

Bob Taft  
Governor



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Director

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October 4, 2000

**OWF/PRC Guidance Letter No. 33**

**TO:** Directors, County Departments of Job and Family Services  
Directors, County Public Children Services Agencies  
Directors, Child Support Enforcement Agencies

**FROM:** Jacqueline Romer-Sensky, Director

**SUBJECT: MINIMUM RENT AND HARDSHIP EXEMPTION FOR HUD-ASSISTED RENTAL HOUSING AND COOPERATIVE AGREEMENTS WITH PUBLIC HOUSING AUTHORITIES**

The purpose of this guidance letter is to provide information on changes recently enacted by the U. S. Department of Housing and Urban Development (HUD) that could result in reduced rent for low-income families who will be losing OWF due to time limits. It also transmits information about the provisions in the Public Housing Reform Act of 1998 (PHRA) that requires Public Housing Authorities (PHAs) to make their best efforts to enter into cooperative agreements with TANF agencies in order to facilitate assistance in verifying resident compliance with requirements of the PHRA, and to establish services targeting the needs of assisted housing families.

**BACKGROUND**

In October 1998, the PHRA (also known as the Quality Housing and Work Responsibility Act of 1998) was enacted, reforming the HUD-assisted rental housing programs. The primary HUD-assisted rental housing programs are the Public Housing program, the Section 8 voucher/certificate program, and the Section 8 project-based programs. PHAs administer the Public Housing program and the Section 8 voucher/certificate program.

The PHRA requires linkages between housing assistance and welfare/supportive services systems, providing incentives which reward work by public housing residents and reinforcing welfare system compliance actions which promote self-sufficiency and combat fraud.

**MINIMUM RENT**

Generally, in the HUD-assisted rental housing programs, a family's monthly rent is 30% of its adjusted income or the minimum rent, whichever is higher. Each PHA establishes its own minimum rent, between \$0 and \$50, for its Public Housing program and for its Section 8 voucher/certificate program. The minimum rent amounts for many of the PHAs in Ohio is included in this guidance letter as Attachment A. For the Section 8 project-based programs, HUD has established a minimum rent of \$25.

**HARDSHIP EXEMPTION TO MINIMUM RENT**

A family is not subject to the minimum rent requirement if it qualifies for a hardship exemption. A family residing in public housing or Section 8 housing must make a request for a hardship exemption to the PHA (for the Public Housing program and the Section 8 voucher/certificate program) or the owner (for the Section 8 project-based programs). There are two requirements for receiving a hardship exemption:

1. A family must be unable to pay the minimum rent because of a financial hardship, which includes the following situations:
  - A family has lost eligibility for a federal, state or local assistance program (this includes families who are being terminated from OWF due to receipt of 36 months and those being terminated due to the expiration of a hardship extension);
  - A family is awaiting an eligibility determination for a federal, state or local assistance program;
  - A family would be evicted because it is unable to pay the minimum rent;
  - A family's income has decreased because of changed circumstances, including loss of employment;
  - A death has occurred in the family; or
  - Other circumstances determined by the PHA or Section 8 project-based owner.
  
2. The qualifying financial hardship must be long-term.

The PHAs and Section 8 project-based owners must have written policies governing the hardship exemption.

**INFORMATIONAL NOTICE**

To assist families in requesting a hardship exemption from the PHA (for the Public Housing program and the Section 8 voucher/certificate program) or the owner (for the Section 8 project-based programs), ODJFS will send out an informational notice to all assistance groups whose OWF is being terminated or reduced due to time limits or due to the expiration of a hardship extension. This informational notice will be included with the notice of termination or reduction that will be issued by CRIS-E during the monthly mass change or will be issued as a result of an online termination. An informational notice was issued with the termination and reduction notices issued beginning with the August 22, 2000 mass change. Revisions have been made to the original notice and a copy of this informational notice is included in this guidance letter as Attachment B. The revised informational notice should be in production shortly.

**OTHER CHANGES**

The following changes are also included in PHRA:

- Mandatory income disallowance for public housing residents.

The PHAs are required to exempt certain income for individuals who were previously unemployed and who return to work. The PHA must be able to determine eligibility for the disregard by obtaining written information from the CDJFS regarding which residents receive, or have recently received OWF assistance.

The PHA must also determine whether to offer an Individual Savings Account instead of an earnings disregard. This Individual Savings Account is similar to the Individual Development Account - the PHAs have been advised that they should work with the local CDJFS to combine funds for families who have an IDA established by the CDJFS.

- Exemptions from Community Service Requirements for Public Housing.

