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CHANGES TO THE DHA ADMINISTRATIVE PLAN

Because of the annual decreases in the federal funding levels for the US Department of Housing and Urban Development (HUD) rental assistance programs, including the Housing Choice Voucher (HCV) program, public housing agencies (PHA) like the DuPage Housing Authority (DHA) must look closer to find new ways to reduce their operating costs, while at the same time fulfill their missions of providing affordable housing options to as many low and moderate-income households as they can.

In many cases, PHAs have no other choices available to them to reduce costs except by cancelling Housing Assistance Payment (HAP) contracts with property owners and/or taking vouchers away from households that needed them – and in many cases desperately needed them. As market rents and other related rental cost in DuPage County increase, the average subsidy paid by DHA in behalf of a program family increase as well. With no increase in program funding and with no alternative revenue streams to help replace those lost funds, based on projections nearly 100 DHA subsidized families would be in danger of losing their housing subsidy.

As program administrators, we must do the best job we can to make sure there is no program fraud or waste by DHA, landlords or participants; that the families participating are at all times both eligible to participate and paying their required fair share of their income towards their rent and that landlords participating are 100% compliant with the terms of their HAP Contracts and eligible to received subsidy payments. But this alone is not enough.

DHA is committed to not cancelling HAP contracts or taking vouchers, but to meet that commitment we are proposing several changes in our policies to our Board of Commissioners that are directly related to, (1) the calculation of the *subsidy standard* in how we calculate the voucher size for a household, (2) the amount of the subsidy payments made to landlords in the form of *housing assistance payments*, and (3) how DHA can better detect and address fraud or potential fraud and waste. They include:

Guest Policy

This was changed to follow what is considered “best practices” on addressing guests and unauthorized occupants, including taking into account access to information available on social media platforms. This is typically the hardest program violation to “prove” but uses a large amount of resources in the process because no real resources exist for DHA to be the lead to investigate claims. The proposed new policy is more descriptive of timeframes and documentation required to support a position. It also makes clearer the consequences if a guest policy is violated.

Subsidy Standards

Currently, DHA allows one (1) bedroom for a 1-person household/ head of household, then adds 1 bedroom for every 2 persons in the household after that. DHA proposes to calculate the voucher size for every household based only on one (1) bedroom for every two (2) persons. This change applies to:

1. Every new admission – defined as any person or family leasing a unit under the HCV program for the first time will receive 1 bedroom for every 2 persons.
2. Every program participant porting into DHA's service area whose voucher is administered by DHA will receive 1 bedroom for every 2 persons.
3. Every program participant household that reports changes in household composition will receive 1 bedroom for every 2 persons.
4. Every program participant moving from one subsidized unit to another subsidized unit will receive 1 bedroom for every 2 persons.

This is directly related to Congressional funding uncertainties and DHA's desire not to take away vouchers from subsidized households as a means to reduce costs. Many PHA's are amending their admin plans to include this change to "two heartbeats per room". This also eliminates the problems with neighboring PHAs like the Housing Authority of Cook County and the increased costs of ports between our agencies caused by different standards.

Form IRS 4506T-EZ

This is a new tool for 3rd party verification of income that typically is hidden and goes unreported. This will help to reduce average HAP costs and encourage participants to accurately report their income and pay their fair share of the rent. It will apply mainly to program participants who request a Hardship exemption because they claim not to be able to pay the \$50 minimum monthly rent requirement; for program participants who claim to have zero income; for program participants who claim a disability allowance expense for attendant care that often is more than their income; for annual or interim reexaminations of income when program participants fraudulently adjust household composition and income by removing or reducing the source on paper but not within the actual household.

Housing Assistance Payments

Currently, DHA allows a landlord to keep the entire month of HAP subsidy if their tenant moves out of the subsidized unit on any day other than the last day of the month. DHA no longer has these funds available to allow this and will prorate HAP in the move out month to end payment of the day the tenant is indicated they will vacate.

Once approved and implemented, we expect these changes will allow uninterrupted service to landlords and their tenants through the end of DHAs 2019 fiscal year. The entirety of the proposed changes are attached in the following pages.

COMMISSIONER'S REVIEW SHEET

** PROPOSED ADMINISTRATIVE PLAN CHANGES **

Prepared by Kenny Coles May 24, 2018

(To be presented by Resolution Thursday June 21, 2018)

Legend:

- Current language included for context: black type
- Current language proposed for change: black type with double strikethrough
- Proposed changed language: red type

1-II.C. Mission

~~The Authority mission and purpose is to serve and empower people of DuPage County needing assistance in obtaining decent, safe, sanitary and affordable housing in DuPage County through a proactive administration of programs and funds in cooperation with other public and private agencies dedicated to the improvement of housing and human development.~~

DHA Policy: The mission of the DuPage Housing Authority is to, "Affirmatively further fair housing, utilizing resources to serve vulnerable populations, by providing access to affordable housing to help improve quality of life and promote self-sufficiency".

RATIONALE: HUD has indicated a desire for PHAs to incorporate affirmatively furthering fair housing (or a form of it) in their mission statements. Change is to be compliant with HUD and reflect our true mission.

1-III.E. Program Accounts and Records

DHA Policy: In adherence to state and federal requirements, the destruction of most tenant records ~~can~~ occurs three years after:

- ~~the#~~ participants end of program participation (EOP); or
- the applicants withdrawal for cause by DHA as an applicant on any wait list; or
- the expiration of any voucher issued that was not leased in the required timeframe; or
- the determination by DHA of program ineligibility during any program eligibility process; or
- any other program application, eligibility or leasing process that terminates before the intended conclusion.

Tenant records could include ~~wait list, applicant, participant and portability records, in paper and~~ or electronic files.

RATIONALE: Make clearer when tenant records can be destroyed in accordance with federal and State of IL requirements. This is also a cost saver to streamline operations (space rental storage fees for documents).

