ADMINISTRATIVE PLAN

Kendall Housing Authority

HOUSING CHOICE VOUCHER
and
PROJECT-BASED VOUCHER

RENTAL ASSSISTANCE PROGRAMS

As amended, and effective March 27, 2020 (Regulatory waivers) and August 27, 2021 (Board action)

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NOTE: Any language within this document that is *italicized in red font* or ***italicized and bolded in red font*** is *proposed draft policy and/or language* and intended for public review and any comments. The proposed draft policy and/or language may or may not result in future action or considerations to amend this *Plan* by the KHA Board of Commissioners.

CHAPTER 1 : PROGRAM HISTORY AND GENERAL PLAN PROVISIONS

Introduction

This chapter contains information about subsidized housing and creation of the ***Kendall Housing Authority*** and its programs - with emphasis on the HCV program. It also contains information about the purpose, intent and use of this Administrative Plan and guide. There are four parts to this chapter:

Part I: History of Rental Assistance Programs. This provides a history of the evolution of the tenant-based program.

Part II: Creation of the Kendall Housing Authority. This part includes a description of *KHA*, its jurisdiction, its programs, and its mission and intent.

Part III: Purpose and General Program Provisions. This part discusses the purpose and organization of the *KHA Plan* and its revision requirements.

Part IV: Housing Opportunity Through Modernization Act. This part outlines and summarizes new legislation and regulatory requirements (amended or to be amended to this *Plan*) that change the HCV program both immediately and pending rule making.

Overview

The *United States Housing Act of 1937* ("*The Act*") is responsible for the birth of federal housing program initiatives. The Act was intended to provide financial assistance to states and cities for public works projects, slum clearance and the development of affordable housing developments for low to moderate income residents.

PART I: HISTORY OF RENTAL ASSISTANCE PROGRAMS

1-I.A. SECTION 8 CERTIFICATE PROGRAM

The *Housing and Community Development (HCD) Act of 1974* created a new federally assisted housing program – the *Section 8 Existing Program* (also known as the *Section 8 Certificate Program*). The *HCD Act* represented a significant shift in federal housing strategy from locally owned public housing to privately owned rental housing.

Under the *Section 8 Certificate Program*, federal housing assistance payments were made directly to private owners of rental housing, where this housing was made available to lower-income families. Eligible families could select housing in the private rental market. If the housing met certain basic physical standards of quality (housing quality standards) and

was within certain *US Department of Housing and Urban Development* (HUD) established rent limitations (fair market rents), the family would be able to receive rental assistance in the housing unit. Family contribution to rent was based on a "payment standard", generally set at 30 percent (30%) of the family's adjusted income, with the remainder of the amount towards rent paid by the program. Rent increases were based on an "*annual adjustment factor*" (AAF).

Another unique feature of the *Certificate Program* was the rental assistance remained with the eligible family, if the family chose to move to another privately-owned rental unit that met program requirements (in contrast to the public housing program where the rental assistance remains with the unit, should the family decide to move). Consequently, the Certificate program was characterized as tenant-based assistance, rather than unit-based assistance.

1-I.B. SECTION 8 VOUCHER PROGRAM

The *Housing and Community Development (HCD) Act of 1987* authorized a new version of tenant-based assistance – the *Section 8 Voucher Program*. The *Voucher Program* was very like the *Certificate Program* in that eligible families could select housing in the private rental market and receive assistance in that housing unit.

However, the Voucher program permitted families more options in housing selection. Rental housing still had to meet the basic housing quality standards, but there was no payment standard or AAF rent limitation on rent. The family contribution to rent was not set at a limit of 30 percent of adjusted income. Consequently, depending on the actual rental cost of the unit selected and the "fair market rent" for the area, a family might pay than 30 percent of their adjusted income for rent.

From 1987 through 1999, *Public Housing Agencies* (PHA) managed both *Section 8 Certificates* and *Section 8 Vouchers* – both tenant-based assistance programs with separate rules and requirements for each. From 1994 through 1998, HUD published a series of new rules, known as "*Conforming Rules*", to more closely combine and align the two similar housing programs, to the extent permitted by the law.

1-I.C. HOUSING CHOICE VOUCHER PROGRAM

In 1998, the *Quality Housing and Work Responsibility Act* (*QHWRA*) – also known as the *Public Housing Reform Act* – was signed into law. *QHWRA* eliminated all statutory differences between the *Certificate* and *Voucher* tenant-based programs and required that the two programs be merged into a single tenant-based assistance program, now known as the *Housing Choice Voucher* (HCV) program.

The HCV program was modeled closely on the pre-merger Voucher Program. However, unlike the pre-merger Voucher Program, the HCV program requires an assisted family to pay at least 30 percent (30%) of adjusted income for rent.

The transition of assistance from the *Certificate* and *Voucher* programs to the new HCV program began in October 1999. By October 2001, all families receiving tenant-based assistance were converted to the HCV program.

PART II: CREATION OF THE KENDALL HOUSING AUTHORITY

1-II.A. ILLINOIS STATUTE REQUIREMENTS

The Illinois Statutes, beginning with *310 ILCS 5/*, (known as the "*State Housing Act*"), and *310 ILCS 10*/, (known as the "*Housing Authorities Act*"), authorize agencies and other instrumentalities of the state to establish both housing authorities and their operations. A PHA is a largely autonomous public corporation established to provide housing assistance primarily to low-income households. Under 310 ILCS 10/8, the Statutes grant to the PHA all the public powers necessary or convenient to carry out and effectuate the purposes and provisions of the *State Housing Act* and the *Housing Authorities Act*, except for the power to levy taxes. In addition to others herein granted, the powers enumerated in the statutes in Sections 8.1 through 8.8, inclusive, also apply.

1-II.B. ORGANIZATION AND STRUCTURE

The State Housing Board issued a "*Certificate of Necessity*" on December 3, 1946, thereby authorizing the creation of the Housing Authority of Kendall County (later Kendall Housing Authority - KHA). The State Housing Board certified its approval of the appointment of the first five (5) commissioners of the Board on June 12, 1947, with staggering terms of appointment from one (1) to five (5) years. The Organizational meeting of the Kendall County Housing Authority took place June 16, 1947, with the Bylaws approved on the same date. *KHA* is one of 3,300 public housing agencies (PHA) in the U.S., 112 PHA's in the State of Illinois and one of 17 PHA's in the Greater Chicago Metropolitan Area. There are no public housing units within Kendall County so *KHA* administers only the Housing Choice Voucher program. *KHA* also administer State or locally funded programs.

Generally, all the funds awarded to *KHA* come from HUD, but *KHA* is not a federal department or agency within the federal government structure, or a department within HUD, or the State of Illinois, or even a department or branch within Kendall County government.

Like every PHA, *KHA* is a governmental or public body, created and authorized by state law to develop and operate housing and housing programs for low and moderate-income families. *KHA* enters an *Annual Contributions Contract* (ACC) with HUD to administer the program requirements on *behalf* of HUD. *KHA* must ensure compliance with federal laws, regulations and Notices and must establish policy and procedures to clarify federal requirements and to ensure consistency in program operation. Other funding sources from state, county or local municipalities are for the administration of *their* local programs, for example the *Regional Housing Initiative* (RHI) and *Rental Housing Support Program* (RHSP) in Illinois.

1-II.C. MISSION

The purpose of a mission statement is to communicate the purpose of the agency to people inside and outside of the agency. It provides guiding direction for developing strategy, defining critical success factors, searching out key opportunities, making resource allocation choices, satisfying clients and stakeholders, and making decisions

- ***KHA Policy***: *The mission of the Kendall 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."*

1-II.D. JURISDICTION

The jurisdiction of the *KHA* is Kendall County. The *KHA* service area within Kendall County is:

Lisbon	**Oswego**
Millbrook	**Plainfield**
Minooka	**Plano**
Montgomery	**Sandwich**
Newark	**Yorkville**

The *KHA* service area **does not** include: **Aurora** (*serviced by Aurora Housing Authority*) and **Joliet** (*serviced by Joliet Housing Authority*).

PART III: PURPOSE AND GENERAL PROGRAM PROVISIONS

1-III.A. ADMINISTRATIVE PLAN

[*24 CFR 982.54*]

The purpose of the Administrative Plan ("*KHA Plan*" or "*Plan*") is to establish policies for administering the HCV program in a manner consistent with HUD requirements and local goals. All issues related to the HCV program not addressed in this document are governed by federal regulations. *KHA* is responsible for complying with all future changes in HCV regulations. *KHA*'s Plan, in whole or in part, is applicable to the operation of the HCV, *Project-based Voucher* (PBV), and *Rental Assistance Demonstration II* (RAD 2) programs. In addition, the Plan addresses policies for HUD Special Housing types and Voucher Program types outlined in [*KHA Plan: Chapter 15, Special Housing Types; Targeted Voucher/Other Program Types*]. *KHA*'s Plan, in whole or in part, may also be applicable to State funded programs administered by *KHA* including the *Rental Housing Support Program* (RHSP).

- ***KHA Policy***: *The KHA Plan is applicable to the operation of the Housing Choice Voucher program and the Project-based Voucher program. In addition, the KHA Plan addresses policies, in whole or in part for the following: Single room occupancy (SRO), Congregate Housing, Group Home, Shared Housing, Cooperative Housing (excluding*

families that are not cooperative members), Manufactured Home (where family owns the home and leases the space), Family Unification Program (FUP), Family Unification Program – Youth (FUP-Youth), Veteran's Affairs Supportive Housing (VASH), Mainstream, Homeownership, Family Self-Sufficiency (FSS), Rental Assistance Demonstration (RAD) and the Regional Housing Initiative (RHI).

1-III.B. CONTENTS OF THE PLAN

HUD regulations contain a list of what must be included in the *KHA Plan*. The *Plan* must cover *KHA* policies on these subjects:

- Selection and admission of applicants from *KHA* waiting list, including any *KHA* admission preferences, procedures for removing applicant names from the waiting list, and procedures for closing and reopening *KHA* waiting list [*KHA Plan: Chapter 4, Application, Waiting List, Tenant Selection & Preferences*];
- Issuing or denying vouchers, including *KHA* policy governing the voucher term and any extensions or suspensions of the voucher term. 'Suspension', or "tolling", means stopping the clock on the term of a family's voucher after the family submits a request for approval of the tenancy. If *KHA* decides to allow extensions or suspensions of the voucher term, the *KHA* Plan must describe how *KHA* determines whether to grant extensions or suspensions, and how *KHA* determines the length of any extension or suspension [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*];
- Any special rules for use of available funds when HUD provides funding to *KHA* for a special purpose (e.g., desegregation), including funding for specified families or a specified category of families [*KHA Plan: Chapter 4, Application, Waiting List, Tenant Selection & Preferences*];
- Occupancy policies, including definition of what group of persons may qualify as a "family", definition of when a family is considered to be "continuously assisted"; standards for denying admission or terminating assistance based on criminal activity or alcohol abuse in accordance with [*24 CFR 982.553*]; [*KHA Plan: Chapter 3, Program Eligibility* and [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*];
- Encouraging participation by owners of suitable units located outside areas of low income or minority concentration [*KHA Plan: Chapter 13, Owners*];
- Assisting a family that claims that illegal discrimination has prevented the family from leasing a suitable unit [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity*];
- Providing information about a family to prospective owners [*KHA Plan: Chapter 3, Program Eligibility* and [*KHA Plan: Chapter 9, General Leasing Policies*];
- Disapproval of owners [*KHA Plan: Chapter 13, Owners*];
- Subsidy standards [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*];
- Family absence from the dwelling unit [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*];
- How to determine who remains in the program if a family breaks up [*KHA Plan: Chapter 3, Program Eligibility*];

- Informal Review procedures for applicants [*KHA Plan: Chapter 16, Program Administration*];
- Informal Hearing procedures for participants [*KHA Plan: Chapter 16, Program Administration*];
- The process for establishing and revising voucher subsidy standards [*KHA Plan: Chapter 16*, *Program Administration*];
- The method of determining that rent to owner is a reasonable rent (initially and during the term of a HAP Contract) [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*];
- Special policies concerning special housing types in the program (e.g., use of shared housing) [*KHA Plan: Chapter 15, Special Housing Types: Targeted Voucher/Other Program Types*];
- Policies concerning payment by a family to *KHA* of amounts the family owes *KHA* [*KHA Plan: Chapter 16, Program Administration*];
- Interim redeterminations of family income and composition [*KHA Plan: Chapter 11, Reexaminations and Continued Program Participation*];
- Restrictions, if any, on the number of moves by a participant family [*KHA Plan: Chapter 10, Moving With Continued Assistance and Portability*];
- Approval by the board of commissioners or other authorized officials to charge the administrative fee reserve [*KHA Plan: Chapter 16, Program Administration*];
- Procedural guidelines and performance standards for conducting required housing quality standards inspections [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*]; and
- *KHA* screening of applicants for family behavior or suitability for tenancy [*KHA Plan: Chapter 3, Program Eligibility*].