PHRA requires all adult members of families living in public housing to either contribute eight hours per month of community service within the community in which the family lives, or participate in an economic self-sufficiency program. Individuals exempt from participation include the following:

- Elderly persons;
- Disabled person;
- Persons already working;
- Persons exempt from work requirements under OWF; or
- Persons receiving assistance under OWF.

The PHA is required to obtain written information from the local CDJFS to determine whether a resident is exempt from community service.

- Welfare Reform Sanctions and Housing Assistance

If the family has had its OWF terminated/reduced as a result of an act of fraud or a sanction based upon a failure of any member of the family to comply with conditions of continued assistance requiring participation in an economic self-sufficiency program or imposing work requirements established by the CDJFS, the PHA must deny the family's request to reduce the rent.

Before the PHA can deny or approve the rent decrease, it must obtain written verification from the local CDJFS regarding the amount and reason for the termination or reduction of benefits.

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As indicated earlier in this guidance letter, the PHRA requires PHAs to make their best efforts to enter into cooperative agreements with TANF agencies. A sample Memorandum of Agreement, created by the Administration for Children and Families and the Department of Housing and Urban Development, is included in this guidance letter as Attachment C. This Memorandum of Agreement has also been provided to the PHAs by HUD.

Attachments  
JRS:ke

c:	County Commissioners Association	Cheri Walter
	PCSAO	Deputy Directors
	Regional Account Managers	Deputy Account Managers
	Joel Potts	LouAnn Shy
	Wayne Sholes	Technical Assistance Managers
	Bill Demidovich	Bureau Chiefs/OWD
	John Schuster	Rick Smith
	Fiscal Supervisors	OHSDA
	Bob Bonthius, Cleveland Legal Aid	Peter Iskin, Cleveland Legal Aid
	Tom Marshall, HUD	

**Attachment A**

**Minimum Rents**

<b>Housing Authority</b>	<b>Public Housing<sup>1</sup></b>	<b>Section 8 Housing<sup>1</sup></b>
Adams	\$25.00	\$25.00
Akron	\$25.00	\$0
Allen	\$1.00	\$0
Ashtabula	\$50.00	\$50.00
Athens	\$0	\$0
Belmont	\$0	\$0
Bowling Green		\$0
Brown	\$25.00	\$25.00
Butler	\$25.00	\$25.00
Cambridge	\$0	\$0
Chillicothe	\$25.00	\$0
Cincinnati	\$25.00	\$25.00
Clermont	\$0	\$0
Clinton	\$25.00	\$25.00
Columbiana	\$0	\$0
Columbus	\$50.00	\$25.00
Coshocton	\$25.00	\$25.00
Crawford		\$0
Cuyahoga	\$25.00	\$0
Darke		\$25.00
Dayton	\$50.00	\$50.00
Delaware		\$0
Erie	\$25.00	\$50.00
Fairfield	\$0	\$0
Fayette		\$25.00
Fulton	Information not available	Information not available
Gallia	\$0	\$0

<sup>1</sup>

Shaded box indicates that the Housing Authority does not run that program.

**Minimum Rents**

<b>Housing Authority</b>	<b>Public Housing</b>	<b>Section 8 Housing</b>
Geauga	\$0	\$0
Greene	\$25.00	\$25.00
Hamilton		\$0
Hancock		\$0
Hardin		\$0
Harrison	\$25.00	\$0
Henry		\$0
Highland		\$25.00
Hocking	\$50.00	\$50.00
Huron		\$0
Ironton	\$25.00	\$25.00
Jackson	Information not available	Information not available
Jefferson	\$0	\$0
Knox		\$0
Lake	(\$50.00) \$0 <sup>2</sup>	(\$50.00) \$0 <sup>2</sup>
Licking	\$0	\$0
Logan	\$25.00	\$25.00
London	\$25.00	
Lorain	\$25.00	\$25.00
Lucas	\$25.00	\$25.00
Mansfield		\$0
Marietta		\$0
Marion		\$0
Medina	\$0	\$0
Meigs		\$25.00
Miami	\$0	\$0
Middletown		\$25.00

**Minimum Rents**

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<sup>2</sup>

Reduction of minimum rent to \$0 has been proposed

Housing Authority	Public Housing	Section 8 Housing
Monroe	Information not available	Information not available
Morgan	\$0	\$0
Morrow		\$0
Noble	Information not available	Information not available
Parma	\$25.00	\$25.00
Perry	\$50.00	\$25.00
Pickaway	\$0	\$0
Pike	\$50.00	\$50.00
Portage	\$0	\$0
Portsmouth	\$0	\$0
Preble		\$25.00
Sandusky	\$0	\$0
Seneca		\$0
Shelby	\$25.00	\$25.00
Springfield	\$25.00	\$25.00
Stark	\$0	\$0
Trumbull	\$25.00	\$25.00
Tuscarawas		\$0
Vinton		\$50.00
Warren	\$50.00	\$50.00
Wayne	\$25.00	\$25.00
Williams		\$0
Youngstown	\$50.00	\$50.00
Zanesville	\$25.00	\$25.00