1-IV.B. Provisions Effective Pending HUD Guidance and Rulemaking

DHA Policy: DHA will append this Plan, as specified with any Federal Register rulemaking or other guidance, for the statutory provisions effective upon enactment, and the actions that may or should be

taken to comply with those changes. ~~Because these provisions are not yet effective, they are summarized in brief below pending rule making and inclusion in this Plan:~~

- ~~• Changes regarding initial inspections in HCV units;~~
- ~~• Changes on the enforcement of housing quality standards in HCV units;~~
- ~~• Changes regarding the frequency of income reviews;~~
- ~~• Changes on income reviews in project based housing, in addition to changes on project based assistance in general;~~
- ~~• Limitations on public housing tenancy for over income families;~~
- ~~• Limitations on eligibility for assistance based on assets;~~
- ~~• Changes regarding DHA owned units;~~
- ~~• Revisions to requirements regarding the public housing capital and operating funds;~~
- ~~• Changes regarding the use of vouchers for manufactured housing;~~
- ~~• Modifications of FHA requirements for mortgage insurance for condominiums;~~
- ~~• Changes regarding the definition of geographic area in the Continuum of Care Program; and~~
- ~~• Changes regarding the Housing Opportunity for Persons with AIDS (HOPWA) allocations.~~

RATIONALE: To be less specific on what changes will/may come, so to stay generic to keep it simple.

3-1.1. Guests

A guest is a person temporarily ~~staying~~ **visiting** in the **assisted** unit with the consent of **the head of household or other adult** a member of the household who has express or implied authority to consent.

~~A guest may not stay overnight for more than thirty (30) calendar days in any twelve month period without prior written approval of the owner and DHA. Arrangements involving minor children may be excluded from the 30-day limit with prior written approval of the owner and DHA.~~

A visit is defined as an overnight stay. A guest may visit a family in an assisted unit for a total of thirty (30) calendar days in a calendar year; however, each visit cannot exceed seven (7) consecutive calendar days. Participants may request a time extension to this visitor timeframe. Persons that exceed the time as a guest will be considered an unauthorized occupant and the family will be subject to sanctions, up to and including program termination.

Participant households are not permitted to have unauthorized occupants, defined as, “anyone not authorized by the landlord and DHA, ~~or~~ listed on the lease and ~~for~~ HAP Contract” living in their unit, or using the unit address as theirs. **Verification of an unauthorized occupancy can be established through:**

- 1. Government or governmental agency issued ID's or reports;**
 - 2. Banking or credit/debit card information;**
 - 3. Utility Bills for the assisted unit;**
 - 4. Any online social media postings;**
 - 5. Property sign-in logs; and/or**
 - 6. Other documentation or investigations, that based on a preponderance of evidence likely indicates a conclusion of residence in the assisted unit.**
- Participant households are not permitted at any time to allow roomers or boarders to occupy their unit, or to sublet their unit.

DHA Policy: Violation of any Guest provision stated above is grounds for immediate termination of participation **in any DHA program.**

RATIONALE: This was changed to follow a PHA best practice on addressing guests and unauthorized occupants, including taking into account access to information available on social media. This is the hardest program violation to prove because no resources exist to thoroughly “investigate” claims.

4-II.D. Reporting Changes in Family Circumstances

The family must inform DHA within a reasonable time of changes in their ~~contact information~~ **family circumstances**. All applicants have the responsibility to maintain the accuracy of their **selected preferences, as well as** personal contact information provided on their pre-application, including current residence, email, **contact** mailing address and phone number. Failure to do so may result in DHA removing the family from the wait list if the family does not respond to notices such as those for selection and updating the wait list contact information.

DHA Policy: While the family is on the wait list, the family must immediately inform DHA of changes in **family circumstances, including any selected preferences**, contact information, including current residence, email, **contact** mailing address, and phone number by updating their **selected preferences and** contact information using the Applicant Portal in DHA's online Housing Café.

RATIONALE: This change is proposed because as currently written it didn't capture all categories of changes that need to be reported and/or updated by the family.

4-II.F. Updating the Wait List > Removal From List

DHA Policy: If a family is removed from the wait list because DHA has determined the family is not eligible for assistance, a notice will be sent to the family's address of record via electronic mail or US mail with first class postage. The notice will state the reasons the family was removed from the wait list and will inform the family how to request an Informal Review regarding DHA's decision [24 CFR 982.201(f)]. If DHA cannot verify a preference claimed by the family, the ~~family will be removed from the wait list~~ **preference points for any non-qualified preference will be deducted and the applicant will be returned to the wait list. The wait list will then be reordered to move the applicant to their qualifying position based on any remaining preferences, then on date and time of application.**

RATIONALE: Changed to be 100% compliant with HUD guidelines.

4-III.B. Wait List Preference Selection Method

DHA Policy: Applicants who qualify for any DHA Local Preference will be selected based first on their preference point total (maximum of eleven points, minimum of one point), then date and time of application. If it is determined **at the time of program eligibility determination** that an applicant does not qualify for a preference selected, the ~~family will be withdrawn from the wait list, even if they qualify for any or all other preferences they may have selected,~~ **preference points for any non-qualified preference will be deducted and the applicant will be returned to the wait list. The wait list will then be reordered to move the applicant to their qualifying position based on any remaining preferences, then on date and time of application.**

RATIONALE: Changed to be 100% compliant with HUD guidelines.

4-III.C. Selection Methodology

DHA Local Preferences

Once every DHA *Top Local Preference* has been served, applicants that qualify for DHA Local Preferences will be served. DHA Local Preferences and their point totals are:

- Residency Preference - 2 Points: ~~At time of application was~~ **You are a resident in any municipality or township within the DHA service area** of DuPage County or employed full-time in **any municipality or township within the DHA service area of** DuPage County. Residence and employment must be on a permanent, non-temporary basis.