1-III.C. MANDATORY VS. OPTIONAL POLICY

HUD requires all PHA's to develop policies and procedures that are consistent with federal mandatory policies. In addition, HUD requires all PHA's to make clear any optional policies the PHA has adopted and provides guidance that PHA's may decide to implement. *KHA*'s Plan is the foundation of the mandatory policies as well as additional policies and procedures that work best for local conditions within Kendall County.

1-III.D. UPDATING AND REVISING THE PLAN

HUD regulations under [*24 CFR 982.54*] state the PHA must adopt a written administrative plan that establishes local policies for administration of the program in accordance with HUD requirements. The administrative plan and any revisions of the plan must be formally adopted by the PHA Board of Commissioners or other authorized PHA officials. The administrative plan states PHA policy on matters for which the PHA has discretion to establish local policies.

➢ ***KHA Policy***: *This Plan and any revisions of the Plan will be formally adopted by the KHA Board of Commissioners. The KHA Plan states KHA policy on matters for which the KHA has discretion to establish local policies. The KHA Administrative Plan is a supporting document under the PHA Plan [24 CFR Part 903] and must be available for*

public review. KHA will update and revise this Plan as needed and to comply with HUD HCV program requirements.

1-III.E. COMMITMENT TO ETHICS AND PROVIDING SERVICE

All officers or employees of the *KHA* will comply with those ethical standards mandated under the *Housing Choice Voucher Program*, as well as the *Kendall County Ethics Ordinance* (a copy of this Ordinance can be found on the State's Attorney of Kendall County website at: ***https://www.co.kendall.il.us/wp-content/uploads/SA_Ethics.pdf***, and is available to all employees of *KHA* and its contractors to ensure the highest standard of ethical conduct is maintained). This includes compliance with the conflict of interest requirements of the *Housing Choice Voucher Program* under [*24 CFR 982.161*].

The conflict of interest provision prohibits the *KHA*, or any of its contractors or subcontractors, from entering into any contract or arrangement in connection with the tenant-based programs in which any of the following classes or persons have any interest, direct or indirect, during tenure or for one year thereafter. The classes or persons include:

1. any present or former member or officer of the *KHA* (except a participant Commissioner if applicable);
2. any employee of the *KHA*, or any contractor or subcontractor or agent of the *KHA*, who formulates policy or who influences decisions with respect to the programs;
3. any public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs; and,
4. any member of the Congress of the United States. Any members of the classes described in this section must disclose their interest or prospective interest to the *KHA* and HUD. The *HUD Chicago Field Office* may waive the conflict of interest prohibition under this section for good cause.

All *KHA* officers, employees, contractors, subcontractors or agents will comply with all requirements that prohibit the solicitation or acceptance of gifts or gratuities, in excess of any prescribed nominal value.

All *KHA* officers, employees, contractors, subcontractors or agents will conduct business with integrity and in an honest and professional manner.

Any violations of Code of Ethics, core values and ethical standards policies will result in disciplinary action ranging from letter(s) of warning to termination of employment and/or contract. Opportunity may be offered, on a case-by-case basis, to correct a conflict of interest. Code of Ethics, core values and ethical standards policies will be communicated to the above groups upon initial employment, prior to execution of a contract, and at least annually..

- ***KHA Policy***: *As a public service agency, KHA is committed to providing excellent service to all stakeholders, including program participants and owners. KHA staff will invest their personal commitment and make every effort:*

- *To expand the supply of assisted housing, and support the efforts of housing development agencies, as well as to increase the inventory of affordable housing for families in need, as identified in local consolidated plans.*
- *To assist the local economy by increasing the occupancy rate and the amount of money flowing into the community.*
- *To encourage self-sufficiency of participant families and assist in the expansion of family opportunities which address educational, socioeconomic, recreational, and other human service needs.*
- *To create positive public awareness and expand the level of family, owner, and community support in accomplishing the KHA's mission.*
- *To attain and maintain a high level of standards and professionalism in the day-to-day management of all program components.*
- *To administer an efficient, high-performing agency through continuous improvement of the KHA's support systems and commitment to its employees.*
- *To provide decent, safe, and sanitary housing for low- and very-low-income families while maintaining rent payments at an affordable level.*
- *To ensure that all units meet applicable Program Inspection Standards and families pay fair and reasonable rents.*
- *To promote fair housing and the opportunity for low- and very-low-income families of all ethnic backgrounds to experience freedom of housing choice.*
- *To promote a housing program which maintains quality service and integrity while providing an incentive to private property owners to rent to very-low-income families.*
- *To promote a market-driven housing program that will help qualified low-income families be successful in obtaining affordable housing and increase the supply of housing choices for such families*.

PART IV: HOUSING OPPORTUNITY THROUGH MODERNIZATION ACT

On July 29, 2016, President Barack H. Obama signed into law the ***Housing Opportunity Through Modernization Act of 2016*** (*HOTMA*). This new statute provides updates and improvements to statutes that authorize and prescribe requirements for multiple HUD programs and the Department of Agriculture's single-family housing guaranteed loan program. On October 24, 2016 in the *Federal Register,* HUD published the initial implementation guidance for *HOTMA*.

1-IV.A. PROVISIONS EFFECTIVE IMMEDIATELY UPON ENACTMENT

The following provisions were effective immediately:
Reasonable Accommodation subsidy standards. [*HOTMA Section 102(d)*] *amends* [*Section 8(o)*] *of the 1937 Act* allowing *KHA* to establish a Payment Standard of up to 110 percent of fair market rent (FMR) without HUD approval, as a Reasonable Accommodation for a person with a disability. Because the *Streamlining Rule* [*Federal Register*, March 8, 2016]; [*Notice PIH 2016-05*] issued April 7, 2016 provided *KHA* with this flexibility, no action is required to implement this provision.

Establishment of FMR. [*Section 107*] This provision changes how HUD publishes FMRs and the procedures for comment and requests for reevaluation. Additionally, *HOTMA* provides that in the Housing Choice Voucher Program, no PHA is required because of a reduction in the FMR to reduce the subsidy standard of a family continuing to reside in a unit under HAP Contract at the time the FMR was reduced. Should *KHA* choose to use the higher subsidy standard for the family's subsidy calculation, this will be specified in the Plan. HUD's FMRs for 2017 already reflect the new procedures, and HUD will issue additional guidance with regards to subsidy standards in the future.

Family Unification Program for children aging out of foster care. [*Section 110*] *HOTMA* revises the length of the term that a FUP-eligible youth may receive FUP assistance from 18 to 36 months, in addition to revising the eligibility requirements for FUP-eligible youth. Changes to *KHA*'s FUP program were effective upon implementation of *HOTMA* and *KHA* was made aware of the new provision by means of a letter to, "*FUP PHA Executive Directors on August 29, 2016*".

Exception to PHA resident board member requirement. [*Section 114*] Certain jurisdictions, as specified in the guidance, are excepted from the resident board member requirement. While effective upon implementation of *HOTMA*, this exception has already been effective for several years through various appropriations acts.

Inclusion of PHAs and local development authorities in Emergency Solutions grants. [*Section 402*] *HOTMA* authorized local governments receiving these grants to sub-award all or some of those funds to PHAs and local redevelopment authorities. The provision was effective upon implementation of *HOTMA*, although HUD does intend to issue further guidance on the matter.

Inclusion of Disaster Housing Assistance Program (DHAP) in certain fraud and abuse measures. [*Section 501*] This provision considers DHAP a HUD program for the purpose of income verifications. Like other provisions described in the notice, it has previously been in effect through appropriations acts for several years.

Energy efficiency requirements under the Self-Help Homeownership Program. [*Section 502*] While this provision was effective upon enactment of *HOTMA*, changes will be reflected in the future SHOP *Notice of Funding Availability* (NOFA), where more information will also be provided.

Formula and terms for allocations to prevent homelessness for individuals living with HIV or AIDS. [*Section 701*] This provision makes several changes to the *Housing Opportunities for Persons with AIDS* (*HOPWA*) program. They apply to FY 2017 funds and HUD's *Office of Community Planning and Development* will issue further guidance on how the changes will affect future funding.

- ***KHA Policy***: *KHA appends this Plan, as specified with the Federal Register guidance for the statutory provisions effective upon enactment or otherwise immediately under HOTMA (listed above), and the actions that may or should be taken to comply with those changes.*

1-IV.B. PROVISIONS EFFECTIVE PENDING HUD GUIDANCE AND RULEMAKING

Several other provisions of *HOTMA* require further rulemaking or guidance to become effective. *KHA* will further append this Plan, as specified, with the *Federal Register* guidance for the *HOTMA* provisions that will become effective when HUD issues a rule or a Notice addressing them.

- ***KHA Policy***: *KHA 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.*

CHAPTER 2 : FAIR HOUSING & EQUAL OPPORTUNITY

Introduction

This chapter explains the laws and HUD regulations requiring PHAs to affirmatively further civil rights and fair housing in all federally-assisted housing programs. The letter and spirit of these laws are implemented through consistent policy and processes. The responsibility to further nondiscrimination pertains to all areas of *KHA*'s Housing Choice Voucher (HCV) operations.

This chapter describes HUD regulations and *KHA* policies related to these topics in three parts:

Part I: Equity and Non-discrimination. This part presents the body of laws and regulations governing the responsibilities of *KHA* regarding nondiscrimination.

Part II: Policies Related to Persons with Disabilities. This part discusses the rules and policies of the housing choice voucher program related to Reasonable Accommodations for persons with disabilities. These rules and policies are based on the *Fair Housing Act* (42.U.S.C.) and Section 504 of the *Rehabilitation Act of 1973* and incorporate guidance from the *Joint Statement of The Department of Housing and Urban Development and the Department of Justice* (DOJ), issued May 17, 2004.

Part III: Improving Access to Services for Persons with Limited English Proficiency. This part details the obligations of *KHA* to ensure meaningful access to the HCV program and its activities by persons with Limited English Proficiency (LEP). This part incorporates *the Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition against National Origin Discrimination Affecting Limited English Proficient Persons* published January 22, 2007, in the *Federal Register*.

PART I EQUALITY AND NON-DISCRIMINATION

Overview

Federal laws require PHAs to treat all applicants and participants equally, providing the same opportunity to access services, regardless of family characteristics and background. Federal law prohibits discrimination in housing based on race, color, religion, sex, national origin, age, familial status, and disability. In addition, HUD regulations provide for additional protections regarding sexual orientation, gender identity, and marital status. *KHA* will comply fully with all federal, state, and local nondiscrimination laws, and with rules and regulations governing fair housing and equal opportunity in housing and employment, including:

- Title VI of the *Civil Rights Act of 1964*

- Title VIII of the *Civil Rights Act of 1968* (as amended by the *Community Development Act* of 1974 and the *Fair Housing Amendments Act* of 1988)
- *Executive Order 11063*
- Section 504 of the *Rehabilitation Act* of 1973
- The *Age Discrimination Act* of 1975
- Title II of the *Americans with Disabilities Act* (to the extent that it applies, otherwise Section 504 and the *Fair Housing Amendments* govern)
- *Violence Against Women Reauthorization Act* of 2013 (VAWA)
- The *Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity Final Rule*, published in the *Federal Register,* February 3, 2012 and further clarified in [*Notice PIH 2014-20].*

When more than one civil rights law applies to a situation, the laws will be read and applied together.

Any applicable state laws or local ordinances and any legislation protecting individual rights of tenants, applicants, or staff that may subsequently be enacted will also apply.

2-I.A. NON-DISCRIMINATION

Federal regulations prohibit discrimination against certain protected classes and other groups of people. State and local requirements, as well as *KHA* policies, can prohibit discrimination based on other factors.