**AG Name:**  
**LOIS CRISENOTICE**

**Case Number:**  
**999999999**

**Mailing Date:**  
**10/18/2000**

**INFORMATION ABOUT LOWERING YOUR RENT**

**DO YOU LIVE IN "PUBLIC HOUSING" OR GET "SECTION 8 RENTAL ASSISTANCE"?**

You may qualify for lower rent when we stop or reduce your OWF payments:

- \* if you have a Section 8 "voucher" or "certificate," or
- \* if you live in "public housing," or
- \* if you live in "Section 8 project-based housing."

**YOU MAY QUALIFY FOR LOWER RENT.**

If we are stopping or reducing your OWF payments, ask your Section 8 landlord or Public Housing Authority to reduce your rent. Show the page of this "Important Notice" that says what we are doing with your OWF payments. You may qualify to pay less rent.

*(Note: See your Public Housing Authority if you live in public housing or if you have a voucher or certificate. See your Section 8 landlord if you live in Section 8 project-based housing.)*

**YOU MAY EVEN QUALIFY FOR FREE RENT DUE TO "HARDSHIP."**

If your Section 8 landlord or Public Housing Authority asks you to pay "minimum rent," ask for a "hardship exemption." The exemption is for families who cannot afford to pay the minimum rent. If you qualify, this exemption lets you pay even less than minimum rent -- maybe no rent.

*(Note: This hardship exemption for rent is not the same as the hardship extension that lets you keep getting OWF payments from us.)*

**WANT MORE INFORMATION? HAVE PROBLEMS?**

If you would like more information or have problems, contact:

- \* your Section 8 landlord or Public Housing Authority, or
- \* your local Legal Aid or Legal services office, call (800) 589-5999 for the local number.

**REPORT CHANGES IN YOUR RENT.**

If your rent changes, report the change to your county caseworker within 10 days.

## Attachment C

### Cooperation Agreement for Economic Self-Sufficiency between the Public Housing Agency and the Welfare Agency

#### MEMORANDUM OF AGREEMENT (MOA)

This Memorandum of Agreement, hereinafter referred to as "MOA", is made and entered into between the \_\_\_\_\_ (Public Housing Agency), a governmental entity corporation hereinafter referred to as the "PHA", and \_\_\_\_\_ (Local Welfare Agency), an organization hereinafter referred to as the "Welfare Agency". The parties hereto agree as follows:

**WHEREAS**, the Quality Housing and Work Responsibility Act of 1998 (hereinafter referred to as "PHRA", the Public Housing Reform Act) envisions that the PHA and the Welfare Agency will target services to families who receive housing assistance, and will work together to help these families to become self-sufficient;

**WHEREAS**, the PHA and the Welfare Agency recognize the significant overlap in the population receiving assistance and living in public housing or receiving Section 8 tenant-based assistance;

**WHEREAS**, the PHA and the Welfare Agency recognize that coordinated administrative practices support participant self-sufficiency and it is in the best interest of all parties concerned to coordinate efforts aimed at jointly assisting these families in becoming economically self-sufficient so that efforts are not duplicated and so that the strengths of both the PHA and the Welfare Agency can be used to benefit all families; and

**WHEREAS**, the PHA and the Welfare Agency recognize the need for a streamlined process to collect, verify and provide information as necessary to either party in a timely manner to ensure efficient delivery of service, and to detect and deter participant fraud and program noncompliance;

Therefore be it resolved that the parties agree to the following:

#### PURPOSE OF MEMORANDUM OF AGREEMENT (MOA):

The purpose of this MOA is to carry out, on a local level, Sec. 512(d)(7) of the Public Housing Reform Act of 1998 (PHRA) (implemented at 24 CFR 5.613). That section states, in relevant part, the following:

*"A public housing agency...shall make its best efforts to enter into such cooperation agreements, with State, local, and other agencies providing...welfare or public assistance..., as may be necessary, to provide...information to facilitate administration (of their program requirements) and other information regarding rents, income, and assistance that may assist a public housing agency or welfare or public assistance agency in carrying out its functions."*

