10-3.1 FINANCIAL HARDSHIP TYPES**

In the 1998 QHWRA, Congress dictated that the following situations are eligible for an 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, unplanned expenses as the result of a family emergency.
3. Other good cause as determined by AHFC.

### 10-3.2 EXEMPTION REQUEST

In order to qualify for an exemption, the family must complete and submit the *Minimum Rent Exemption 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.

#### 10-3.2.A Suspension of Minimum Rent

If the Hardship Exemption Committee is unable to render a decision prior to the first of the month following the family's request, AHFC will suspend the requirement to pay the minimum rent. The suspension period will remain in place until a decision is rendered.

Staff will take no action on the family's rent or tenancy pending the decision from the Hardship Exemption Committee. The decision from the Committee will instruct staff with the action to take.

If a voucher family feels that their tenancy may be at risk while waiting for a Committee decision, staff may process an *Adjustment/Payable Request* (form V736) for the tenant portion of the rent for that month.

#### **Example: Suspension Actions**

Staff receives a *Minimum Rent Exemption Request* from a family on May 25.

1. The suspension period begins June 1.
2. Staff will not take any action against the family pending the Hardship Exemption Committee decision.
3. The *Minimum Rent Exemption Decision* is issued on June 5.
4. Staff will process the actions necessary for the decision.

Staff receives a *Minimum Rent Exemption Request* from a family on August 5.

1. Staff will not take any action against the family pending the Hardship Exemption Committee decision.
2. The *Minimum Rent Exemption Decision* is issued on August 18.
3. Staff will process the actions necessary for the decision.
4. The suspension period never comes into effect as the decision was issued prior to September 1.

### 10-3.2.B Prohibition Against Eviction

Once a family's 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 *Minimum Rent Exemption Request* from a family on May 8.
2. The suspension period begins June 1.
3. Staff receives the *Minimum Rent Exemption Decision* on July 2 with a finding of "no hardship."
4. The family 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 family does not pay August rent.
7. Staff may **not** serve a *Notice to Quit: Notice of Lease Termination for Nonpayment of Rent* or *Late Rent Fee Notice* on August 7.
8. On September 1, the minimum rent requirement resumes.
9. If the family does not pay August or September rent, staff serves the *Notice to Quit: Notice of Lease Termination for Nonpayment of Rent* for the unpaid months.

### 10-3.3 EXEMPTION DURATION

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.

### 10-3.4 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 exemption requests.

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

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

Families are responsible for submitting a *Minimum Rent Exemption Request*. Once the request is submitted, staff must act promptly. Staff will:

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 within two (2) business days of receipt to the Central Office.

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

#### **10-3.4.A Exemption Options**

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

1. Reduce the family's rent portion to an income-based formula;
2. Waive the minimum rent requirement;
3. Grant additional income allowances for unreimbursed, verified childcare or medical expenses;
4. Any combination of the above.

#### **10-3.4.B Minimum Rent Exemption Decision**

Once a decision has been made, a *Minimum Rent 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 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.

#### **10-3.4.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 during the suspended period.
3. The family will be responsible for paying for any rent or late fees accrued prior to the exemption request.
4. The family will sign a payment agreement with AHFC for any suspended amounts and any accrued rent or late fees at the conclusion of the exemption.

#### **10-3.4.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 during the initial suspension 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 payment agreement with AHFC for any suspended amounts and any accrued rent or late fees at the conclusion of the exemption.

#### **10-3.4.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 end of the 90-day suspension period.
2. The family will not be subject to a late rent fee during the initial suspension period.
3. The family will be responsible for paying for any rent or late fees accrued prior to the exemption request.
4. The family will sign a payment agreement with AHFC for any suspended amounts and any accrued rent or late fees.