- Family Preference - 1 Point: (only for households of 3 or more): ~~At the time of application a~~ At least one adult who will be residing in the household ~~was~~ is 62 years of age or older, or the household will have at least one disabled family member, or the household will consist of two or more persons, which includes one or more minor children.
- Working Preference - 1 Point: (only for households of 1 or 2): ~~At the time of application a~~ At least one adult in the household is employed at least 30 hours per week **in any municipality or township within the DHA service area of DuPage County** or is a participant in an accredited employment training program **in any municipality or township within the DHA service area of DuPage County**, or the head, spouse or sole member of the household is 62 or older or is a person with disability.
- Veteran, VAWA, FSS or HUD Demonstration Program Preference - 1 Point Each: ~~At the time of application a~~ At least one adult in the household is:
 - (a) a military veteran who separated from the service with any classification except dishonorable;
 - (b) eligible under the *Violence Against Women's Act*;
 - (c) enrolled in a HUD Family Self-sufficiency program; and/or
 - (d) enrolled in a HUD Demonstration program.
- Involuntary Displacement Preference - 1 Point: ~~At the time of application a~~ A Government action or a state or federally declared natural disaster involuntarily displaced the applicant from a domicile in **the DHA service area of DuPage County**.
- Homeless Preference - ~~2~~ 1 Points: ~~At the time of application was~~ Transitioning from a homeless services program **administered within the DHA service area of DuPage County** (such as transitional housing or permanent supportive housing) or was residing in a shelter or other location not fit for human habitation **within the DHA service area of DuPage County**. DHA's *Bridge Program* is included in this category. The Homeless preference has three (3) categories with *Status* and *Conditions* an applicant must qualify under:

Category 1 (Status, plus ANY of the Conditions must apply):

Status: At the time of completing the pre-application, you are an individual or family who lacks a fixed, regular, and adequate nighttime residence, plus ANY of the three (3) Conditions listed:

- **Condition:** You have a primary nighttime residence **within the DHA service area of DuPage County**, that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground; OR
- **Condition:** You are living in a supervised publicly or privately-operated shelter **within the DHA service area of DuPage County**, designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); OR
- **Condition:** You are exiting an institution **within the DHA service area of DuPage County**, where you resided for ninety (90) calendar days or less and you resided in an emergency shelter or place not meant for human habitation **within the DHA service area of DuPage County**, immediately before entering that institution.

Category 2 (Status, plus ALL Conditions must apply):

Status: ~~At the time of completing the pre-application, you~~ **You** will imminently lose your primary nighttime residence **within the DHA service area of DuPage County**, plus **ALL** three (3) Conditions listed:

- **Condition:** Your primary nighttime residence **within the DHA service area of DuPage County** will be lost within fourteen (14) calendar days of the date of application for homeless assistance; **AND**
- **Condition:** No subsequent residence has been identified; **AND**
- **Condition:** You lack the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing.

Category 3 (Status, plus ALL Conditions must apply):

Status: ~~At the time of completing the pre-application, you~~ are an unaccompanied youth under 25 years of age, or a family with children and youth, who do not otherwise qualify as homeless under this definition, plus **ALL** four (4) Conditions listed:

RATIONALE: As written it incorrectly implied areas of DuPage County that are not in DHA's jurisdiction so corrects that to state just DHA's service area. Also decreases Homeless preference point value from 2 points to 1 point to be consistent with all other preferences except Resident - which remains at 2 points and statistically allows a higher percentage of *DuPage County residents* to occupy higher list positions. (Request from Prairie State Legal Services).

4-III.D. Preference Status List

DHA Policy: For placement on the wait list, DHA will accept and process Preliminary Applications (Pre-Apps) in accordance with DHA's procedures. When accepting pre-apps, DHA does not verify any information supplied and therefore does not require any supporting documentation. DHA assumes that the information certified to by the applicant in the pre-app is correct and will verify the information in the full-application process, however DHA **reserves the right to remove applicants from the wait list determined ineligible based on information on the Pre-App** ~~encourages applicants to submit supporting documentation of any preferences claimed after notification from DHA of their position on the wait list.~~

RATIONALE: This was proposed for change based on DHA's experience with issues directly related to problems administering the wait list over the past year.

4-III.G. Completing the Application Process

If a family fails to qualify for any criteria that affected the order in which it was selected from the wait list (e.g. targeted funding, extremely low-income, preferences), the family ~~can~~ **will** be returned to its original position on the wait list or ~~withdrawn from the wait list~~ **have the preference points for any non-qualified preference deducted and the family will be returned to the wait list. The wait list will then be reordered to move the applicant to their qualifying position based on any remaining preferences, then on date and time of application.** DHA will notify the family in writing by electronic mail or US mail with first-class postage that it has been returned to the wait list ~~or withdrawn from the wait list,~~ and will specify the reasons for it.

RATIONALE: Changed to be 100% compliant with HUD guidelines.

5-I.A. Voucher Issuance Briefing

Notification and Attendance

- If the electronic mail is returned, or if the notice is returned by the post office with no forwarding address or otherwise undeliverable, the applicant will be denied, and their name will

not be placed back on **withdrawn from** the wait list. If the notice is returned by the post office with a forwarding address, the notice will be re-sent to the address indicated.

RATIONALE: Changed to be 100% compliant with HUD guidelines.

5-I.B. Obligations of the Family

DHA Policy: Damages beyond normal wear and tear will be considered ~~to be~~ damages which could be assessed against the security deposit.

RATIONALE: Proposed change due to landlord / tenant relationship issues and trying to be clearer in the definition and tenant responsibility.

SUBSTANTIVE CHANGE

5-II.A. Determining Family Voucher Size

Generally, DHA will assign one bedroom ~~for the head of household and spouse or co-head, then an additional bedroom for each~~ **every** two persons within the household. Any live-in aide will ~~not be required to share a bedroom with another family member of the household, and will~~ be assigned one bedroom.

NOTE: The voucher size certified for the family determines the subsidy level the family receives. However, it does not dictate the size of unit the family must lease, nor does it determine who, within a household, will share a bedroom or sleeping room. That determination is made by the family.

5-II.B. Subsidy Standard Chart for Certified Family Voucher Size and Maximum Family Unit Size

DHA has a policy of basing subsidy size on specific guidelines. The chart below indicates the number of bedrooms certified for the family to occupy that DHA will base its subsidy payment calculations on. The chart also indicates both the minimum number and maximum number of persons who are permitted to live in the household with HCV program rental assistance during the term of the tenancy. Any exception to subsidy size may be made in the case of an approved *Reasonable Accommodation* for a person with disabilities.