KHA will not discriminate because of race, color, sex, religion, familial status, age, disability or national origin (called "protected classes")

Familial status includes children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18.

- *KHA* will not discriminate based on marital status, gender identity, or sexual orientation [*Federal Register, Notice 02/03/12*].

➢ ***KHA Policy***: *KHA does not identify any additional protected classes*.

KHA will not use any of these factors to:

- Deny to any family the opportunity to apply for housing, nor deny to any qualified applicant the opportunity to participate in the housing choice voucher program;
- Provide housing that is different from that provided to others;
- Subject anyone to segregation or disparate treatment;
- Restrict anyone's access to any benefit enjoyed by others in connection with the housing program;
- Treat a person differently in determining eligibility or other requirements for admission;
- Steer an applicant or participant toward or away from a particular area based any of these factors;
- Deny anyone access to the same level of services;

- Deny anyone the opportunity to participate in a planning or advisory group that is an integral part of the housing program;
- Discriminate in the provision of residential real estate transactions;
- Discriminate against someone because they are related to or associated with a member of a protected class; or
- Publish or cause to be published an advertisement or notice indicating the availability of housing that prefers or excludes persons who are members of a protected class.

2-I.B. PROVIDING INFORMATION TO FAMILIES AND OWNERS

[*24 CFR 982.301*]

KHA must take steps to ensure that families and owners are fully aware of all applicable civil rights laws. As part of the briefing process, *KHA* must provide information to HCV applicant families about civil rights requirements and the opportunity to rent in a broad range of neighborhoods. The Housing Assistance Payments (HAP) Contract informs owners of the requirement not to discriminate against any person because of race, color, religion, sex, national origin, age, familial status, or disability in connection with the contract.

2-I.C. DISCRIMINATION COMPLAINTS

[*24 CFR 982.304*]

If an applicant or participant believes that any family member has been discriminated against by *KHA* or an owner, the family should advise *KHA*. HUD requires *KHA* to make every reasonable attempt to determine whether the applicant's or participant's assertions have merit and take any warranted corrective action. In addition, *KHA* is required to provide the applicant or participant with information about how to file a discrimination complaint.

Upon receipt of a housing discrimination complaint, alleging discrimination based on actual or perceived sexual orientation, gender identity, or marital status *KHA* is required to:

- Provide written notice of the complaint to those alleged and inform the complainant that such notice was made
- Investigate the allegations and provide the complainant and those alleged with findings and either a proposed corrective action or an explanation of why corrective action is not warranted
- Keep records of all complaints, investigations, notices, and corrective actions [*Notice PIH 2014-20*]

➢ ***KHA Policy***: *Applicants or participants who believe that they have been subject to unlawful discrimination based on actual or perceived sexual orientation, gender identity, or marital status may notify KHA either orally or in writing.*

- *Usually within 10 business days of receiving the complaint, KHA will provide a written notice to those alleged to have violated the rule. KHA will also send a written notice to the complainant informing them that notice was sent to those alleged to have violated the rule, as well as information on how to complete and submit a*

housing discrimination complaint form to HUD's Office of Fair Housing and Equal Opportunity (FHEO). KHA may provide additional contact information for Fair Housing advocacy groups in the area, including Hope Fair Housing Center and Prairie State Legal Services. KHA will investigate all allegations of discrimination based on actual or perceived sexual orientation, gender identity, or marital status against KHA or an Owner to determine if a violation occurred and implement a corrective action(s) to remedy the discrimination.

- *Usually within 10 business days following the conclusion of KHA's investigation, KHA will provide the complainant and those alleged to have violated the rule with findings and either a proposed corrective action plan or an explanation of why corrective action is not warranted.*
- *KHA will keep a record of all complaints based on actual or perceived sexual orientation, gender identity, or marital status, investigations, notices, and corrective actions.* [*KHA Plan: Chapter 16, Program Administration*].

PART II: POLICIES RELATED TO PERSONS WITH DISABILITIES

Overview

One type of disability discrimination prohibited by the *Fair Housing Act* is the refusal to make Reasonable Accommodation in rules, policies, practices, or services when such accommodation may be necessary to provide a person with a disability the equal opportunity to use and enjoy a program or dwelling under the program.

KHA must ensure that persons with disabilities have full access to *KHA*'s programs and services. This responsibility begins with the first inquiry of an interested family and continues through every programmatic area of the HCV program.

➢ ***KHA Policy***: *KHA will ask all applicants and participants if they require any type of accommodations, in writing, on the intake application, reexamination documents, and notices of adverse action by KHA, by including the following language: "If you or anyone in your family is a person with disabilities, and you require a specific accommodation to fully utilize our programs and services, please contact the housing authority".*

2-II.A. DEFINITION OF REASONABLE ACCOMMODATION

A person with a disability may require special accommodations in order to have equal access to the HCV program. The types of Reasonable Accommodations *KHA* can provide include changes, exceptions, or adjustments to a rule, policy, practice, or service.

Federal regulations stipulate that requests for accommodations will be considered reasonable if they do not create an "undue financial and administrative burden" for *KHA* or result in a "fundamental alteration" in the nature of the program or service offered. A fundamental alteration is a modification that alters the essential nature of a provider's operations.

- ***KHA Policy***: *Although in the housing context, the regulatory definition of a Reasonable Accommodation is, "a change in a rule, policy, practice, or service that may be necessary to allow a person with a disability the equal opportunity to use and enjoy a dwelling", KHA extends this definition to include persons who are ill, elderly or who otherwise have singularly extraordinary, extenuating circumstances as determined by KHA.*

Types of Reasonable Accommodations

When needed, the *KHA* must modify normal procedures to accommodate the needs of a person with disabilities. Examples include:

- Permitting applications and reexaminations to be completed by mail;
- Conducting home visits;
- Using higher subsidy standards (either within the acceptable range or with HUD approval of a subsidy standard outside *KHA* range) if *KHA* determines this is necessary to enable a person with disabilities to obtain a suitable housing unit;
- Providing time extensions for locating a unit when necessary because of lack of availability of accessible units or special challenges of the family in seeking a unit;
- Permitting an authorized designee or advocate to participate in the application or certification process and any other meetings with *KHA* staff; and
- Displaying posters and other housing information in locations throughout *KHA*'s office in such a manner as to be easily readable from a wheelchair.

2-II.B. REQUEST FOR AN ACCOMMODATION

If an applicant or participant indicates that an exception, change, or adjustment to a rule, policy, practice, or service is needed because of a disability, HUD requires that *KHA* treat the information as a request for a Reasonable Accommodation, even if no formal request is made [*Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act*].

The family must explain what type of accommodation is needed to provide the person with the disability full access to *KHA*'s programs and services.

If the need for the accommodation is not readily apparent or known to *KHA*, the family must explain the relationship between the requested accommodation and the disability. There must be an identifiable relationship, or nexus, between the requested accommodation and the individual's disability.

- ***KHA Policy***: *KHA will encourage the family to make its request in writing using a Reasonable Accommodation Request & Consent form. However, KHA will consider the accommodation any time the family indicates that an accommodation is needed, whether or not a formal written request is submitted.*

Requests for Additional Bedroom as a Reasonable Accommodation

An additional bedroom is the most frequent Reasonable Accommodation request made and also the request most often abused because the additional bedroom is not used in the manner indicated in the request and approved by *KHA*.

- ***KHA Policy**: The request for an additional bedroom will only be approved as a Reasonable Accommodation for a person with disabilities, and can only be used:*
  1. *as a bedroom used for sleeping, or*
  2. *as a non-bedroom used as a medical necessity.*
     - ***As a bedroom used for sleeping**. The additional bedroom can only remain a bedroom, used for sleeping, in the case of a live-in-aide approved by KHA, or as a medical necessity indicated by a medical professional. The medical professional must document there is a direct, identifiable relationship, or nexus, between the requested accommodation of an additional bedroom, used for sleeping, and the individual's disability as a matter of need and use, and not of just a convenience or preference.*
     - ***As a non-bedroom used for medical necessity**. A medical professional must document there is a direct, identifiable relationship, or nexus, between the requested accommodation of an additional room and the individual's disability as a matter of need and use, and not of just a convenience or preference. The room configuration cannot include unrelated, non-medical items or items of furniture typically associated with a bedroom – including regular beds, couches, futons, sofas, pallets, chairs, or other similar items – unless the room was indicated by a medical professional as necessary to be used as a bedroom, used for sleeping, for a household member.*
     - ***Storage**. The additional room cannot be used for storage unless the items stored (housed) have a direct, identifiable relationship, or nexus, between the requested accommodation (approved by KHA) and the individual's disability as a matter of need and use, and not of just a convenience or preference. Specific items of actively-used medical necessities – generally defined as apparatus and other equipment typically needed and used on a regular daily or weekly schedule – can be housed in the room because of the type, size of the equipment in relation to the unit, volume of parts of the equipment in relation to the unit and the number of household members certified by KHA for the unit, and the need to be conveniently located in the space.*

Requests for additional bedrooms are reviewed annually and granted on a case by case basis at the sole discretion of *KHA*. Approved requests will be confirmed by *KHA* during the unit's annual or biennial inspection cycle for compliance. *KHA* also reserves the right to allow exceptions to this policy when deemed warranted or required.

2-II.C. VERIFICATION OF DISABILITY

The regulatory civil rights definition for persons with disabilities is provided in Exhibit 2-1 at the end of this chapter. The definition of a person with a disability for the purpose of

obtaining a Reasonable Accommodation is much broader than the HUD definition of disability which is used for waiting list preferences and income allowances.

Before providing an accommodation, *KHA* must determine that the person meets the definition of a person with a disability, and that the accommodation will enhance the family's access to *KHA*'s programs and services.

If a person's disability is obvious or otherwise known to *KHA*, and if the need for the requested accommodation is also readily apparent or known, no further verification will be required [*Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act*].

If a family indicates that an accommodation is required for a disability that is not obvious or otherwise known to *KHA*, *KHA* must verify that the person meets the definition of a person with a disability, and that the limitations imposed by the disability require the requested accommodation.

When verifying a disability, *KHA* will follow the verification policies provided in this Plan. All information related to a person's disability will be treated in accordance with the confidentiality policies provided in [*KHA Plan: Chapter 16, Program Administration*]. In addition to the general requirements that govern all verification efforts, the following requirements apply when verifying a disability:

- Third-party verification must be obtained from an individual identified by the family who is competent to make the determination. A doctor or other medical professional, a peer support group, a non-medical service agency, or a reliable third party who is able to know about the individual's disability may provide verification of a disability [*Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act*];
- *KHA* must request only information that is necessary to evaluate the disability-related need for the accommodation. *KHA* will not inquire about the nature or extent of any disability;
- Medical records will not be accepted or retained in the participant file; or
- If *KHA* does receive confidential information about a person's specific diagnosis, treatment, or the nature or severity of the disability, *KHA* will dispose of it. In place of the information, *KHA* will note in the file that the disability and other requested information have been verified, the date the verification was received, and the name and address of the knowledgeable professional who sent the information [*Notice PIH 2010-26*].

2-II.D. APPROVAL OR DENIAL OF A REQUESTED ACCOMMODATION

[*Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act, Notice PIH 2010-26*].

The *KHA* must approve a request for an accommodation if the following three conditions are met:

- The request was made by or on behalf of a person with a disability;
- There is a disability-related need for the accommodation; and
- The requested accommodation is reasonable, meaning it would not impose an undue financial and administrative burden on *KHA*, or fundamentally alter the nature of *KHA*'s HCV operations (including the obligation to comply with HUD requirements and regulations).

Requests for accommodations must be assessed on a case-by-case basis, considering factors such as the overall size of *KHA*'s program with respect to the number of employees, type of facilities and size of budget, type of operation including composition and structure of workforce, the nature and cost of the requested accommodation, and the availability of alternative accommodations that would effectively meet the family's disability-related needs.

Before deciding whether to approve the request, *KHA* may enter discussion and negotiation with the family, request more information from the family, or may require the family to sign a consent form so that *KHA* may verify the need for the requested accommodation.

➢ ***KHA Policy***: *After a request for an accommodation is presented, the KHA will respond, in writing, usually within 10 business days. If the disability must be verified, the 10-day period begins on the date that the verifying information is received by the KHA.*

If KHA denies a request for an accommodation because it is not reasonable (it would impose an undue financial and administrative burden or fundamentally alter the nature of KHA's operations), KHA will discuss with the family whether an alternative accommodation could effectively address the family's disability-related needs without a fundamental alteration to the HCV program and without imposing an undue financial and administrative burden.