*"A public housing agency shall seek to include in a cooperation agreement...requirements and provisions designed to target assistance under welfare and public assistance programs to families residing in public housing projects and families receiving tenant-based assistance under Section 8, which may include providing for economic self-sufficiency services within such housing, providing for services designed to meet the unique employment-related needs of residents of such housing and recipients of such assistance, providing for placement of workfare positions on-site in such housing, and such other elements as may be appropriate."*

## Cooperation Agreement for Economic Self-Sufficiency Page 2

This MOA carries out this provision by identifying common goals and purposes of both the PHA and the Welfare Agency that support the economic self-sufficiency efforts of low-income families receiving assistance and living in public housing or receiving Section 8 tenant-based assistance. The PHA and the Welfare Agency agree to the following goals:

- (1) *Targeting services and resources to families to assist them in achieving economic self-sufficiency;*
- (2) *Coordinating and streamlining the administrative functions to ensure the efficient delivery of services to families; and*
- (3) *Reducing and discouraging fraud and noncompliance with welfare and housing program requirements.*

### A. TARGETING SERVICES AND RESOURCES

Sec. 512(d)(7)(B) of the Public Housing Reform Act (PHRA) and 24 CFR 5.613 states that housing authorities and local welfare agencies should enter into cooperative agreements which include provisions designed to target assistance and services to families receiving federal housing assistance. The PHA and the Welfare Agency agree to carry out this provision through targeting services and resources to programs that support the economic self-sufficiency of low-income families receiving assistance and living in public housing or receiving Section 8 tenant-based assistance.

(This section may include but is not limited to: pre and post employment and training activities, job search activities, job development, case management, mentoring, counseling, child care, transportation, etc. Commitments should include specific information regarding the type of resource or activity, eligible group, length of time, size of program, contract person and any other pertinent information).

**Pursuant to this commitment made by the Welfare Agency and the PHA, the following commitments and responsibilities will be provided by the Welfare Agency:**

1. **(EXAMPLE ONLY)** The Welfare Agency will arrange for child care for (x number of) families receiving OWF and living in public housing or receiving Section 8 tenant-based assistance during their participation in employment and training related activities for a period agreed upon by the Welfare Agency and the PHA.
2. **(EXAMPLE ONLY)** The Welfare Agency will provide or arrange for employment related workshops/job training for (x number of) families receiving welfare and living in public housing or receiving Section 8 assistance for a time period agreed upon by the Welfare Agency and the PHA.

**Pursuant to the commitment made by the Welfare Agency and the PHA, the following commitments and responsibilities will be provided by the PHA:**

1. The PHA will send out timely notification to all public housing residents of all joint services provided by the PHA and the Welfare Agency to ensure that an adequate number of families are being served.

## Cooperation Agreement for Economic Self-Sufficiency

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2. **(EXAMPLE ONLY)** The PHA will provide meeting space for employment related workshops and/or services provided by the Welfare Agency for families receiving welfare and living in public housing or receiving Section 8 assistance for a time period agreed upon by the Welfare Agency and the PHA.
3. **(EXAMPLE ONLY)** The PHA will provide for (x number of) families receiving welfare assistance and living in public housing or receiving Section 8 assistance to participate in the Family Self-Sufficiency (FSS) Program.
4. **(EXAMPLE ONLY)** The PHA will provide for placement of (x number of) workfare positions on-site or with PHA-partner agencies.

#### **B. COORDINATING DELIVERY OF ASSISTANCE AND SERVICES**

The Welfare Agency and the PHA will coordinate and streamline the delivery of services to joint recipients of assistance. This will include coordination of resources and program activities, identification of eligible participants and coordination of verification of information to determine program eligibility.

(This section may include but is not limited to joint application and intake process; co-location of resources and staff, joint program resource and referral systems, or streamlined resource and referral systems. Commitments should be specific regarding the actions to be taken by each agency).

**Pursuant to the commitment made by the Welfare Agency and the PHA, the following commitments and responsibilities will be provided by both the Welfare Agency and the PHA:**

1. **(EXAMPLE ONLY)** The PHA and the Welfare Agency will implement a joint process of referrals for families receiving OWF or living in public housing or receiving Section 8 tenant-based assistance to facilitate approval for welfare or PHA programs. This process is described in Attachment A. (Such an attachment is not included in this model agreement; however, the PHA and the Welfare Agency should attempt to develop a process for inclusion in this agreement).
2. **(EXAMPLE ONLY)** The PHA and the Welfare Agency will meet monthly to identify areas of coordination to avoid duplication of service delivery and ways to combine or maximize scarce resources. (This may include sharing a staff member jointly paid by the PHA and the Welfare Agency).