DHA Subsidy Standard Chart				
Standards Used to Issue Voucher (per HCV Program Regulations)			Standards Used to Determine Acceptability of Unit Size (per HQS)	
Housing Choice Voucher size	Minimum number of persons in household	Maximum number of persons in household	Unit size	Maximum occupancy (LR used for sleeping)
0BR	1	2	0BR	2
1BR	1	2	1BR	4
2BR	2	4	2BR	6
3BR	4	7	3BR	8
4BR	5	9	4BR	10

5BR	86	110	5BR	12
6BR	108	1213	6BR	14

DHA Policy: The following principles govern the size of the subsidy for which an applicant will qualify:

~~One (1) bedroom is allotted for head of household.~~

One (1) bedroom is allotted for every two (2) persons thereafter.

RATIONALE: This is directly related to Congressional funding uncertainties and DHA’s desire not to take away vouchers from subsidized households as a means to reduce costs. Many PHA’s are amending their admin plans to include this change to “two heartbeats per room”. This also eliminates the problems with Chicago and Cook County and the ports between our agencies caused by different standards.

5-II.C. Family Unification

DHA may approve additional bedroom(s) for applicants requesting additional bedrooms for purposes of reunification of family members. DHA must ~~obtain~~ receive verification from IL Department of Children and Family Services (DCFS), a Circuit Court, or any other appropriate agency with jurisdiction, that this is a family with an active case for whom the lack of adequate housing is a primary factor in the imminent placement of the family’s child or children in out-of-home care, or in the delay of the return of a child or children to the family from out-of-home care.

RATIONALE: Correction.

5-II.H. Expiration of Voucher Term

DHA Policy: For participants approved to move to a new unit within DHA’s jurisdiction, if a family does not locate a new unit within the term of the voucher and any extensions, the family may remain in its current unit with continued voucher assistance if the owner agrees and DHA approves. However, if the family has already moved out of the unit, **the voucher was issued, and the full term of that voucher has expired**, the family will lose its assistance.

RATIONALE: Make clearer. (Request from Prairie State Legal Services).

6-III.B. Financial Hardships Affecting Minimum Rent

Implementation of Hardship Exemption

Determination of Hardship

DHA Policy: To qualify for a hardship exemption, a family must submit a request including documentation for a hardship exemption in writing. The request must explain the nature of the hardship and how the hardship has affected the family’s ability to pay the minimum rent. **The family may also be required to complete the IRS 4506T-EZ form to provide DHA with 1040 Series tax return transcripts for the family.**

RATIONALE: New tool for 3rd party checking of income that typically is unreported. This will help to reduce average HAP costs and encourage participants to accurately report their income and pay their fair share of the rent.

Declaration of Zero Income

DHA Policy: To ensure that families are able to provide for their essential needs, and move towards self-sufficiency, when a family receiving assistance under the HCV assistance report zero income, DHA will regularly review the reported income.

1. The family will be required to ~~meet with DHA to~~ provide updated documentation to DHA of their income every 90 days.
2. The family must declare how they will pay for on-going expenses of life and provide verification as required (food, over the counter drugs, clothing, grooming supplies, transportation, haircuts, etc.)
3. If the family includes children under the age of 18, the family must declare how the needs of the child will be met.
4. The family must verify steps taken to secure employment for all members of the family **18 years of age or over** ~~the age of 18~~ to provide regular income to the households.
5. A review of all unearned benefits / income will be conducted to ensure that the family is receiving all mainstream benefits for which they may qualify.
6. **The family may also be required to complete the IRS 4506T-EZ form to provide DHA with 1040 Series tax return transcripts for the family.**

RATIONALE: As written, it did not capture an 18-year old. Also, a new tool for 3rd party checking of income that typically is unreported. This will help to reduce average HAP costs and encourage participants to accurately report their income and pay their fair share of the rent.

7-I.C. Up-front Income Verification (UIV)

EIV Reports

Income reports will be used in interim reexaminations to identify any discrepancies between reported income and income shown in the EIV system, and as necessary to verify and calculate earned income, unemployment benefits, Social Security and/or SSI benefits. EIV will also be used to verify that families claiming zero income are not receiving income from any of these sources. **DHA may also require the family to complete the IRS 4506T-EZ form to provide DHA with 1040 Series tax return transcripts for the family.**

RATIONALE: New tool for 3rd party checking of income that typically is unreported. This will help to reduce average HAP costs and encourage participants to accurately report their income and pay their fair share of the rent.

7-II.D. Family Relationships

Absence of Adult Member

DHA Policy: If an adult member who was formerly a member of the household is reported to be permanently absent, the family must provide evidence to support that the person is no longer a member of the family (~~e.g., documentation of another address at which the person resides such as a lease or utility bill~~). **The family is required to provide 2-3 documents reflecting that permanently absent person's new address, which can include a lease, utility bills, pay stubs, bank statements, insurance documents, school documents, or any other document as determined by DHA.** ~~If documentation is not available, a self-certification may be accepted.~~

RATIONALE: Added to make clearer the requirements

7-III.I. Zero Annual Income Status

DHA Policy: DHA will check EIV sources and/or request information from third-party sources to verify that certain forms of income such as unemployment benefits, TANF, SS, SSI, and earnings are not being

received by families claiming to have zero annual income. **The family may also be required to complete the IRS 4506T-EZ form to provide DHA with 1040 Series tax return transcripts for the family.**

RATIONALE: New tool for 3rd party checking of income that typically is unreported. This will help to reduce average HAP costs and encourage participants to accurately report their income and pay their fair share of the rent.

SUBSTANTIVE CHANGE

7-IV.C. Disability Allowance Expenses

Attendant Care

~~DHA Policy: DHA will provide a third party verification form directly to the care provider requesting the needed information.~~

~~Expenses for attendant care will be verified through:~~

~~Third party verification form signed by the provider, when possible~~

~~If third party is not possible, copies of cancelled checks used to make attendant care payments and/or receipts from care source~~

~~If third party or document review is not possible, written family certification as to costs anticipated to be incurred for the upcoming 12 months~~

When claiming any allowances for Attendant Care, the permitted allowances claimed must be reasonable in comparison to the total household income. Any permitted allowances claimed that DHA determines are not reasonable in comparison to the total household income, DHA can request for the family to provide additional documentation to support the claimed allowance.

