

Safe Harbor Waiver Request

Minimum Rent – HCV and PH Programs

Name and number of the MTW Waiver and associated activity for which the MTW agency is seeking to expand the safe harbor:

- 1.(e): Minimum Rent (PH)
- 1.(f): Minimum Rent (HCV)

Specific safe harbor and its implementing regulation:

Safe Harbors:

- i. Minimum rent must not exceed \$130 per month.
- ii. Agency must exclude elderly and disabled families from rent policy.
- iii. Agency must conduct an impact analysis. *
- iv. Agency must implement a hardship policy. *

Implementing Regulations:

Minimum Rent (PH) - Certain provisions of sections 3(a)(1)-(2) and 3(a)(3)(A) of the Act and 24 CFR 5.628 and 5.630.

Minimum Rent (HCV) - Certain provisions of sections 3(a)(3)(A) and 8(o)(2)(A)-(C) of the Act and 24 CFR 5.628 and 5.630.

Proposed MTW activity the MTW agency wishes to implement via this Safe Harbor Waiver:

Effective April 1, 2026, the Minimum Rent for all households, excluding households participating in the Stepped Rent Demonstration Study (until the study concludes), will increase from \$50 per month to \$105 per month. This increase is equivalent to the inflation adjusted Minimum Rent of \$50 first established in 1996. The minimum rent will be adjusted annually thereafter by the increase in CPI, rounded to the nearest whole dollar amount. Tenants/participants who are unable to pay the minimum rent can receive a temporary waiver of the minimum rent if they participate in designated services or activities.

Description of the local issue and why such an expansion is needed to implement the MTW activity:

There are two primary local issues this activity is addressing:

1. The minimum rent for all households has not increased in nearly 30 years. This has resulted in a loss of income for the Housing Authority, which has adversely impacted its ability to serve more households. When adjusted for inflation, the proposed 2026 minimum rent for all households of \$105 (excluding Stepped Rent Demonstration Study households) will be equivalent to the inflation adjusted

minimum rent established in 1996. This is a reasonable increase and should apply to all households, including elderly and disabled families.

2. Households with little to no income who are subject to the minimum rent would benefit from services to help them increase their income and well-being. The proposed minimum rent increase will incentivize households to participate in services as they will receive a temporary waiver of the minimum rent while participating in services.

Impact analysis:

1. Impact on the agency's finances (e.g., how much will the activity cost, any change in the agency's per family contribution);

The increase in the minimum rent is expected to decrease the Agency's contribution towards rent by up to \$250,000 per year, allowing the Agency to serve more households.

2. Impact on affordability of housing costs for affected families (e.g., any change in how much affected families will pay towards their housing costs);

Approximately 11% of HCV households and 6% of LIPH households are expected to be impacted by the increase in minimum rent, with the average rent increase of approximately \$50 per month. However, households can receive a temporary waiver of the minimum rent if they are unable to pay and participate in designated services or activities, so an unknown but potentially significant portion of impacted households may not be impacted.

3. Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist);

The minimum rent is expected to have no significant impact on the waitlist.

4. Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency);

The Agency's termination rate is not expected to change significantly based on our prior experience with other MTW waivers.

5. Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program;

The LIPH occupancy level is not expected to be impacted but we expect a slight increase in the HCV utilization rate as more households are served.

6. Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice;

The increase in the minimum rent should increase cost effectiveness by enabling the HCV program to serve more households with the same amount of funding while promoting self-sufficiency by encouraging households to increase their income and participate in services if they are unable to afford the increase.

7. Impact on the agency's ability to meet the MTW statutory requirements;

Below is an analysis of the Agency's ability to meet the five MTW statutory requirements:

1: Ensure 75% of Newly-Assisted Households Have Very Low Incomes

This will have no impact on newly assisted households so the Agency will continue to meet this goal.

2: Establish a Reasonable Rent Policy

The increase in the minimum rent will further the goal of establishing a reasonable rent policy that promotes self-sufficiency.

3: Continue to Assist Substantially the Same Total Number of Eligible Low-Income Households

The increase in the minimum rent will further the goal of serving the substantially same number of households because more households will be served.

4: Continue to Assist a Comparable Mix of Households by Family Size

This is expected to have no impact on the mix of households.

5: Meet Housing Quality Standard Requirements

This is expected to have no impact on HQS requirements.

8. Impact on the rate of hardship requests and the number granted and denied as a result of this activity; and

The number of hardship waivers is expected to increase with the minimum rent increase with a corresponding increase in the number granted.

9. Across the other factors above, the impact on protected classes (and any associated disparate impact).

No impact on protected classes is expected. Less than 5% of elderly/disabled households will be impacted, compared with approximately 10% of total households.

Description of the hardship policy for the MTW activity:

Households may request a temporary hardship waiver of the minimum rent under the following circumstances:

- The household has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the household, or reduction in or loss of earnings or other assistance, and as a result, has insufficient income to pay the minimum rent;
- The household has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items, and as a result, has insufficient income to pay the minimum rent;
- The household has no income or insufficient income to pay the minimum rent.

To qualify for the minimum rent waiver, the household must meet two criteria:

1. Insufficient income to pay minimum rent: Confirmed when the household's rent calculation (absent the minimum rent) is less than the minimum rent. In addition, extraordinary expenses can be considered when determining insufficient income.

2. Participate in services: The head of household must participate in services, including but not limited to:
 - a. Building Hope program
 - b. Mental health services
 - c. Substance abuse services
 - d. Case management services
 - e. Counseling
 - f. Workshops
 - g. Resident services
 - h. Aging & Adult services

The waiver will continue as long as the household meets both criteria.

If the hardship waiver is denied, the household may have their denied hardship request reviewed in accordance with the Agency's grievance procedure found in the Administrative Plan (HCV households) or Admissions and Continued Occupancy Plan (LIPH households).

Copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement:

This document is the initial draft, and public comments will be added when received.