

January 31, 2012

Dear Participant,

Effective April 1, 2012, the Baltimore County Housing Office has implemented a \$50 minimum rent policy. This policy may affect the calculation of your portion of rent to the owner. An example of how the minimum rent could potentially affect your rent is included in this notice.

There are considerations for exemptions from the minimum rent. To be considered for an exemption from the minimum rent requirement a household must demonstrate that it is experiencing a financial hardship due to an unexpected or unprecedented economic burden on the family. (The voluntary loss of income, or voluntary continued loss of income, does not necessarily qualify a family for the financial hardship exemption from minimum rent.)

Only the following situations shall qualify for the exemption:

- When the family has lost eligibility for, or is awaiting an eligibility determination from a federal, state or local assistance program. This includes a family member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.

A hardship will be considered to exist only if the loss of eligibility has an impact on the family's ability to pay the minimum rent.

For a family waiting for a determination of eligibility, the hardship period will end as of the first of the month following: (1) implementation of assistance, if approved, or (2) the decision to deny assistance. A family whose request for assistance is denied may request a hardship exemption based upon one of the other allowable hardship circumstances.

Families who have lost eligibility as a result of fraud will not be permitted to receive a hardship exemption.

- When the family would be evicted because it is unable to pay the minimum rent. For a family to qualify under this provision, the cause of the potential eviction must be the family's failure to pay rent to the owner or tenant-paid utilities
- When the family income has decreased because of changed circumstances, including the loss of employment.
- When a death has occurred in the family. In order to qualify under this provision, a family must describe how the death has created a financial hardship (e.g., because of funeral-related expenses or the loss of the family member's income)

Requests for an exemption from the minimum rent **must be submitted in writing** to the Baltimore County Housing office. The request must explain the nature of the hardship and how the hardship has affected the family's ability to pay the minimum rent.

If a family requests the hardship exemption, the PHA must suspend the minimum rent requirement beginning the first of the month following the family's request. When the minimum rent is suspended, the family share reverts to the highest of the remaining components of the calculated Total Tenant Payment.

The PHA then determines whether the financial hardship exists and whether the hardship is temporary or long-term. HUD does not define temporary or long-term hardship; the PHA must decide what these terms mean. The administrative plan uses 90 days or less for its definition of temporary hardship because the PHA may not impose the minimum rent during the 90 day period beginning the month following the date of the family's request for a hardship exemption.

The PHA defines temporary hardship as a hardship expected to last 90 days or less. Long-term hardship is defined as a hardship expected to last more than 90 days.

The PHA will make the determination of hardship within 30 calendar days.

If it is determined that there is no financial hardship, the PHA must reinstate the minimum rent and require the family to repay the amounts suspended within 30 calendar days of the PHA's notice that a hardship exemption has not been granted.

If the PHA determines that a qualifying financial hardship is temporary, the PHA must suspend the minimum rent for the 90-day period beginning the first of the month following the date of the family's request for a hardship exemption.

At the end of the 90-day suspension period, the family must resume payment of the minimum rent and must repay the PHA the amounts suspended. HUD requires the PHA to offer a reasonable repayment agreement of the terms and conditions established by the PHA. The PHA also may determine that circumstances have changed and the hardship is now a long-term hardship. The PHA and the family can agree on a repayment schedule in accordance with the PHA's policy.

If the PHA determines that the financial hardship is long-term, the PHA must exempt the family from the minimum rent requirement for so long as the hardship continues. The exemption will apply from the first of the month following the family's request until the end of the qualifying hardship. Repayment of the minimum rent for the period of the long-term hardship is not required.

The hardship period ends when any of the following circumstances apply:

- At an interim or annual reexamination, the family's calculated Total Tenant Payment is greater than the minimum rent.
- For hardship conditions based on loss of income, the hardship condition will continue to be recognized until new sources of income are received that are at least equal to the amount lost. For example, if a hardship is approved because a family no longer receives a \$60/month child support payment, the hardship will continue to exist until the family receives at least \$60/month in income from another source or once again begins to receive the child support.
- For hardship conditions based upon hardship-related expenses, the minimum rent exemption will continue to be recognized until the cumulative amount exempted is equal to the expense incurred.

**Example: Impact of Minimum Rent on Calculation**

A family receives \$3,000 annually, or \$250 monthly, in welfare assistance. The family has three children and no other deductions. The dependent deduction for the three children amounts to  $\$480 \times 3 = \$1,440$ , so the family's annual adjusted income is  $\$3,000 - \$1,440 = \$1,560$ , making its monthly adjusted income  $\$1,560 \div 12 = \$130$ . The family's utility allowance is \$65. The welfare rent is not applicable.

With Current Minimum Rent of \$0		With Minimum Rent of \$50	
Total Tenant Payment = greater of:		Total Tenant Payment = greater of:	
<b>\$39</b>	<b>Monthly adjusted income x 0.30</b>	<b>\$39</b>	<b>Monthly adjusted income x 0.30</b>
\$25	Monthly gross income x 0.10	\$25	Monthly gross income x 0.10
N/A	Welfare rent	N/A	Welfare rent
\$0	Minimum rent	\$50	Minimum rent
<b>\$39</b>	<b>Total Tenant Payment</b>	<b>\$50</b>	<b>Total Tenant Payment</b>
<u>-65</u>	<u>Utility Allowance</u>	<u>-65</u>	<u>Utility Allowance</u>
<b>\$26</b>	<b>Utility Reimbursement</b>	<b>\$15</b>	<b>Utility Reimbursement</b>