DHA Policy: If DHA determines that permitted allowances claimed are not reasonable when compared to the family's total household income, DHA will require the family to provide additional documentation to support their claim.

- "Reasonable" is defined as an amount not to exceed fifty percent (50%) of the total household income.
- "Additional documents" can include:
 1. filed tax returns reflecting the amounts claimed;
 2. completion of IRS Form 4506T-EZ by the household;
 3. banks statements from the past 12 months that verify receipt of caregiver funds by the family;
 4. insurance or other healthcare related documents that verify caregiver benefits are not being paid; or
 5. any other documents determined by DHA

RATIONALE: Proposed by program managers to address abuses by participants and suspected falsification of documents. Makes clearer the requirements.

9-I.H. Changes in Lease or Rent

DHA Policy: After the initial lease term, DHA will only approve one (1) rent increase request during each subsequent lease term of at least 12 months. An increase of Contract Rent will only be approved if:

- **Anticipated program funding will be adequate to honor HAP Contracts;**
- the notice of the request for rent increase is signed by both the owner and the tenant;
- the rent increase request is submitted to DHA at least 60 days before any such change goes into effect; and
- the new Contract Rent is reasonable for the area.

RATIONALE: Make clearer the requirements.

SUBSTANTIVE CHANGE

10-I.D. Written Notification

If a family wishes to move to a new unit, the family must notify DHA and the owner before moving out of the old unit or terminating the lease on notice to the owner. If the family wishes to move to a unit outside DHA's jurisdiction under portability, the notice to DHA must specify the area where the family wishes to move. ~~The~~ All notices must be in writing.

10-I.E. Housing Assistance Payments (HAP)

~~DHA does not pay any HAP to the owner for any period after the month that the household moves out of the assisted unit.~~

~~DHA Policy: The owner may keep the assistance payment for the entire month the household moves out of the unit—even on moves other than on the last day of the month.~~

~~Two landlords paid during the same month in this manner is not considered a duplicative subsidy.~~

HAP from DHA to owners on behalf of their tenant is authorized by the HAP Contract between DHA and the owner. The HAP Contract exists only when, and because, the lease between the owner and their tenant exists. Both the HAP Contract and lease are legal, binding agreements. As such, when the lease terminates for any reason, the HAP Contract terminates as well.

DHA Policy: DHA will not pay any HAP to the owner for any period AFTER:

- the date on the written lease termination notice, indicating the specific date that the family will vacate the assisted unit; or
- the date the family vacates the unit; or
- the effective date of the new lease and HAP Contract the family moved with assistance to a new subsidized unit.

RATIONALE: This is directly related to Congressional funding uncertainties and DHA's desire not to take away vouchers from subsidized households as a means to reduce costs.

11-II.A. Changes in Family and Household Composition

New Family and Household Members Requiring Approval

If a change in family size causes a violation of Housing Quality Standards (HQS) space standards [*DHA Plan: Chapter 8*], DHA must issue the family a new voucher, and the family ~~and DHA~~ must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, DHA must terminate the family's HAP Contract in accordance with its terms [*24 CFR 982.403*].

DHA Policy: Families must request DHA approval to add a new family member, live-in aide, foster child, or foster adult. This includes any person not on the lease who is expected to stay in the unit for more than ~~30~~ 7 consecutive days or ~~90~~ 21 cumulative days within a 12-month period and therefore no longer qualifies as a "guest." Requests must be made in writing and approved by DHA prior to the individual moving into the unit. Allowing any person longer than described above, without notifying DHA and requesting approval to add the individual is considered a violation of Obligations of the Family and will result in corrective actions as described in [*DHA Plan: Chapter 14*].

Adding a new household member is restricted to marriage, civil union, ~~domestic partnership~~, or reasonable accommodation. Any new household member added must remain as a member of the household for at least one (1) calendar year, and their status cannot be changed once added for at least

two (2) consecutive calendar years. This requirement can be waived by DHA if family circumstances change requiring the waiver after a review of documents of the circumstances provided by the family.

RATIONALE: The longer timeframe at times seemed to encourage program participants to violate. The shorter times are in line with PHA best practices.

11-II.B. Changes Affecting Income or Expenses

DHA Initiated Reexaminations

DHA Policy: DHA will conduct interim reexaminations in each of the following instances:

- For families receiving the Earned Income Disallowance (EID), DHA will conduct an interim reexamination at the start and conclusion of the 24 -month eligibility period;
- If the family has reported zero income, DHA will **require the family to complete the IRS 4506T-EZ form to provide DHA with 1040 Series tax return transcripts for the family, as well as** conduct an interim reexamination every 3 months as long as the family continues to report that they have no income; and
- If at the time of the annual reexamination, it is not feasible to anticipate a level of income for the next 12 months (e.g. seasonal or cyclic income), DHA will schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.

RATIONALE: New tool for 3rd party checking of income that typically is unreported. This will help to reduce average HAP costs and encourage participants to accurately report their income and pay their fair share of the rent.

11-II.C. Processing the Interim Reexamination

Effective Dates

DHA Policy: If the family share of the rent is to increase:

The increase generally will be effective on the first of the month following 30 days' notice to the family.

- **However, if a family fails to report a change within the required time frames or fails to provide all required information within the required time frames, the family is not eligible for a thirty (30) days' notice of an increase. The family is also not eligible for the increase to be effective at any future date. The increase will be applied retroactively in the form of ~~to the date it would have been effective had the information been provided on a timely basis. The family will be responsible for any overpaid subsidy and DHA may offer a Tenant Payment Agreement in accordance with the policies in [DHA Plan: Chapter 16], and the increase will be effective on the first day of the following month without benefit of a 30 days' notice due to not reporting the change timely based on the date it would have been.~~**

RATIONALE: Change due to change in regulations.