If KHA believes that the family has failed to identify a reasonable alternative accommodation after interactive discussion and negotiation, KHA will notify the family, in writing of its determination, usually within 10 business days from the date of the most recent discussion or communication with the family.

2-II.E. PROGRAM ACCESSIBILITY FOR PERSONS WITH HEARING OR VISION IMPAIRMENTS

HUD regulations require the *KHA* to ensure that persons with disabilities related to hearing and vision have reasonable access to *KHA*'s programs and services [*24 CFR 8.6*].

At the initial point of contact with each applicant, *KHA* shall inform all applicants of alternative forms of communication that can be used other than plain language paperwork.

- ***KHA Policy***: *To meet the needs of persons with hearing impairments, TTD/TTY (text telephone display / teletype) communication will be made available upon request. To meet the needs of persons with vision impairments, large-print and audio versions of key program documents will be made available upon request. When visual aids are used in public meetings or presentations, or in meetings with KHA staff, one-on-one assistance will be provided upon request.*

  Additional examples of alternative forms of communication are sign language interpretation; having material explained orally by staff; or having a third-party representative (a friend, relative or advocate, named by the applicant) to receive, interpret and explain housing materials and be present at all meetings.

2-II.F. PHYSICAL ACCESSIBILITY

The *KHA* must comply with a variety of regulations pertaining to physical accessibility, including the following:

- [*Notice PIH 2010-26*]
- Section 504 of the *Rehabilitation Act* of 1973
- *The Americans with Disabilities Act* of 1990
- *The Architectural Barriers Act* of 1968
- *The Fair Housing Act* of 1988

The *KHA*'s policies concerning physical accessibility must be readily available to applicants and participants. They can be found in three key documents:

- This *Plan* describes the key policies that govern *KHA*'s responsibilities regarding physical accessibility.
- [*Notice PIH 2010-26*] summarizes information about pertinent laws and implementing regulations related to nondiscrimination and accessibility in federally-funded housing programs.
- *KHA Plan* provides information about self-evaluation, needs assessment, and transition plans.

The design, construction, or alteration of *KHA* facilities must conform to the *Uniform Federal Accessibility Standards* (UFAS). Newly-constructed facilities must be designed to be readily accessible to and usable by persons with disabilities. Alterations to existing facilities must be accessible to the maximum extent feasible, defined as not imposing an undue financial and administrative burden on the operations of the HCV program.

When issuing a voucher to a family that includes an individual with disabilities, *KHA* will include a current list of available accessible units known to *KHA* and will assist the family in locating an available accessible unit, if necessary.

In general, owners must permit the family to make reasonable modifications to the unit. However, the owner is not required to pay for the modification and may require that the unit be restored to its original state at the family's expense when the family moves.

2-II.G. DENIAL OR TERMINATION OF ASSISTANCE

A decision by the *KHA* to deny or terminate the assistance of a family that includes a person with disabilities is subject to consideration of Reasonable Accommodation [*24 CFR 982.552 (2)(iv)*].

When applicants with disabilities are denied assistance, the notice of denial must inform them of *KHA*'s Informal Review process and their right to request a hearing. In addition, the notice must inform applicants with disabilities of their right to request Reasonable Accommodations to participate in the Informal Hearing process.

When a participant family's assistance is terminated, the notice of termination must inform them of *KHA*'s Informal Hearing process and their right to request a hearing and Reasonable Accommodation.

When reviewing Reasonable Accommodation requests, *KHA* must consider whether any mitigating circumstances can be verified to explain and overcome the problem that led to *KHA*'s decision to deny or terminate assistance. If a Reasonable Accommodation will allow the family to meet the requirements, *KHA* must make the accommodation.

PART III: IMPROVING ACCESS TO SERVICES FOR PERSONS WITH LIMITED ENGLISH PROFICIENCY (LEP)

Overview

Language for Limited English Proficiency Persons (LEP) can be a barrier to accessing important benefits or services, understanding and exercising important rights, complying with applicable responsibilities, or understanding other information provided by the HCV program. In certain circumstances, failure to ensure that LEP persons can effectively participate in or benefit from federally-assisted programs and activities may violate the prohibition under Title VI against discrimination based on national origin. This part incorporates the *Final Guidance to Federal Assistance Recipients Regarding Title VI Prohibition against National Origin Discrimination Affecting Limited English Proficient Persons*. [*Federal Register, January 22, 2007*].

KHA will take affirmative steps to communicate with people who need services or information in a language other than English. These persons will be referred to as *Persons with Limited English Proficiency* (LEP).

LEP is defined as persons who do not speak English as their primary language and who have a limited ability to read, write, speak or understand English. For the purposes of this Plan, LEP persons are HCV applicants and participants, and parents and family members of applicants and participants.

In order to determine the level of access needed by LEP persons, *KHA* will balance the following four factors:

1. the number or proportion of LEP persons eligible to be served or likely to be encountered by the Housing Choice Voucher program;
2. the frequency with which LEP persons come into contact with the program;
3. the nature and importance of the program, activity, or service provided by the program to people's lives; and
4. the resources available to *KHA* and costs.

Balancing these four factors will ensure meaningful access by LEP persons to critical services while not imposing undue burdens upon *KHA*.

2-III.A. ORAL INTERPRETATION

KHA may offer competent interpretation services free of charge, upon request, to the LEP person.

- ***KHA Policy***: *KHA will utilize any appropriate alternative for interpreter services, including a language line.*

Where LEP persons desire, they will be permitted to use, at their own expense, an interpreter of their own choosing, in place of or as a supplement to any free language services offered by *KHA*. The interpreter may be a family member or friend.

The PHA will analyze the various kinds of contacts it has with the public, to assess language needs and decide what reasonable steps should be taken. "Reasonable steps" may not be reasonable where the costs imposed substantially exceed the benefits.

Where feasible and possible, according to any *Language Assistance Plan* (LAP), *KHA* will train and hire bilingual staff to be available to act as interpreters and translators, will pool resources with other PHAs, and will standardize documents.

2-III.B. WRITTEN TRANSLATION

Translation is the replacement of a written text from one language into an equivalent written text in another language.

- ***KHA Policy***: *To comply with written-translation obligations, KHA will take the following steps:*
  - *KHA will provide written translations of vital documents for each eligible LEP language group that constitutes 5 percent or 1,000 persons, whichever is less, of the population of persons eligible to be served or likely to be affected or encountered.*
  - *Translation of other non-essential documents will be considered on case-by-case. When possible, feasible and affordable interpretation services will be provided.*
  - *If there are fewer than 50 persons in a language group that reaches the 5 percent trigger, KHA does not translate vital written materials, but provides written notice in the primary language of the LEP language group of the right to receive competent oral interpretation of those written materials, free of cost.*

2-III.C. IMPLEMENTATION PLAN

After completing the four-factor analysis and deciding what language assistance services are appropriate, *KHA* shall determine whether it is necessary to develop a written implementation plan to address the identified needs of the LEP populations it serves.

If *KHA* determines that it is not necessary to develop a written implementation plan, the absence of a written plan does not obviate the underlying obligation to ensure meaningful access by LEP persons to *KHA*'s Housing Choice Voucher program and services.

- ***KHA Policy***: *If it is determined that KHA serves very few LEP persons, and KHA has very limited resources, KHA will not develop a written LEP plan, but will consider alternative ways to articulate in a reasonable manner a plan for providing meaningful access. Entities having significant contact with LEP persons, such as schools, grassroots and faith-based organizations, community groups, and groups working with new immigrants will be contacted for input into the process.*

  If KHA determines it is appropriate to develop a written LEP plan, the following five steps will be taken:
  1. *Identifying LEP individuals who need language assistance;*
  2. *identifying language assistance measures;*
  3. *training staff;*
  4. *providing notice to LEP persons; and*
  5. *monitoring and updating the LEP plan*.

EXHIBITS 2-1: DEFINITION OF A PERSON WITH A DISABILITY UNDER FEDERAL CIVIL RIGHTS LAWS

[*24 CFR Parts 8.3 and 100.201*]

A person with a disability, as defined under federal civil rights laws, is any person who:

- Has a physical or mental impairment that substantially limits one or more of the major life activities of an individual, or
- Has a record of such impairment, or
- Is regarded as having such impairment.

The phrase "physical or mental impairment" includes:

- Any physiological disorder or condition, cosmetic or disfigurement, or anatomical loss affecting one or more of the following body systems: neurological; musculoskeletal; special sense organs; respiratory, including speech organs; cardiovascular; reproductive; digestive; genito-urinary; hemic and lymphatic; skin; and endocrine; or
- Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term "physical or mental impairment" includes, but is not limited to: such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, mental retardation, emotional illness, drug addiction and alcoholism.

"*Major life activities*" includes, but is not limited to, caring for oneself, performing manual tasks, walking, seeing, hearing, breathing, learning, and/or working.

"*Has a record of such impairment*" means has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more major life activities.

"*Is regarded as having an impairment*" is defined as having a physical or mental impairment that does not substantially limit one or more major life activities but is treated by a public entity (such as *KHA*) as constituting such a limitation; has none of the impairments defined in this section but is treated by a public entity as having such an impairment; or has a physical or mental impairment that substantially limits one or more major life activities, only as a result of the attitudes of others toward that impairment.

The definition of a person with disabilities does not include:

- Current illegal drug users;
- People whose alcohol use interferes with the rights of others; or
- Persons who objectively pose a direct threat or substantial risk of harm to others that cannot be controlled with a Reasonable Accommodation under the HCV program.

The above definition of disability determines whether an applicant or participant is entitled to any of the protections of federal disability civil rights laws. Thus, a person who does not meet this disability is not entitled to a Reasonable Accommodation under federal civil rights and fair housing laws and regulations.

The HUD definition of a person with a disability is much narrower than the civil rights definition of disability. The HUD definition of a person with a disability is used for purposes of receiving the disabled family preference, the $400 elderly/disabled household deduction, the $480 dependent deduction, the allowance for medical expenses, or the allowance for disability assistance expenses.

The definition of a person with a disability for purposes of granting a Reasonable Accommodation request is much broader than the HUD definition of disability. Many people will not qualify as a disabled person under the HCV program, yet an accommodation is needed to provide equal opportunity.

CHAPTER 3 PROGRAM ELIGIBILITY

Housing Choice Voucher Guidebook Resource.

The purpose of the Housing *Choice Voucher (HCV) Guidebook* is to provide an easy-to-use, one-stop resource to assist public housing agencies (PHAs), families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates into one document the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, *PIH Notices*, *Federal Register* Notices, and other forms of guidance issued by HUD.

KHA will provide a link to *HCV Guidebook* sections that assisted in development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *HCV Guidebook* chapters will be living documents on HUD's website. Individual chapters will be amended as policies are refined. The *HCV Guidebook* chapter on *Program Eligibility Determination and Denial of Assistance* can be found here:
https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Eligibility_Determination_and_Denial_of_Assistance.pdf

Introduction

KHA is responsible for ensuring that every individual and family admitted to the HCV program meets all program eligibility requirements. This includes any individual approved to join the family after the family has been admitted to the program. The family must provide any information needed by *KHA* to confirm eligibility and determine the level of the family's assistance.

Eligibility for the HCV program:

The applicant family must:

- Qualify as a family as defined by HUD and *KHA*;
- Pass a criminal background check for all adult members of the household;
- Have income at or below HUD-specified income limits;
- Qualify based on citizenship or the eligible immigrant status of family members;
- Provide social security number information for household members as required;
- Consent to *KHA*'s collection and use of family information as provided for in *KHA*-provided consent forms; and
- Applicants to the HCV Waiting List must be of legal age.

KHA Must:

- Determine that the current or past behavior of household members does not include activities that are prohibited by HUD or *KHA*.

This chapter contains three parts:

Part I: Definitions of Family and Household Members. This part contains HUD and *KHA* definitions of family and household members and explains initial and ongoing eligibility issues related to these members.

Part II: Basic Eligibility Criteria. This part discusses income eligibility, and rules regarding citizenship, social security numbers, and family consent.

Part III: Denial of Assistance. This part covers factors related to an applicant's past or current conduct (e.g. criminal activity) that can cause *KHA* to deny assistance.

