

# Transcript: Public Housing Minimum Rent and Hardship Exemptions

## Slide 1: (Title Slide) Introduction

Hello and welcome to this training on HUD's Public Housing Minimum Rent and Hardship Exemption requirements. This training is intended for staff from Public Housing Authorities, or PHAs.

During this training, we are going to discuss the minimum rent and the related hardship exemption requirements included in HUD regulation 24 CFR 5.630.

## Slide 2: Learning Objectives

The goal of this training is for PHAs administering a Public Housing Program to understand:

- What minimum rent is
- When families are eligible for the hardship exemption; and
- Best practices for PHAs as to how and when residents should be informed of their Minimum Rent and Hardship Exemption Policy

## Slide 3: PHA Responsibilities: Minimum Rent and Hardship Exemption Policy

While you are likely well versed in Flat Rent and Income-Based Rent, Minimum Rent is less common. As such, minimum rent and the related hardship exemption are the primary focus of this training.

We are focusing on this rent type to ensure that PHAs are implementing the Minimum Rent regulation correctly and that families are aware of both the Minimum Rent as well as the hardship exemption policy.

The Minimum Rent and the Hardship Exemption require the PHA to establish specific policies and procedures and to clearly communicate these policies and procedures with families.

In the following slides we will provide an overview as well as best practices and examples to illustrate the implementation of this rent and the related hardship exemption.

## Slide 4: What is Minimum Rent?

First, we must establish the definition of Minimum Rent. The minimum rent is the lowest rent amount that a PHA will charge a family.

To understand how minimum rent is triggered for a household, we have to remember that income-based rents provide that a family's total tenant payment (TTP) is the highest of:

- 30 percent of the monthly adjusted income; or
- 10 percent of monthly gross income; or
- Welfare rent, if applicable;

But never less than the Minimum Rent.

Therefore, minimum rent is triggered if

- 30% of the family's monthly adjusted income
- or 10% of the monthly gross income is less than the minimum rent set by the PHA.

Minimum rent also applies in the case of the household having zero income.

#### Slide 5: Zero Income Families

Zero income families are those households without any source of income, earned or unearned.

Section 8.4.7 of the Public Housing Occupancy Guidebook provides guidance on addressing Zero Income families. Some best practices include:

- Completion of a zero-income form. This PHA developed form asks households to estimate how much they spend for telephone, TV, food, transportation, etc. to verify claims of zero income
- Assessing the family's circumstances every 90 days until they have stable income
- Using the EIV No Income Report to cross-reference with their list of Zero Income families

#### Slide 6: Establishing Minimum Rent

PHAs have to establish a written policy on the minimum rent. This policy and rent amount must be documented in the PHAs Admissions and Continued Occupancy Policy (ACOP). Residents must be notified of any change to the policy.

A PHA may establish a minimum rent at any amount from \$0 to \$50 per month.

#### Slide 7: Hardship Exemption from the Minimum Rent

If a PHA has adopted a minimum rent greater than \$0 per month, and a resident is paying the minimum rent, there are certain instances in which the household may request the minimum rent hardship exemption.

PHAs must advise any family who pays the minimum rent of the right to request the minimum rent hardship exemption and of the qualifying financial hardships.

#### Slide 8: Qualifying Financial Hardships

According to HUD regulation at 24 CFR 5.630 (b), Qualifying financial hardships include:

- When the family has lost eligibility for, or is awaiting an eligibility determination for a government assistance program;
- When the family would be evicted because it is unable to pay the minimum rent;

- When the income of the family has decreased because of changed circumstances including loss of employment;
- When a death has occurred in the family.
- In addition, the PHA or HUD may identify other qualifying financial hardships. The PHA must identify and document these other circumstances in their ACOP.

#### Slide 9: Hardship Exemption Policy: Communication Strategies with Residents

There are a variety of strategies PHAs can use to communicate the availability of a hardship exemption from the minimum rent to residents, including but not limited to:

- Including information about the hardship exemption at the time of admission and annual reexamination. By sharing information about the policy, the PHA can be sure they are providing the information several times during the tenancy. The information can be included as a one-page FAQ regarding the hardship exemption or as a checklist the family can use to determine if they qualify and which steps they will need to take to request the exemption.
- Having a direct conversation with residents that possibly qualify for a hardship exemption. Throughout the year, staff are likely to encounter families and have formal and informal conversations. During these conversations, it may come to light that the family has had a change in circumstance that may qualify them for the hardship exemption. If this occurs, the PHA staff should share with the family the PHA policy regarding the minimum rent hardship exemption. This is particularly important during known economic downturns.

#### Slide 11: Hardship Exemption Policy: Communication Tools

Communicating the minimum rent and hardship exemption with residents consistently is important. Some examples of tools the PHA may consider employing with their communication strategy may include:

- Drafting a simple form that households can complete to request a minimum rent hardship exemption. A form could also provide information on the PHA policy and a list of qualifying hardships so that residents can indicate the applicable hardship they are experiencing. The use of a form is entirely optional, and families can also simply make a verbal request.
- Develop a Fact Sheet or FAQ; keep the document to a single page and include the key information or most common questions residents have about minimum rent and the hardship exemption
- Provide a checklist for residents. The checklist may include some preliminary questions to help residents determine whether or not they might qualify as well as next steps they need to take to be considered for the minimum rent hardship exemption

- Create a door hanger or postcard template that can be left at residents' doors or posted on the community bulletin board

#### Slide 11: Hardship Exemption Policy: Communication Strategies with Residents (continued)

- Door hangers are another common way of communicating with residents. Door-hangers offer residents who have lived on a property for a while a reminder of such policies and a means to communicate with harder to reach households.
- Use of community bulletin boards. PHAs often have bulletin boards at their offices and in common areas within their communities. Flyers and posters can be posted on the bulletin boards and provide broad guidelines for requesting a minimum rent hardship exemption.