SUBSTANTIVE CHANGE

11-III.B. Guidance

Regulatory provisions implemented under the Small Area FMR (SAFMR) Final rule (FR-5855-F-03, "Establishing a More Effective Fair Market Rent System; Using Small Area Fair Market Rents in the Housing Choice Voucher Program Instead of the Current 50th Percentile FMRs; Final Rule," published in the Federal Register on November 16, 2016). The effective date of the Final rule is January 17, 2017.

In addition to affecting how FMRs are calculated in certain designated metropolitan statistical areas (MSAs), the final rule makes changes to payment standard and rent reasonableness requirements that apply to all public housing agencies (PHAs) administering the Housing Choice Voucher (HCV) program, regardless of whether the PHAs operate in an area where SAFMRs have been adopted.

The final rule also made several regulatory changes to the HCV program with respect to payment standards and rent reasonableness determinations that apply to all PHAs, regardless of whether they operate within a metropolitan area designated for SAFMRs, choose voluntarily to adopt use of the SAFMRs, or choose not to do so.

DHA Policy: DHA operates within the Chicago-Joliet-Naperville, IL HUD Metro FMR Area where the use of Small Area Fair Market Rents (SAFMRs) is mandatory.

RATIONALE: Change due to change in regulations.

11-III.C. Changes Affecting All HCV PHAs.

The final rule implements several HCV provisions that apply to all PHAs.

DHA Policy: The final rule amends [24 CFR §888.113(b)], governing the establishment of 40th percentile FMRs. Based on this amendment, the following apply:

a. **Decreases in FMRs.**

For the Chicago-Joliet-Naperville, IL HUD Metro FMR Area the SAFMRs for a ZIP code area will be no lower than 90 percent of the previous year's SAFMRs for that ZIP code area. In the year that a metropolitan area first transitions to a HUD-designated area, the SAFMRs will also be no lower than 90 percent of the previous year's MAFMRs. However, in all subsequent years following the transition to the HUD-designated SAFMR area, the relationship between the SAFMRs and the MAFMRs will no longer be relevant. The only applicable restriction from that point forward is that the SAFMRs will be no lower than 90 percent of the previous year's SAFMRs for that ZIP code area.

b. **Rent reasonableness.**

The final rule changes the percentage decrease in FMRs that triggers the need for a rent reasonableness determination from 5 to 10 percent [24 CFR §§982.507(a)(2)(ii), 983.302(a)(2), and 983.303(b)(1)]. A rent reasonableness determination will be required only when the decrease in the FMRs from the previous year is exactly 10 percent. DHA is still required to redetermine rent reasonableness before any increase in rent to owner and/or if directed by HUD.

DHA Policy: DHA will conduct rent reasonableness if a decrease in the published FMR is 10 percent or more.

c. **Revisions to Payment Standard Amounts and Schedules.**

The final rule provides that all PHAs must revise and implement their payment standard amount and schedule, if a revision is necessary to stay within the basic range, no later than 3 months following the effective date of the change in the FMR (see 24 CFR §982.503(b)(1)(ii)). For example, if a published FMR that went into effect on October 1, 2018, pushed a PHA's payment standards to 89 or 111 percent of the 4 FMR, then the PHA would have until January 1, 2019, to revise and implement its payment standard amounts to bring them back within the basic range.

Pursuant to this change, a new payment standard schedule may go into effect on or after the effective date of the published FMR, but no later than 3 months following the effective date of the published FMR. The following scenarios apply:

- i. For reexaminations of income with an effective date prior to the effective date of the new payment standard schedule, the old payment standard schedule will be used.

- ii. For reexaminations of income that are effective on or after the effective date of the new payment standard schedule, the new payment standard will be used.
- iii. The payment standard employed for a newly issued voucher will depend on the effective date of the HAP contract. If the effective date of the HAP contract is before the effective date of the new payment standard schedule, then the old payment standard schedule is used. If the effective date of the HAP contract is on or after the effective date of the new payment standard schedule, then the new payment standard schedule is used.

DHA Policy: DHA operates within the Chicago-Joliet-Naperville, IL HUD Metro FMR Area where the use of Small Area Fair Market Rents (SAFMRs) is mandatory. The SAFMRs were effective January 1, 2018 and initiated by DHA to be effective April 1, 2018.

In order to assure that families are informed about the effect of payment standard changes, HUD recommends that PHAs provide both the old and the new payment standard schedules to families who have been issued a voucher and whose search term will extend beyond the effective date of the new payment standard schedule.

- a. Exception payment standards. The final rule establishes the following exception payment standard provision for SAFMR-based exception payment standards.
(24 CFR §982.503(b)(1)(iii))

A non-SAFMR PHA may establish an exception payment standard for a ZIP code area of up to and including 110 percent of the SAFMR determined by HUD for that ZIP code area. Regardless of the level of the exception payment standard compared to the MAFMR, the PHA must simply send an email to SAFMRs@hud.gov to notify HUD that it has adopted an exception payment standard based on the SAFMR. In other words, HUD no longer approves or disapproves the exception payment standard amount under this method, nor does the limitation at 24 CFR §902.982(c)(5), governing the total population of HUD-approved exception areas, apply to exception payment standard areas established for a ZIP code area pursuant to this authority.

- b. A PHA that adopts an exception payment standard pursuant to this authority must apply it to the entire ZIP code area, for both its HCV and, if applicable, PBV program. For the PBV program, this means that the rent to owner may not exceed the new exception payment standard amount, provided the rent is still reasonable (24 CFR §983.301(b)).
- c. A PHA that adopts an exception payment standard area must revise its briefing materials to make families aware of the exception payment standard and the area that it covers

DHA Policy: DHA has not adopted any exception payment standards.