PART I: DEFINITIONS OF FAMILY AND HOUSEHOLD MEMBERS

Overview

Some eligibility criteria and program rules vary depending upon the composition of the family requesting assistance. In addition, some requirements apply to the family as a whole, and others apply to individual persons who will live in the assisted unit. This part provides information that is needed to correctly identify family and household members, and to apply HUD's eligibility rules. These definitions, in whole or in part, may be repeated in Chapter 6 Part I of this Plan.

3-I.A. FAMILY AND HOUSEHOLD

[*24 CFR 982.201(c)*], [*Federal Register Notice 2/3/12*]; [*Notice PIH 2014-20*]

The terms family and household have different meanings in the HCV program.

Family

KHA's definition of a *family* includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity or marital status:

- A family with a child or children;
- Two or more elderly or disabled persons living together;
- One or more elderly or disabled persons living with one or more live-in aides;
- A single person, who may be an elderly person, a displaced person, a disabled person or any other single person; or
- Two or more individuals who are not related by blood, marriage, adoption, or other operation of law but who either can demonstrate that they have lived together previously or certify that everyone's income and other resources will be available to meet the needs of the family.

At any point after a partner agency makes an applicant referral to *KHA* for a HUD Special Program or targeted voucher admission, or after the *KHA* makes a waiting list selection to determine initial HCV program eligibility for any applicant, the addition of any new family members or household member not already listed in the family or household is restricted to the following circumstances:

- Birth of a child by a current family member;
- Adoption of a child by a current family member;
- Court-awarded custody of a child to a current family member;
- Legal guardianship of a minor granted to a current family member;
- As result of marriage by a current family member;
- As result of a civil union created under any state law by a current family member;
- As a result of a registered domestic partnership under any state law by a current family member;
- As a result of a reasonable accommodation for a current disabled family member;
- As a result of a returning family member from active military service;
- As a result of a returning and now disabled family member;
- As a result of a returning child;
- As a result of returning or placement of a parent to an existing minor in the family;
- As a result of returning or placement of elderly parents or grandparents to be cared by current family members; or
- As a result of returning or placement of a foster child(ren) or foster adult (s) if their presence would not result in a violation of HQS space standards according to [*24 CFR 982,401*].

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 *KHA* if family circumstances change requiring the waiver after a review of documents of the circumstances provided by the family.

- Any household members that are removed from the household must remain removed for at least one (1) calendar year. Any household member that was removed, and after at least one (1) calendar year is requested to be added back to the household, must meet the requirements outlined in this policy for adding members to the household.
- *KHA* will not approve the addition of a new family or household member unless the individual meets *KHA's* eligibility criteria [*KHA Plan: Chapter 3, Program Eligibility*] and documentation requirements [*KHA Plan: Chapter 7, Part II*].
- Court Orders and other legal documents may also be required to verify a legal relationship status (i.e. guardianship, custody).
- *KHA* will not approve the addition of a foster child or foster adult if it will cause a violation of HQS space standards.
- If *KHA* determines an individual meets *KHA's* eligibility criteria and documentation requirements, *KHA* will provide written approval to the family. If the approval of a new family member or live-in aide will cause overcrowding according to HQS standards, the approval letter will explain that the family will be issued a voucher and will be required to move.

- If *KHA* determines that an individual does not meet *KHA's* eligibility criteria or documentation requirements, *KHA* will notify the family in writing of its decision to deny approval of the new family or household member and the reasons for the denial.
- *KHA* will make its determination, usually within 10 business days of receiving all information required to verify the individual's eligibility.

➢ ***KHA Policy***: *Each family must identify the individuals to be included in the family at the time of pre-application, and must update this information if the family's composition changes. After initial selection by KHA to determine program eligibility, families must request KHA approval to add a new family member, household member, live-in aide, foster child, or foster adult. This includes any person not on the initial pre-application (and subsequent application) who is expected to stay in the unit for more than 7 consecutive days or 30 cumulative days within a 12-month period and therefore no longer qualifies as a "guest" and any person not on the lease who is expected to stay in the unit for more than 7 consecutive days or 30 cumulative days within a 12-month period and therefore no longer qualifies as a "guest." Requests must be made in writing and approved by KHA prior to the individual moving into the unit. Allowing any person longer than described above, without notifying KHA 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* [*KHA Plan: Chapter 14, Program Integrity*].

Household

Household is a broader term that includes additional people who, with *KHA*'s permission, live in an assisted unit, such as live-in aides, foster children, and foster adults.

3-I.B. FAMILY BREAK-UP AND REMAINING MEMBERS OF ASSISTED FAMILY

Family Break-up

[*24 CFR 982.315*]

➢ ***KHA Policy***: *The voucher is transferrable or otherwise assignable only after the death of the HOH when remaining household family members exist, or as a Reasonable Accommodation approved by KHA*.

Exceptions

Exceptions to this policy apply under the following conditions, where *KHA* has discretion to determine which members of an assisted family continue to receive assistance if the family breaks up:

- If the family breakup results from an occurrence of domestic violence, dating violence, sexual assault, or stalking, *KHA* must ensure that the victim retains assistance. (For documentation requirements and policies related to domestic violence, dating violence, sexual assault, and stalking. [*KHA Plan: Chapter 6, Income and Subsidy Determinations*]; and

- If a court determines the disposition of property between members of the assisted family in a divorce or separation decree, *KHA* is bound by the court's determination of which family members continue to receive assistance.

➢ ***KHA Policy***: *In the absence of a judicial decision, or an agreement among the original family members, KHA will determine which family member(s) may continue to receive assistance taking into consideration the following factors:*
- *the interest of any minor children, including custody arrangements;*
- *the interest of any ill, elderly, or disabled family members;*
- *any possible risks to family members as a result of domestic violence or criminal activity; and*
- *the recommendations of social service professionals. KHA will adhere, to the extent applicable, to the KHA VAWA Policy [KHA Plan: Chapter 16, Program Administration]*.

Remaining Member of a Tenant Family

[*24 CFR 5.403*]
The HUD definition of family includes the remaining member of a tenant family, which is a member of an assisted family who remains in the unit when other members of the family have left the unit. Household members such as live-in aides, foster children, foster adults, and household add-ons do not qualify as remaining members of a family.

If dependents are the only "remaining members of a tenant family" and there is no family member able to assume the responsibilities of the head of household, see [*KHA Plan: Chapter 6-I.A.*] for the policy on "*Caretakers for a Child*".

➢ ***KHA Policy***: *For a remaining adult or emancipated minor to become the HOH, or an adult who becomes the guardian or caretaker of remaining household member(s) who are minors, they must meet all the eligibility requirements set forth in this Plan*.

3-I.C. HEAD OF HOUSEHOLD

[*24 CFR 5.504(b)*]
Head of household means the adult member of the family who is considered the head for purposes of determining income eligibility and rent. The head of household is responsible for ensuring that the family fulfills all its responsibilities under the program, alone or in conjunction with a co-head or spouse.

➢ ***KHA Policy***: *The head of household must have the legal capacity to enter into a lease under state and local law*.

3-I.D. SPOUSE, CO-HEAD AND OTHER ADULTS

A family may have a spouse or co-head, but not both [*HUD-50058 IB, p. 13*].

Spouse means the marriage partner of the head of household.

Co-head is an individual in the household who is equally responsible with the head of household for ensuring that the family fulfills all of its responsibilities under the program, but who is not a spouse. A family can have only one co-head.

Other adult means, a family member, other than the head, spouse, or co-head, who is 18 years of age or older. Foster adults and live-in aides are not considered other adults.

3-I.E. DEPENDENT

[*24 CFR 5.603*]

A *dependent* is a family member who is under 18 years of age or a person of any age who is a person with a disability or a full-time student, except that the following persons can never be dependents: the head of household, spouse, cohead, foster children/adults and live-in aides. Identifying each dependent in the family is important because each dependent qualifies the family for a dependent allowance as described in [*KHA Plan: Chapter 6, Income and Subsidy Determinations*].

3-I.F. FULL-TIME STUDENT

[*24 CFR 5.603*], [*HVC GB p. 5-29*]

Full-time student (FTS) is a person who is attending school or vocational training on a full-time basis. The time commitment or subject load that is needed to be full-time is defined by the educational institution.

Identifying each FTS is important because (1) each family member that is an FTS, other than the head, spouse, or cohead, qualifies the family for a dependent allowance and (2) the earned income of such an FTS is treated differently from the income of other family members.

3-I.G. ELDERLY AND NEAR ELDERLY PERSONS AND ELDERLY FAMILY

[*24 CFR 5.100*] *and* [*24 CFR 5.403*]; [*Federal Register Notice 2/3/2012*].

Definitions are:

Elderly Persons. An elderly person is a person who is at least 62 years of age.

Near-Elderly Persons. A near-elderly person is a person who is at least 50 years of age but below the age of 62.

Elderly Family. An elderly family is one in which the head, spouse, co-head, or sole member is an elderly person. Identifying elderly families is important because elderly families qualify for the elderly family allowance as described in [*KHA Plan: Chapter 6, Income and Subsidy Determinations*].

3-I.H. DISABLED PERSONS AND FAMILIES

[*24 CFR 5.403*]

Persons with Disabilities

Under the HCV program, special rules apply to persons with disabilities and to any family whose head, spouse, or cohead is a person with disabilities. The technical definitions of

individual with handicaps and persons with disabilities are provided in [*Exhibit 3-1*] at the end of this chapter. These definitions are used for several purposes including ensuring that persons with disabilities are not discriminated against based upon disability.

As discussed in [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity*], *KHA* must make all aspects of the HCV program accessible to persons with disabilities and consider Reasonable Accommodations requested based upon a person's disability.

Disabled Family

A disabled family is one in which the head, spouse, or cohead is a person with disabilities. Identifying disabled families is important because these families qualify for the disabled family allowance as described in [*KHA Plan: Chapter 6, Income and Subsidy Determinations*].

Even though persons with drug or alcohol dependencies are considered persons with disabilities, this does not prevent *KHA* from denying assistance for reasons related to alcohol and drug abuse in accordance with the policies found in Part III of this chapter, or from terminating assistance in accordance with the policies in [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*].

3-I.I. GUESTS

[*24 CFR 5.100*]

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

- 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 *KHA*, listed on the lease and 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.

- ***KHA Policy***: *Violation of any Guest provision stated above is considered an egregious program violation and grounds for immediate termination of participation in any KHA program*.

3-I.J. FOSTER CHILDREN AND FOSTER ADULTS

Foster adults are usually persons with disabilities, unrelated to the tenant family, who are unable to live alone [*24 CFR 5.609*].

The term *foster child* is not specifically defined by the regulations.

Foster children and foster adults who are living with an applicant or who have been approved by *KHA* to live with a participant family are considered household members but not family members. The income of foster children/adults is not counted in family annual income and foster children/adults do not qualify for a dependent deduction [*24 CFR 5.603*] and [*HUD-50058 IB, p. 13*].

- ***KHA Policy***: *A foster child is a child that is in the legal guardianship or custody of a state, county, or private adoption or foster care agency, yet is cared for by foster parents in their own homes, under short-term or long-term foster care arrangement with the custodial agency.*
  - *A foster child or foster adult may be allowed to reside in the unit if their presence would not result in a violation of HQS space standards according to [24 CFR 982.401]*.

3-I.K. LIVE-IN AIDE

The definition of Live-in Aide under [*24 CFR 5.403*] is: A person who resides with one or more elderly persons or nearly-elderly persons or persons with disabilities and who:

- is determined to be essential to the care and well-being of the persons;
- is not obligated for the support of the persons; and
- would not be living in the unit except to provide the necessary supportive services.

KHA Policy: *On an annual basis KHA must approve a live-in aide if needed as a Reasonable Accommodation, in accordance with [24 CFR 8], to make the program accessible to and usable by the family member with disabilities.*

1. *Essential Care: A medical doctor, psychiatrist, or a non-medical agency that provides services to people with disabilities, such as a Center for Independent Living will have to provide written documentation to KHA that the HCV program participant needs the services of a live-in aide. The recommendations should be from a professional that is familiar with the participant and have direct medical or professional experience in the areas related to the participant's disability.*

   The written documentation should be completed on the official KHA Reasonable Accommodation Verification form. The documentation needs to be dated within 60

days from the date that the services of the live-in aide will be required. The written documentation needs to define:

- *the duration of the services (short-term or long-term care), and*
- *the level of daily care that the person with a disability needs to be able to live in an independent apartment or home setting (i.e. hours of care needed in a 24 hour period), and*
- *the skill level of live-in aide (i.e. any age requirement or specialized medical certification or training needed by the live-in aide to meet the needs of the participant).*

The documentation should also give full contact information if KHA has questions concerning the recommendations.