In addition to these communication best practices, ensure all PHA staff are trained in the minimum rent hardship exemption and the related policies and procedures for your PHA so they can effectively communicate with families.

#### Slide 12: Phases of the Hardship Exemption Process

If a family paying minimum rent requests a minimum rent hardship exemption, the PHA must suspend the minimum rent, effective the following month.

The PHA may not evict the family for non-payment of the minimum rent for 90 days following the request for the hardship exemption.

The suspension of minimum rent continues while the PHA makes its determination as to whether a qualifying hardship exists. As such, PHAs must make this determination quickly and determine whether it is a temporary or long-term hardship.

If the hardship is verified to be temporary, the PHA must reinstate the minimum rent and offer the family a reasonable repayment agreement of the minimum rent that was suspended.

If the hardship is verified to be long-term, the minimum rent must be suspended until the hardship ends. The family may not be evicted for failing to pay the minimum rent while the hardship is occurring.

If the PHA determines there is no qualifying financial hardship, the PHA must reinstate the minimum rent, including back rent owed from the beginning of the suspension. The family must pay the back rent on terms and conditions established by the PHA.

#### Slide 13: Scenario 1

To illustrate these scenarios, we'd like to discuss a few possible examples you may encounter.

A family has been public housing tenants for several years. Based on their income, they pay the minimum rent, which the PHA has established to be \$50. The family had been receiving benefits but recently lost their benefits. The following month, they were not able to pay their rent due to the loss in income. They had learned about the minimum rent hardship exemption policy from a postcard on their community bulletin board a few months prior, and contacted PHA staff to request an exemption.

Upon receiving the request, the PHA must promptly determine if they have a qualifying hardship and whether it is a short-term or long-term. While these determinations are occurring, the PHA suspends the minimum rent beginning the next month.

The PHA determines that the household qualifies due to the loss of benefits. However, the PHA also determines that this is expected to be a temporary hardship, as the family has now completed a redetermination and benefits are forth coming. Once those benefits are received the PHA can reinstate the minimum rent and offer the family a reasonable repayment agreement for the minimum rent that was suspended.

#### Slide 14: Scenario 2

A family currently residing at a PHA property recently completed their annual reexamination. During the annual reexamination, they received a Fact Sheet from the PHA which explained the Hardship Exemption policy. As it turns out, the family, who is currently paying the minimum rent, has been struggling to pay due to the head of households being placed on furlough during the Covid-19 pandemic. They contact the PHA to request a hardship exemption.

The PHA receives the request and beginning the month following the request, suspends the minimum rent for the household while they verify the qualifying hardship and determine if is short-term or long-term.

PHA staff are able to verify with the head of household's employer that they have closed the store where the individual was employed and that they will remain closed at least for the next 6 months. The financial hardship the family is experiencing is long-term and as such the PHA suspends the minimum rent until the hardship ends. During this period, the family cannot be evicted for failure to pay rent.

#### Slide 15: PHA Must Establish Policies for Minimum Rent and Hardship Exemption in the ACOP

To ensure correct implementation, PHAs must establish several guidelines related to its minimum rent and hardship exemption policies that must be included in its ACOP.

First, the PHA must have a policy that sets the minimum rent.

Next the PHA must have a policy that includes the qualifying hardships provided in the HUD regulations and defines any additional circumstances that would qualify as a financial hardship. In addition, the PHA should include definitions of temporary and long-term financial hardships.

Any other circumstances determined by the PHA need to be clearly defined in the Admissions and Continued Occupancy Policy. Remember that you may need to provide a reasonable accommodation to a person with disabilities if there is a unique circumstance that was not included in your policy.

#### Slide 16: Grievance Procedures

If a PHA denies or limits a resident's claim to a hardship exemption, the resident is entitled to request a hearing under the PHA's grievance procedure and the PHA may not require the resident to make an escrow deposit to obtain the grievance hearing.

#### Slide 17: Key Takeaways

In this presentation we have provided information about the Public Housing Minimum Rent and Financial Hardship Exemption.

The key take aways from this training include:

Minimum rent is a rent amount set by the PHA. It is triggered when a family's income is such that the minimum rent is higher than TTP.

When a family is paying the minimum rent, the family must have the opportunity to request a hardship exemption.

Financial hardships can be temporary or long-term and include: loss of eligibility for a government assistance program, imminent eviction due to inability to pay rent, decrease in income, or death in the family.

PHAs must have policies in place to consider the minimum rent hardship exemption request.

Finally, the PHA must provide an opportunity for the family to grieve a PHA's determination to deny or limit a family's claim to a hardship exemption as part of its grievance procedure.

#### Slide 18: Additional Resources

Thank you joining us for this training. We have listed here additional resources that might be of interest, including the HUD's Minimum Rent regulation and the Public Housing Occupancy Guidebook.