- d. Decrease in the payment standard amount during the HAP contract term. The Housing Opportunity Through Modernization Act of 2016 (HOTMA) amended the United States Housing Act of 1937 to provide that no PHA is required to reduce a family's payment standard based on a reduction in the FMR. Prior to this change, if the amount on the PHA's payment standard schedule decreased during the term of the HAP contract, the PHA was required to use the lower payment standard to calculate the family's HAP beginning on the effective date of the family's second regular reexamination following the effective date of the decrease in payment standard. The final rule amends the voucher program regulations at 24 CFR §982.505(c)(3) to reflect the change made by HOTMA, providing PHAs with three options for applying a decrease in the payment standard amount to families under HAP contract on the effective date of the decrease in the payment standard amount. Specifically, a PHA may adopt one of the policies listed below if there is a decrease to the payment standard schedule during the term of a family's HAP contract:

- i. Hold harmless — no reduction in subsidy. A PHA may continue to use the existing higher payment standard for the family’s subsidy calculation for as long as the family continues to receive the voucher assistance in that unit.
- ii. Gradual reduction in subsidy. A PHA may gradually reduce the payment standard amount used to calculate the family’s subsidy, phasing in the reduction. The initial reduction in payment standard cannot take place before the effective date of the family’s second regular reexamination following the effective date of the decrease in payment standard. Phased in reductions may proceed annually from the second regular reexamination until the payment standard amount for the family meets the normally applicable payment standard amount on the PHA’s voucher payment standard schedule.
- iii. No change in policy. A PHA may continue to use the lower payment standard to calculate the family’s HAP beginning at the effective date of the family’s second regular reexamination following the effective date of the decrease in the payment standard.

A PHA’s Administrative Plan must indicate how it will handle decreases in the payment standard amount for families under HAP contract. Whatever the policy, the PHA must apply it uniformly to all families. A PHA may establish different policies for designated areas within its jurisdiction (for example, for different ZIP code areas), but within each designated area, the policy must be applied uniformly to all families under HAP contract.

If a PHA chooses to reduce the payment standard for a family under HAP contract, the initial reduction in payment standard cannot take place before the effective date of the family’s second regular reexamination following the effective date of the decrease in payment standard. Per 24 CFR §982.516(a), PHAs must conduct a reexamination of family income and composition at least annually. The requirement to conduct an annual reexamination is in effect even if the PHA implements a streamlined income determination for fixed-income families, as is currently permitted under 24 CFR §982.516(a). Even if the PHA conducts a full income recertification only every three years, it will review the family’s payment standard annually as part of the streamlined annual reexamination, and the decrease in payment standard will take effect in the second calendar year after the effective date of the payment standard reduction.

A family that will be affected by a payment standard reduction must receive notice. A PHA must provide such notice in writing 12 months before the effective date of the reduced payment standard amount. This notice is required for any reduction in payment standard, even if the PHA chooses to reduce the payment standard gradually. Appendix B to this Notice provides PHAs with tips for strengthening their written notices to such families.

DHA Policy: DHA will continue to use the lower payment standard to calculate the family’s HAP beginning at the effective date of the family’s second regular reexamination following the effective date of the decrease in the payment standard.

Adoption of SAFMRs: Designated SAFMR PHAs and Opt-In PHAs. The elements of the final rule that pertain only to designated SAFMR PHAs and opt-in PHAs are presented below, followed by a listing of factors that apply to all SAFMR adopters.

- a. Designated SAFMR PHAs Only. As discussed above, (Section 982.503(b)(1)(i)) provides that a PHA must revise the payment standard amount no later than 3 months following the effective date of the published FMR if a change is necessary to stay within the basic range. For a PHA that

directly administers HCV assistance to families in metropolitan areas where the adoption of SAFMRs is mandatory, the PHA has no later than 3 months from the effective date of the FMRs to adopt payment standards within the basic range of the SAFMRs. In other words, the PHA must adjust the payment standard for any ZIP code area where the current payment standard falls outside of the basic range of the SAFMR for that ZIP code area.

HUD recommends that any agency that is required to adopt SAFMRs review the SAFMRs for the fiscal year prior to mandatory adoption to estimate the effect of moving from MAFMRs to SAFMRs. For example, if a large number of families residing in the PHA's jurisdiction will experience a decrease in subsidy at the second regular reexamination following the effective date of the mandatory use of the SAFMRs, PHAs will want to consider whether to adopt the hold harmless or gradual reduction in subsidy options described in paragraph (4)(e) of this Notice.

Since designated SAFMR agencies are required to adopt SAFMRs, they need not amend their Administrative Plans to indicate that they will be doing so. However, all PHAs (including designated SAFMR agencies) must state in its Administrative Plan how it will handle decreases in the payment standard amount for families under HAP contract, even if the agency will not adopt any of the discretionary policies, such as the hold harmless or gradual reduction in subsidy options mentioned above.

RATIONALE: Change due to change in regulations.

Payment Standards

The family share of the rent and HAP calculations must use the correct payment standard for the family, taking into consideration the family unit size, the size of unit, and the area in which the unit is located [*HCV Guide Book, p. 12-5*]. See [*DHA Plan: Chapter 6*] for information on how to select the appropriate payment standard.

When DHA ~~changes~~ revises its payment standards or the family's situation changes, ~~new~~ payment standards are applied at ~~the following~~ specific times. Revised payment standard schedules must go into effect no later than three (3) months following the effective date of the HUD-published SAFMR's.

If DHA's payment standard amount changes during the term of the HAP Contract, the date on which the new standard is applied depends on whether the standard has increased or decreased:

- If the payment standard amount has increased, the increased payment standard will be applied at the first annual reexamination following **on or after** the effective date of the increase in the payment standard.
- If the payment standard amount has decreased, the decreased payment standard will be applied at the second annual reexamination following **on or after** the effective date of the decrease in the payment standard.
- If the family moves to a new unit, or a new HAP Contract is executed due to changes in the lease (even if the family remains in place) the current payment standard applicable to the family will be used when the new HAP Contract is processed.
- **Apply Old Payment Standard:**
 - When the family's annual reexamination of income has an effective date prior to the effective date of the revised payment standard schedule; and
 - When the effective date of a new HAP Contract is prior to the effective date of the revised payment standard schedule.
- **Apply Revised Payment Standard:**

- When the family’s annual reexamination of income has an effective date on or after the effective date of the revised payment standard schedule; and
- When the effective date of a new HAP Contract is on or after the effective date of the revised payment standard schedule.