2. *Determining the Residence of the Live-in Aide: KHA requires that the services of the live-in aid must be at an "arms-length transaction" between the participant and the live-in aide. The live-in aide must not have been a member of the participant's household prior to becoming the live-in aide.*
3. *Relatives as Live-In Aides: A person that was or is a member of the participant's household does not qualify as a live-in aide. If the participant wants to engage the services of a relative, KHA requires that the participant certify that:*
   - *The live-in aide is qualified to provide the needed care.*
   - *The live-in aide was not part of the household prior to the participant being admitted to the HCV program.*
   - *There is no other reason for the live-in aide to reside in the unit other than to care for the participant (i.e. the individual can demonstrate they have a previous residence they left in good standing).*
   - *The live-in aide and the participant will maintain separate finances.*

4. *Definition of Disabled Household: A disabled household is defined as a family whose head, spouse, or sole member is an adult with a disability. It may include two or more adults with disabilities (either related or unrelated) living together, or one or more adults with disabilities living with one or more live-in aides.*
5. *Eligibility and Screening of Live-In Aide: KHA will conduct criminal background checks of all live-in aides that a participant wishes to engage in services under the HCV Program. The following criteria will be used to evaluate the live-in aide before and/or during the service of the live-in aide at the assisted unit:*
   - *No history of fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program;*
   - *No drug-related criminal activity or violent criminal activity;*
   - *No debts owed for rent or other amounts to KHA or any other Public Housing Authority in connection with the Housing Choice Voucher program or public housing assistance under the 1937 Act; and*
   - *Not subject to any lifetime registration requirements under a State Sex Offender Registration program.*

6. *Income Exclusions: The income of all approved live-in aides will be excluded when calculating a household's income and determining the total tenant payment and subsidy amount. In addition, if the household is paying the live-in aide directly and receives funds specifically to cover the cost of these services, then this income will be excluded from the household income as well.*
7. *Allowances for Participant's Expenses: If the household uses their own funds to pay the live-in aide to enable a family member (including the household member with a disability) to be employed, then these funds can be deducted from the medical expense deduction in the rent calculation. This is only if these funds are not reimbursed by other sources such as Medicaid or other insurance coverage.*
8. *Unit Bedroom Size: KHA will add an additional bedroom for an approved live-in aide if their services are required by the disabled participant for more than 8 hours per day.*
9. *Temporary Aides: KHA will not increase the number of bedrooms if the live-in aide is only needed for a short period of time (90 days or less). KHA will allow the live-in aide to reside in the household but will not increase the number of bedrooms during that period. If the services of the live-in aide are needed beyond 90 days, then KHA can adjust the certified bedroom size.*

PART II: BASIC ELIGIBILITY CRITERIA

3-II.A. INCOME ELIGIBILITY AND TARGETING

Income Limits

HUD establishes income limits for all areas of the country and publishes them annually in the *Federal Register*. They are based upon estimates of median family income with adjustments for family size. The income limits are used to determine eligibility for the program and for income targeting purposes as discussed in this section.

Definitions of the Income Limits

[*24 CFR 5.603(b)*]

- *Low-income family*. A family whose annual income does not exceed 80 percent of the median income for the area, adjusted for family size.
- *Very low-income family*. A family whose annual income does not exceed 50 percent of the median income for the area, adjusted for family size.
- *Extremely low-income family*. A family whose annual income does not exceed the federal poverty level or 30 percent of the median income for the area, whichever number is higher.

Area median income is determined by HUD, with adjustments for smaller and larger families. HUD may establish income ceilings higher or lower than 30, 50, or 80 percent of the median income for an area if HUD finds that such variations are necessary because of unusually high or low family incomes.

Using Income Limits for Eligibility

[*24 CFR 982.201*]

Income limits are used for eligibility only at admission. Income eligibility is determined by comparing the annual income of an applicant to the applicable income limit for their family size. To be income eligible, an applicant family must be one of the following:

- A very low-income family; or
- A low-income family that has been "continuously assisted" under the *1937 Housing Act*. A family is considered continuously assisted if the family is already receiving assistance under any *1937 Housing Act* program at the time the family is admitted to the HCV program *[24 CFR 982.4*].

➢ ***KHA Policy***: *KHA will consider a family to be continuously assisted if the family was leasing a unit under any 1937 Housing Act program at the time they were issued a voucher by KHA*.

- *A low-income family that qualifies for voucher assistance as a non-purchasing household living in HOPE 1 (public housing homeownership), HOPE 2 (multifamily housing homeownership) developments, or other HUD-assisted multifamily homeownership programs covered by [24 CFR 248.173].*
- *A low-income or moderate-income family that is displaced because of the prepayment of a mortgage or voluntary termination of a mortgage insurance contract on eligible low-income housing as defined in [24 CFR 248.101]*.

HUD permits *KHA* to establish additional categories of low-income families that may be determined eligible. The additional categories must be consistent with *KHA* plan and the consolidated plans for local governments within *KHA*'s jurisdiction. *KHA has not established any additional categories of eligible low-income families*.

Using Income Limits for Targeting

[*24 CFR 982.201*]

At least 75 percent of the families admitted to *KHA*'s program during a *KHA* fiscal year must be extremely low-income families. HUD may approve exceptions to this requirement if *KHA* demonstrates that it has made all required efforts, but has been unable to attract an adequate number of qualified extremely low-income families.

Families continuously assisted under the *1937 Housing Act* and families living in eligible low-income housing that are displaced because of prepayment of a mortgage or voluntary termination of a mortgage insurance contract are not counted for income targeting purposes.

3-II.B. CITIZENSHIP OR ELIGIBLE IMMIGRATION STATUS

[*24 CFR 5, Subpart E*]

Housing assistance is available only to individuals who are U.S. citizens, U.S. nationals (herein referred to as citizens and nationals), or non-citizens that have eligible immigration

status. At least one family member must be a citizen, national, or noncitizen with eligible immigration status for the family to qualify for any level of assistance.

All applicant families must be notified of the requirement to submit evidence of their citizenship status when they apply. Where feasible, and in accordance with *KHA*'s Limited English Proficiency Plan, the notice must be in a language that is understood by the individual if the individual is not proficient in English.

Declaration

[*24 CFR 5.508*]
HUD requires each family member to declare whether the individual is a citizen, a national, or an eligible noncitizen, except those members who elect not to contend that they have eligible immigration status. Those who elect not to contend their status are considered ineligible non-citizens. For citizens, nationals and eligible non-citizens the declaration must be signed personally by the head, spouse, cohead, and any other family member 18 or older, and by a parent or guardian for minors. The family must identify in writing any family members who elect not to contend their immigration status (see Ineligible Non-citizens below). No declaration is required for live-in aides, foster children, or foster adults.

U.S. Citizens and Nationals

In general, citizens and nationals are required to submit only a signed declaration as verification of their status. However, HUD regulations permit *KHA* to request additional documentation of their status, such as a passport.

- ***KHA Policy***: *In cases where family members declare U.S. Citizenship, National status or eligible immigration status, and are required to provide additional verification documentation of their legal identity as determined by KHA, that family will be required to provide:*
    - *two (2) documents to verify legal identity of all adults; and*
    - *one (1) document to verify legal identity of all children*

Acceptable verification documents include:

Verification of Legal Identity for Adults	***Verification of Legal Identity for Children***
Certificate of birth, naturalization papers	*Certificate of birth*
Church issued baptismal certificate	*Adoption papers*
Current, valid driver's license or Department of Motor Vehicles identification card	*Custody agreement*
U.S. military discharge (DD 214)	*Health and Human Services ID*
Current U.S. passport	*Certified school records*
Current employer identification card	

Eligible Non-citizens

In addition to providing a signed declaration, those declaring eligible noncitizen status must sign a verification consent form and cooperate with *KHA* efforts to verify their immigration status as described in [*KHA Plan: Chapter 7, Verification*]. The documentation required for establishing eligible noncitizen status varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, the person's age, and the date on which the family began receiving HUD-funded assistance.

Lawful residents of the Marshall Islands, the Federated States of Micronesia, and Palau, together known as the Freely Associated States, or FAS, are eligible for housing assistance under Section 141 of the *Compacts of Free Association* between the U.S. Government and the Governments of the FAS [*Public Law 106-504*].

Ineligible Non-citizens

Those non-citizens who do not wish to contend their immigration status are required to have their names listed on a noncontending family members listing, signed by the head, spouse, or cohead (regardless of citizenship status), indicating their ineligible immigration status. *KHA* is not required to verify a family member's ineligible status and is not required to report an individual's unlawful presence in the U.S. to the *United States Citizenship and Immigration Services* (USCIS).

Providing housing assistance to noncitizen students is prohibited [*24 CFR 5.522*]. This prohibition extends to the noncitizen spouse of a noncitizen student as well as to minor children who accompany or follow to join the noncitizen student. Such prohibition does not extend to the citizen spouse of a noncitizen student or to the children of the citizen spouse and noncitizen student. Such a family is eligible for prorated assistance as a mixed family.

Mixed Families

A family is eligible for assistance if at least one member is a citizen, national, or eligible noncitizen. Families that include eligible and ineligible individuals are considered mixed families. Such families will be given notice that their assistance will be prorated, and that they may request a hearing if they contest this determination. See [*KHA Plan: Chapter 6, Income and Subsidy Determinations*] for a discussion of how rents are prorated, and [*KHA Plan: Chapter 16, Program Administration*] for a discussion of Informal Hearing procedures.

Ineligible Families

[*24 CFR 5.514(d), (e), and (f)*]
KHA may elect to provide assistance to a family before the verification of the eligibility of the individual or one family member [*24 CFR 5.512(b)*]. Otherwise, no individual or family may be assisted prior to the affirmative establishment by *KHA* that the individual or at least one family member is eligible [*24 CFR 5.512(a)*]. Verification of eligibility for this purpose occurs when the individual or family members have submitted documentation to *KHA* in accordance with program requirements [*24 CFR 5.512(a)*].

- ***KHA Policy***: *KHA will not provide assistance to a family before the verification of at least one eligible family member.*
  - *When KHA determines that an applicant family does not include any citizens, nationals, or eligible non-citizens, following the verification process, the family will be sent a written notice, usually within 30 business days of the determination.*
  - *The notice will explain the reasons for the denial of assistance, that the family may be eligible for proration of assistance and will advise the family of its right to request an appeal to the United States Citizenship and Immigration Services (USCIS), or to request an Informal Hearing with KHA. The Informal Hearing with KHA may be requested in lieu of the USCIS appeal, or after the USCIS appeal process. The notice must also inform the applicant family that assistance may not be delayed until the conclusion of the USCIS appeal process, but that it may be delayed pending the completion of the Informal Hearing process.*

  Informal Hearing procedures are contained in [KHA Plan: Chapter 16, Program Administration.

Timeframe for Determination of Citizenship Status

[*24 CFR 5.508(g)*]

- For new occupants joining the assisted family *KHA* must verify status at the first interim or regular reexamination following the person's occupancy, whichever comes first.
- If an individual qualifies for a time extension for the submission of required documents, *KHA* must grant such an extension for no more than 30 days [*24 CFR 5.508(h)*].
- Each family member is required to submit evidence of eligible status only one time during continuous occupancy.

- ***KHA Policy***: *KHA will verify the citizenship status of applicants at the time other eligibility factors are determined*.

3-II.C. SOCIAL SECURITY NUMBERS

[*24 CFR 5.216*] and [*24 CFR 5.218*], [*Notice PIH 2012-10*]

The applicant and all members of the applicant's household must disclose the complete and accurate social security number (SSN) assigned to each household member, and the documentation necessary to verify each SSN. If a child under age 6 has been added to an applicant family within 6 months prior to voucher issuance, an otherwise eligible family may be admitted to the program and must disclose and document the child's SSN within 90 days of the effective date of the initial HAP Contract. *KHA* will grant one additional 90-day extension if needed for reasons beyond the participant's control such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency. A detailed discussion of acceptable documentation is provided in [*KHA Plan: Chapter 7, Verification*].