#### **C. PROVIDING INFORMATION TO REWARD WORK AND PROMOTE COMPLIANCE WITH WELFARE AND HOUSING PROGRAM REQUIREMENTS**

The PHRA requires the PHA to obtain and verify information regarding families living in public housing or receiving Section 8 tenant-based assistance from Welfare Agencies for various specific purposes described below. To carry out these purposes, the PHA and Welfare Agency have (or will) worked together to streamline and develop joint mechanisms to verify participant income and other information used to determine program eligibility and program compliance. The PHA and the Welfare Agency have (or will) developed and defined joint processes to address participant noncompliance, sanctioning of benefits, and any participant appeals processes. (Where the PHA and the Welfare Agency have developed the joint processes to be used, details of these processes should be included as an Attachment to this agreement).

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(This section may include but is not limited to streamline collection and sharing of information to determine eligibility, streamline verification methods, joint information to participants regarding program rules and regulations regarding fraud and program compliance, and joint appeals process).

#### **The following commitments and responsibilities will be provided by both the Welfare Agency and the PHA:**

1. Target Supportive Services. The Welfare Agency and the PHA will implement a jointly developed process for verification by each party, and the sharing of information, for all families jointly served by the Welfare Agency and the PHA in order to determine if a family in public housing or receiving Section 8 assistance is receiving welfare benefits/assistance. This will be done so that supportive services can be targeted as provided by this agreement.

2. Provide Welfare to Work Incentives. The Welfare Agency and the PHA will implement a jointly developed process for verification by each party, and the sharing of information, for all families jointly served by the Welfare Agency and the PHA in order to determine if a family in public housing is eligible for a “disallowance of earned income from rent determination” because of an increase in income due to employment during the 12-month period beginning on the date on which the employment began and a phase-in of fifty percent of the total rent increase for the next 12-month period. [Pursuant to PHRA, Sec. 508(d)]. The eligible family must:

*Reside in public housing; AND*

*Have experienced an increase in income as a result of employment of a member of the family who was previously unemployed for one or more years; OR*

*Have experienced an increase in income during participation of a family member in any family self-sufficiency or other job training program; OR*

*Have or has, within six months, been assisted under any State program for temporary assistance for needy families under part A of Title IV of the Social Security Act and whose earned income increases.*

3. Encourage Welfare Compliance. The Welfare Agency and the PHA will implement a jointly developed process for verification by each party, and the sharing of information, for all families jointly served by the Welfare Agency and the PHA in order to determine if a family in public housing or receiving Section 8 assistance that has a decrease in income may have their rent decreased. The Welfare Agency will ensure that the PHA has information whether the family’s welfare benefits/assistance has been reduced or terminated and if this reduction or termination was due to fraud or noncompliance with an economic self-sufficiency program or work activity requirement as defined in Sec. 512 (d)(2)(A) and (3) - not including any reduction or termination of benefits at expiration of a lifetime or other time limit on the payment of welfare benefits.

4. Determining Exemptions from Public Housing Community Service Requirements. The Welfare Agency and the PHA will implement a jointly developed process for verification by each party, and the sharing of information, for all families jointly served by the Welfare Agency and the PHA in order to determine if adult members of a family in public housing are exempt from Community Service because they are:

**Cooperation Agreement for Economic Self-Sufficiency**

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- A. *Engaged in a work activity (as such term is defined in section 407 (d) of the Social Security Act [ 42 U.S.C. 601 (d) ], as in effect on and after July 1, 1997;*
- B. *Engaged in a work activity under the State program funded under part A of Title IV of the Social Security Act (42 U.S.C. 601, et. seq.) or under any other welfare program of the State in which the public housing agency is located, including a State-administered welfare-to-work program; or*
- C. *Receiving assistance under a State program funded under part A of Title IV of the Social Security Act (42 U.S.C. 601 et. seq.) or under any other welfare program, and has not been found by the State or other administering entity to be in noncompliance with such program.*

5. The Welfare Agency and the PHA will implement a jointly developed process for timely verification, including a written verification form, to ensure that the Welfare Agency and the PHA can release relevant information to either party regarding all areas stated above. This process will include joint definition of terms used in verification and will take into account all applicable privacy considerations.

**NOTE:** The processes of verification for all of these five sections are described in Attachment B of this agreement. *(Such an attachment is not included in this model agreement; however, the PHA and the welfare agency should attempt to develop a process for inclusion in this agreement).*

WHEREAS, both parties herein fully understand and agree to the roles and responsibilities outlined in this agreement.

WITNESS OUR HANDS EFFECTIVE \_\_\_\_\_

\_\_\_\_\_  
PHA

\_\_\_\_\_  
Welfare Agency

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Official Authorized to Make Legal Commitments

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date