RATIONALE: Change due to change in regulations.

12-II.C. Criteria for Deciding to Terminate Assistance

Consideration of Circumstances

DHA may also consider:

- Any statements made by witnesses or the participant not included in the police report;
- Whether criminal charges were filed;
- Whether, if filed, criminal charges were abandoned, dismissed, not prosecuted, or ultimately resulted in an acquittal; or
- Any other evidence relevant to determining whether or not the participant engaged in disqualifying activity, **including social media postings**.

RATIONALE: New tool to gather information.

Part X Veterans Affairs Supportive Housing

*Removed references to Jesse Brown VA

16-II.A. Payment Standards

*Changed references from FMR Areas to SAFMR Zip Codes

*******ADDENDUM*******

NOTE: The following was added for revision on 5/31/18 and not included in any previous document distributed to Commissioners for their review. This change is a correction to separate elements of the Informal Review procedures from elements of the Informal Hearing procedures. It also deletes/corrects a reference in the Informal Hearing procedures made for Certificate families - which no longer exist.

Part III: Informal Reviews and Hearings

Overview

When DHA makes a decision that has a negative impact on a family, the family is often entitled to appeal the decision. For applicants, the appeal takes the form of an Informal Review; for participants, or for applicants denied admission because of citizenship **and criminal background** issues, the appeal takes the form of an Informal Hearing.

PHAs are required to include in their administrative plans, Informal Review procedures for applicants, and Informal Hearing procedures for participants [24 CFR 982.54(d)(12)] and [24 CFR 982.54(d)(13)].

16-III.A. Informal Reviews for Applicants

[24 CFR 982.554]

An Informal Review is available to program applicants; in this case, someone that has applied for admission to one of the HCV programs but has not yet been leased into an approved unit and given the opportunity to utilize the subsidy. For applicants, the Informal Review process is the only “in-house” appeal process available.

Notice to the Applicant

[24 CFR 982.554(a)]

DHA must give an applicant prompt notice of a decision denying assistance. The notice must contain a brief statement of the reasons for DHA decision, and must also state that the applicant may request an Informal Review of the decision. The notice must describe how to obtain the Informal Review.

DHA Policy: *If the family is denied admission, DHA will send notice to the family by first class mail, a brief statement of the reasons for the DHA decision. The notice will advise the family of their right to request an Informal Review and the steps required in making any request.*

*If DHA denies admission based upon **ineligible citizenship or** a criminal record, **the family is eligible for an Informal Hearing**, and upon request, DHA will provide a copy of the ~~criminal records~~ **criminal records** to the applicant. The applicant may contest the accuracy of the ~~criminal records~~ **criminal records** ~~at~~ **under** the Informal Review **Hearing procedures, covered under Chapter 16-III.B of this Administrative Plan.** ~~DHA will make available to the applicant family, contents of their file and allow applicant family to obtain copies of the file at the family's expense prior to the Informal Review.~~*

~~Scheduling~~ **Requesting an Informal Review**

DHA Policy: *A request for an Informal Review must be made in writing by the close of the business day, no later than 10 business days from the date of DHA's denial of assistance. DHA ~~must schedule and send written notice of~~ **will conduct** the Informal Review, usually within 14 business days of the family's request.*

Informal Review Procedures

[24 CFR 982.554(b)]

The Informal Review must be conducted by a person other than the one who made or approved the decision under review, or a subordinate of this person.

The applicant must be provided an opportunity to present written ~~or oral~~ objections to the decision of DHA.

DHA Policy: *The family will be given the opportunity to examine, before the Informal Review, any DHA documents that are directly relevant to the Informal Review. **Informal Reviews are completed by DHA Program Managers.***

- ~~The family will disclose to DHA the documents upon which they will rely at the review, prior to the review.~~
- ~~Both parties are responsible for its own copying costs for any documents copied prior to the review.~~

- ~~Both parties may make a record of the proceedings at that party's own expense.~~
- ~~Neither party is required to create or provide a written transcript of the hearing record.~~
- ~~Refer to [DHA Plan:16-III-B- Informal Hearings] for information regarding family opportunity to present evidence.~~
- **The family must submit any documents to DHA in support of their position within the DHA 14 business day Informal Review period.**
- **Any documents submitted by the family to DHA for review received on or after the tenth business day, may delay the Informal Review Decision.**

Informal Review Decision

[24 CFR 982.554(b)]

DHA must notify the applicant of DHA's final decision, including a brief statement of the reasons for the final decision.

DHA Policy: DHA will notify the applicant of the final decision, including a statement explaining the reason(s) for the decision. The notice will be mailed to the applicant ~~and his or her~~ representative, if any, usually within 15 business days of the date of the Informal Review.

- If the decision to deny is overturned as a result of the Informal Review, processing for admission will resume.

DHA Policy: ~~The Hearing Officer decision is submitted to DHA.~~ DHA is not bound by an ~~hearing decision~~ **Informal Review decision:**

- Concerning a matter for which DHA is not required to provide an opportunity for an Informal Hearing under this section, or that otherwise exceeds the authority of the person conducting the ~~hearing~~ **Informal Review** under DHA ~~hearing~~ **Informal Review** procedures, or
- Contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.

If DHA determines that it is not bound by a ~~hearing~~ **Informal Review** decision, DHA must promptly notify the family of the determination, and of the reasons for the determination. [24 CFR 982.555 (f) 2015].

16-III.B. Informal Hearings for Participants

Decisions Subject to Informal Hearing

Circumstances for which DHA must give a participant family an opportunity for an Informal Hearing are as follows:

- A determination of the family's annual or adjusted income, and the use of such income to compute the housing assistance payment;
- A determination of the appropriate utility allowance (if any) for tenant-paid utilities from DHA utility allowance schedule;
- A determination of the family unit size under DHA's subsidy standards;

- ~~A determination that a certificate program family is residing in a unit with a larger number of bedrooms than appropriate for the family unit size under DHA's subsidy standards, or DHA determination to deny the family's request for exception from the standards;~~