NOTE: *These requirements do not apply to non-citizens who do not contend eligible immigration status*.

In addition, each participant who has not previously disclosed an SSN, has previously disclosed an SSN that HUD or the SSA determined was invalid, or has been issued a new SSN must submit their complete and accurate SSN and the documentation required to verify the SSN at the time of the next interim or annual reexamination or recertification. Participants age 62 or older as of January 31, 2010, whose determination of eligibility was begun before January 31, 2010, are exempt from this requirement and remain exempt even if they move to a new assisted unit.

KHA must deny assistance to an applicant family if they do not meet the SSN disclosure and documentation requirements contained in [*24 CFR 5.216*].

3-II.D. FAMILY CONSENT TO RELEASE OF INFORMATION

[*24 CFR 5.230*], [*HCV Guide Book, p. 5-13*]
HUD requires each adult family member, and the head of household, spouse, or cohead, regardless of age, to sign [*Form HUD-9886*], *Authorization for the Release of Information/Privacy Act Notice*, and other consent forms as needed to collect information relevant to the family's eligibility and level of assistance. [*KHA Plan: Chapter 7, Verification*] provides detailed information concerning the consent forms and verification requirements.

KHA must deny admission to the program if any member of the applicant family fails to sign and submit the consent forms for obtaining information in accordance with [*24 CFR 5, Subparts B and F*] and [*24 CFR 982.552(b)(3)*].

- ***KHA Policy***: *At the time of admission and with any additions of adult members to the household, KHA will conduct a criminal history background check through an independent contracted service for every person 18 years of age or older*.

3-II.E. STUDENTS ENROLLED IN INSTITUTIONS OF HIGHER EDUCATION

[*24 CFR 5.612*] and [*Federal Register Notice* 4/10/06]
Section 327 of Public Law 109-115 and the implementing regulation at [*24 CFR 5.612*] established new restrictions on the eligibility of certain students (both part- and full-time) who are enrolled in institutions of higher education.

If a student enrolled at an institution of higher education is under the age of 24, is not a veteran, is not married, does not have a dependent child, and is not a person with disabilities receiving HCV assistance as of November 30, 2005, the student's eligibility must be examined along with the income eligibility of the student's parents. In these cases, both the student and the student's parents must be income eligible for the student to receive HCV assistance. If, however, a student in these circumstances is determined

independent from his/her parents in accordance with *KHA* policy, the income of the student's parents will not be considered in determining the student's eligibility.

The new law does not apply to students who reside with parents who are applying to receive HCV assistance. It is limited to students who are seeking assistance on their own, separately from their parents.

Definitions

In determining whether and how the new eligibility restrictions apply to a student, *KHA* will rely on the following definitions [*Federal Register 4/10/06, p. 18148*].

Dependent Child

In the context of the student eligibility restrictions, dependent child means a dependent child of a student enrolled in an institution of higher education. The dependent child must also meet the definition of dependent in [*24 CFR 5.603*], which states that the dependent must be a member of the assisted family, other than the head of household or spouse, who is under 18 years of age, or is a person with a disability, or is a full-time student. Foster children and foster adults are not considered dependents.

Independent Student

- ***KHA Policy***: *KHA will consider a student "independent" from his or her parents and the parents' income will not be considered when determining the student's eligibility if all aspects of the following two criteria are both met:*
  - *The individual is of legal contract age under state law.*
  - *The individual has established a household separate from his/her parents for at least one year prior to application for occupancy or the individual meets the U.S. Department of Education's definition of independent student.*

  To be considered an independent student according to the Department of Education, a student must meet one or more of the following criteria:
  - *Be at least 24 years old by December 31 of the award year for which aid is sought.*
  - *Be an orphan or a ward of the court through the age of 18.*
  - *Be a veteran of the U.S. Armed Forces.*
  - *Have one or more legal dependents other than a spouse (for example, dependent children or an elderly dependent parent).*
  - *Be a graduate or professional student.*
  - *Be married.*

  The individual was not claimed as a dependent by his/her parents pursuant to IRS regulations, as demonstrated on the parents' most recent tax forms.

The individual provides a certification of the amount of financial assistance that will be provided by his/her parents. This certification must be signed by the individual providing the support and must be submitted even if no assistance is being provided.

KHA will verify that a student meets the above criteria in accordance with the policies in [KHA Plan: Chapter 7-II.E.].

Institution of Higher Education

KHA will use the statutory definition under Section 102 of the *Higher Education Act* of 1965 to determine whether a student is attending an institution of higher education (see Exhibit 3-2).

Parents

- ***KHA Policy***: *For purposes of student eligibility restrictions, the definition of parents includes biological or adoptive parents, stepparents (if they are currently married to the biological or adoptive parent), and guardians (e.g., grandparents, aunt/uncle, godparents, etc.)*.

Person with Disabilities

KHA will use the statutory definition under *Section 3(b)(3)(E)* of the *1937 Act* to determine whether a student is a person with disabilities [see Exhibit 3-1].

Veteran

- ***KHA Policy***: *A veteran is a person who served in the active military, naval, or air service and who was discharged or released from such service under conditions other than dishonorable*.

Determining Student Eligibility

If a student is applying for assistance on his/her own, apart from his/her parents, *KHA* must determine whether the student is subject to the eligibility restrictions contained in [*24 CFR 5.612*]. If the student is subject to those restrictions, *KHA* must ensure that: (1) the student is individually eligible for the program, (2) either the student is independent from his/her parents or the student's parents are income eligible for the program, and (3) the "family" with which the student is applying is collectively eligible for the program.

- ***KHA Policy***: *For any student who is subject to the [24 CFR 5.612] restrictions, KHA will:*
  - *Follow its usual policies in determining whether the student individually and the student's "family" collectively are eligible for the program*
  - *Determine whether the student is independent from his/her parents in accordance with the definition of independent student in this section*
  - *Follow the policies below, if applicable, in determining whether the student's parents are income eligible for the program*

If *KHA* determines that the student, the student's parents (if applicable), or the student's "family" is not eligible, *KHA* will send a notice of denial in accordance with the policies in [*KHA Plan: Chapter 3-II.E.*], and the applicant family will have the right to request an Informal Review in accordance with the policies in [*KHA Plan: Chapter 16-III.A.*].

Determining Parental Income Eligibility

- ***KHA Policy***: *For any student who is subject to the [24 CFR 5.612] restrictions and who does not satisfy the definition of independent student in this section, KHA will determine the income eligibility of the student's parents as follows:*
  - *If the student's parents are married and living together, KHA will obtain a joint income declaration and certification of joint income from the parents.*
  - *If the student's parent is widowed or single, KHA will obtain an income declaration and certification of income from that parent.*
  - *If the student's parents are divorced or separated, KHA will obtain an income declaration and certification of income from each parent.*
  - *If the student has been living with one of his/her parents and has not had contact with or does not know where to contact his/her other parent, KHA will require the student to submit a certification under penalty of perjury describing the circumstances and stating that the student does not receive financial assistance from the other parent. KHA will then obtain an income declaration and certification of income from the parent with whom the student has been living or had contact.*

In determining the income eligibility of the student's parents, *KHA* will use the income limits for the jurisdiction in which the parents live.

PART III: DENIAL OF ASSISTANCE

Overview

A family that does not meet the following eligibility criteria discussed in Parts I and II, must be denied assistance. In this section, we will discuss other situations and circumstances in which denial of assistance is mandatory for *KHA*, and those in which denial of assistance is optional for *KHA*.

Forms of Denial

[*24 CFR 982.552(a)(2)*]; [*HCV Guide Book, p. 5-35*]

- Denial of assistance includes any of the following:
- Not placing the family's name on the waiting list,
- Denying or withdrawing a voucher,
- Not approving a request for tenancy or refusing to enter into a HAP Contract, or
- Refusing to process a request for or to provide assistance under portability procedures.

Prohibited Reasons for Denial of Assistance

[*24 CFR 982.202(b)*]

HUD rules prohibit denial of assistance to the program based on any of the following criteria:

- Age, disability, race, color, religion, sex, or national origin. See [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity*] for additional information about fair housing and equal opportunity requirements.
- Where a family lives prior to admission to the program.
- Where the family will live with assistance under the program. Although eligibility is not affected by where the family will live, there may be restrictions on the family's ability to move outside *KHA*'s jurisdiction. See [*KHA Plan: Chapter 10, Moving With Continued Assistance and Portability*].
- Whether members of the family are unwed parents, recipients of public assistance, or children born out of wedlock.
- Whether the family includes children.
- Whether a family decides to participate in a family self-sufficiency program.
- Whether or not a qualified applicant has been a victim of domestic violence, dating violence, sexual assault, or stalking if the applicant is otherwise qualified for assistance [*KHA Plan: Chapter 3-III.F.*].

3-III.A. MANDATORY DENIAL OF ASSISTANCE

[*24 CFR 982.553(a)*]

HUD requires *KHA* to deny assistance in the following cases:

1. Any member of the household has been evicted from federally-assisted housing in the last 3 years (from the date of eviction) for drug-related criminal activity. HUD permits, but does not require *KHA* to admit an otherwise-eligible family if *KHA* determines that the household member has completed a supervised drug rehabilitation program or the circumstances which led to eviction no longer exist (e.g. the person involved in the criminal activity no longer lives in the household due to death or imprisonment).
2. *KHA* determines that any household member is currently engaged in the use of illegal drugs. *Currently engaged in* is defined here as any use of illegal drugs during the previous six months.
3. *KHA* has reasonable cause to believe that any household member's current use or pattern of use of illegal drugs, or current abuse or pattern of abuse of alcohol, may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.
4. Any household member has ever been convicted of drug-related criminal activity for the production or manufacture of methamphetamine on the premises of federally assisted housing.
5. Any household member subject to a lifetime registration requirement under a State sex offender registration program.

- ***KHA Policy***: *KHA may admit an otherwise-eligible family who has been evicted from federally-assisted housing in the last 5 years (from the date of eviction) for drug-related criminal activity, if KHA determines that the household member who has engaged in the criminal activity has completed a supervised drug rehabilitation program or the circumstances which led to eviction no longer exist (e.g. the person involved in the criminal activity no longer lives in the household due to death or imprisonment*.

  In determining reasonable cause, KHA will consider all credible evidence, including but not limited to, any record of convictions, arrests, or evictions of household members related to the use of illegal drugs or the abuse of alcohol.

  If any household member has ever been convicted of drug-related criminal activity for the production or manufacture of methamphetamine in any location, not just federally assisted housing, the family will be denied assistance.

  Any person subject to a lifetime sex offender registration requirement under a state sex offender registration program is banned from admission to the HCV program [24 CFR 982.553]. In effect since the Screening and Eviction Final Rules of June 25, 2001.

3-III.B. OTHER PERMITTED REASONS FOR DENIAL OF ASSISTANCE

HUD permits, but does not require *KHA* to deny assistance for the reasons discussed in this section.

Criminal Activity

[*24 CFR 982.553*]

HUD permits, but does not require, *KHA* to deny assistance if *KHA* determines that any household member is currently engaged in, or has engaged in during a reasonable time before the family would receive assistance, certain types of criminal activity.

- ***KHA Policy***: *If any household member is currently engaged in, or has engaged in any of the following criminal activities, within the past five years, the family will be denied assistance:*
  - *Drug-related criminal activity, defined by HUD as the illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute or use the drug [24 CFR 5.100].*
  - *Violent criminal activity, defined by HUD as any criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force substantial enough to cause, or be reasonably likely to cause, serious bodily injury or property damage [24 CFR 5.100].*
    - *Criminal activity which may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity.*
    - *Criminal activity which may threaten the health or safety of property owners, management staff, and persons performing contract administration functions or*

other responsibilities on behalf of KHA (including a KHA employee or a KHA contractor, subcontractor, or agent).

- *Any abuse of alcohol or pattern of abuse of alcohol by any household member that may threaten the health, safety or right to peaceful enjoyment of the premises by other residents.*
- *Any household member has been paroled or released from a facility for violent criminal activity; and*
- *Illegal possession or use of a firearm or aggravated assault weapon in violation of federal, state or local criminal or civil laws.*

Evidence of such criminal activity includes, but is not limited to:

- *Any conviction for drug-related or violent criminal activity within the past 5 years.*
- *Records of arrests for drug-related or violent criminal activity within the past 5 years, although a record of arrest(s) will not be used as the basis for the denial or proof that the applicant engaged in disqualifying criminal activity.*
- *Any record of eviction from public or privately-owned housing because of criminal activity within the past 5 years.*

A conviction for drug-related or violent criminal activity will be given more weight than an arrest for such activity.

Violent Crime and Crimes of Violence

Within *KHA*'s jurisdiction, violent crimes vary from homicide to harassment and may not have been committed with weapons. This entails both crimes in which the violent act is the objective, such as homicide, as well as crimes in which violence is the means to an end.

➢ ***KHA Policy***: *KHA denials for assistance for violent crime or crimes of violence include, but are not limited to:* active shooters, aircraft hijackers, bank robbers, burglars, carjackers, drug cartels, gangsters, kidnappers, muggers, murderers, terrorists and torturers.

In making its decision to deny assistance, *KHA* will consider the factors discussed in [*KHA Plan: Chapter 3-III.D.*]. Upon consideration of such factors, *KHA* may, on a case-by-case basis, decide not to deny assistance.

Previous Behavior in Assisted Housing

[*24 CFR 982.552(c)*]
HUD authorizes *KHA* to deny assistance based on the family's previous behavior in assisted housing:

➢ ***KHA Policy***: *KHA* ***will not*** *deny assistance to an otherwise eligible family because the family previously failed to meet its obligations under the Family Self-Sufficiency (FSS) program.*

KHA **will** deny assistance to an applicant family if:

- The family does not provide information that *KHA* or HUD determines is necessary in the administration of the program.
- The family does not provide complete and true information to *KHA*.
- Any family member has been evicted or terminated from federally-assisted housing in the last five years.
- Any PHA has ever terminated assistance under the program for any member of the family within the last five years.
- Any family member has committed fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program.
- The family owes rent or other amounts to any PHA in connection with the HCV, Certificate, Moderate Rehabilitation or public housing programs, unless the family repays the full amount of the enforceable debt prior to being selected from the waiting list.
- If the family has not reimbursed any PHA for amounts the PHA paid to an owner under a HAP Contract for rent, damages to the unit, or other amounts owed by the family under the lease, unless the family repays the full amount of the debt prior to being selected from the waiting list.
- The family has breached the terms of a *Tenant Payment Agreement* (TPA) with *KHA*, unless the family repays the full amount of the debt in the TPA prior to being selected from the waiting list.
- A family member has engaged in or threatened violent or abusive behavior toward *KHA* personnel.
  - Abusive or violent behavior towards *KHA* personnel includes verbal as well as physical abuse or violence. Use of racial epithets, or other language, written or oral, that is customarily used to intimidate may be considered abusive or violent behavior.
  - *Threatening* refers to oral or written threats or physical gestures that communicate intent to abuse or commit violence.

In making its decision to deny assistance, *KHA* will consider the factors discussed in [*KHA Plan: Chapter 3-III.D.*]. Upon consideration of such factors, *KHA* may, on a case-by-case basis, decide not to deny assistance.

Pattern of Previous Criminal Behavior

A pattern of criminal behavior refers to repeated conduct of an offender that leads to and including the commission of an act committed in violation of law where the consequence of conviction by a court is punishment, especially where the punishment is a serious one such as imprisonment or confinement. These criminal acts are offenses against the public and can be any act or omission or possession which poses a threat or otherwise harms the public in some way.

➢ ***KHA Policy***: *KHA can terminate assistance, or deny assistance to an otherwise eligible family, if the family or members of the family or household, exhibited a pattern of repeated conduct by the offender of four (4) or more instances within a five (5) year*

period that lead to or included the commission of an act in violation of law where the consequence of conviction by a court is imprisonment or confinement for any period.

3-III.C. SCREENING

Initial Screening

The following *Screening Criteria Grid* will be used to analyze whether an applicant should be admitted or subject to further review. Applicants with convictions not listed in the *Screening Criteria Grid* are admissible for purposes of criminal background screening. Applicants with one or more convictions that fall in any of the categories described in the Grid will be reviewed further following the procedures outlined below.

Screening Criteria Grid

The *Screening Criteria Grid* should be used when performing criminal background screening. Specialist can depart from the grid if an applicant has one or more convictions (for felonies or misdemeanors) that do not fall within the *Screening Criteria Grid*, and the Specialist has grounds to believe that the applicant presents a significant level of risk to the *KHA* program. The Specialist should, after providing case-specific reasons, refer the case to the Program Manager for further review.

Notwithstanding anything to the contrary herein, *KHA* and property owners will comply with all Federal laws and regulations, and state law. The Grid outlines "look-back periods." These are the time periods for which *KHA* can consider past criminal convictions:

Categories of Crimes and "look-back" periods for which further review is required

<table>
<tr><th>Type</th><th>#</th><th>Crime Category</th><th>Subcategory</th><th>Review</th></tr>
<tr><td rowspan="6">Crimes Against Persons</td><td>1</td><td>Assault and battery</td><td>Felony only</td><td rowspan="2">Further review if within 5 years of release from correctional supervision from date of screening</td></tr>
<tr><td>2</td><td>Misdemeanor domestic violence</td><td rowspan="5">All</td></tr>
<tr><td>3</td><td>Use of firearm against a person</td><td rowspan="2">Further review</td></tr>
<tr><td>4</td><td>Armed robbery offenses</td></tr>
<tr><td>5</td><td>Robbery offenses, no weapon involved</td><td>Further review if within 5 years of release from correctional supervision from date of screening</td></tr>
<tr><td>6</td><td>Intentional homicides</td><td>Further review</td></tr>
</table>

	7	Manslaughter		
	8	Kidnapping and abductions		
	9	Sex offenses - forcible		
	10	Sex offenses – non-forcible	Felony only and Peeping Tom misdemeanor	Further review if within 5 years of release from correctional supervision from date of screening
	11	Stalking	All	

Type	#	Crime Category	Subcategory	Review
Crimes Against Property	12	Arson-related offenses	All	Further review
	13	Burglary/Breaking and Entering-related offenses	Felony only	Further review if within 5 years of release from correctional supervision from date of screening
	14	Theft, stolen property, fraud-related offenses	If 2 or more felony convictions	
	15	Destruction/ damage/ vandalism of property offenses	Felony only	

Type	#	Crime Category	Subcategory	Review
Crimes Against Society	16	Drug offenses - possession	If 2 or more felony convictions	Further review if within 5 years of release from correctional supervision from date of screening
	17	Drug offenses - Manufacture, Distribution, or Possession with intent to distribute	All	
	18	Driving under the influence-related offenses	If 2 or more convictions	Further review if within 3 years of release from correctional supervision from date of screening
	19	Weapons offenses (other than use of a firearm against a person)	All	Further review if within 5 years of release from correctional supervision from date of screening

Type	#	Crime Category	Subcategory	Review
Pattern of Behavior	20	#2, 5, 10, 11, 13, 14, 15, 16 or 18	If 2 or more convictions	Further review if convictions are

/Multiple offenses - Misdemeanor				within previous 5 years from date of screening
Pattern of Behavior /Multiple offenses - Felony	**21**	#1, 3, 4, 6, 7, 8, 9,10, 12, 17 or 19		Further review if convictions are within previous 10 years from date of screening

Screening for Eligibility

PHA's are authorized to obtain criminal conviction records from law enforcement agencies to screen applicants for admission to the HCV program. This authority assists *KHA* in complying with HUD requirements and *KHA* policies to deny assistance to applicants who are engaging in or have engaged in certain criminal activities. To obtain access to the records, *KHA* must require every applicant family to submit a consent form signed by each adult household member [*24 CFR 5.903*].

- ***KHA Policy***: *KHA will perform a criminal background check through an independent third-party service for every person 18 years of age or older:*

1. *at the time of application;*
2. *when being added as a live-in aide;*
3. *when being added as a new household member;*
4. *at any other time if necessary during the family's participation on the program to determine ongoing compliance, or*
5. *whenever KHA has a reasonable belief or report that a participant has engaged in fraudulent or criminal activity*.

Sex Offenses

PHAs are required to perform criminal background checks necessary to determine whether any household member is subject to a lifetime registration requirement under a state sex offender program in the state where the housing is located, as well as in any other state where a household member is known to have resided [*24 CFR 982.553(a)(2)(i)*].

- ***KHA Policy***: *KHA will perform a search for registered sex offenders as part of the criminal background check done through an independent contracted service to screen applicants for admission*.

Additionally, PHAs must ask whether the applicant, or any member of the applicant's household, is subject to a lifetime registered sex offender registration requirement in any state [*Notice PIH 2012-28*].

If *KHA* proposes to deny assistance based on a criminal record or on lifetime sex offender registration information, *KHA* must notify the household of the proposed action and must provide the subject of the record and the applicant a copy of the record and an opportunity

to dispute the accuracy and relevance of the information prior to a denial of admission. [*24 CFR 5.903(f)*] and [*24 CFR 5.905(d)*].

Screening for Suitability as a Tenant

[*24 CFR 982.307*]

KHA Responsibility

KHA has no liability or responsibility to the owner for the family's behavior or suitability for tenancy. *KHA* has the authority to conduct additional screening to determine whether an applicant is likely to be a suitable tenant.

- ***KHA Policy***: *KHA will not conduct additional screening to determine an applicant or participant family's suitability for tenancy*.

Owner Responsibility

The owner is responsible for screening and selection of the family to occupy the owner's unit. *KHA* must inform the owner that screening and selection for tenancy is the responsibility of the owner. An owner may consider a family's history with respect to factors such as: payment of rent and utilities, caring for a unit and premises, respecting the rights of other residents to the peaceful enjoyment of their housing, criminal activity that is a threat to the health, safety or property of others, and compliance with other essential conditions of tenancy.

HUD requires *KHA* to provide prospective owners with the family's current and prior address (as shown in *KHA* records) and the name and address (if known) of the owner at the family's current and prior addresses. HUD permits *KHA* to provide owners with additional information, as long as families are notified that the information will be provided, and the same type of information is provided to all owners.

NOTE: Please see *KHA*'s VAWA Policy [*KHA Plan: Chapter 16, Part IX*] regarding the disclosure of confidential information provided under that Policy.

- ***KHA Policy***: *KHA will inform owners of their responsibility to screen prospective tenants and will provide owners with the required known name and address information, exclusive of VAWA, at the time of the initial HQS inspection or before. KHA will not provide any additional information to the owner, such as tenancy history or criminal history*.

KHA will comply with its VAWA policy. Refer to [*KHA Plan: Chapter 16, Part IX*.

3-III.D. CRITERIA FOR DECIDING TO DENY ADMISSION

Evidence

[*24 CFR 982.553(c)*]

Preponderance of the Evidence

Preponderance of the evidence is defined as, "evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole, shows that the fact sought to be proved is more probable than not". Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

- ***KHA Policy***: *KHA will use the concept of the "preponderance of the evidence" standard for making all admission decisions. See [KHA Plan: Chapter 16-III.B.] for additional information regarding evidence*.

Consideration of Circumstances

[*24 CFR 982.552(c)(2)*]
HUD authorizes *KHA* to consider all relevant circumstances when deciding whether to deny assistance based on a family's history except in the situations for which denial of assistance is mandatory. [*KHA Plan: Chapter 3-III.A*.].

- ***KHA Policy***: *KHA may consider the following factors when making its decision:*
  - *The seriousness of the case, especially with respect to how it would affect other residents;*
  - *The effects that denial of assistance may have on other members of the family who were not involved in the action or failure;*
  - *The extent of participation or culpability of individual family members, including whether the culpable family member is a minor or a person with disabilities or as discussed further in* [*KHA Plan: Chapter 3-III.F.*] *a victim of domestic violence, dating violence, sexual assault, or stalking;*
  - *The length of time since the violation occurred, the family's recent history and the likelihood of favorable conduct in the future*.

While a record of arrest(s) will not be used as the basis for denial, an arrest may, however, trigger an investigation to determine whether the applicant engaged in disqualifying criminal activity. As part of its investigation, *KHA* may obtain the police report associated with the arrest and consider the reported circumstances of the arrest. *KHA* may also consider:

- Any statements made by witnesses or the applicant 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 the applicant engaged in disqualifying activity.

Evidence of criminal conduct will be considered if it indicates a demonstrable risk to safety and/or property.

In the case of drug or alcohol abuse, whether the culpable household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program or has otherwise been rehabilitated successfully.

KHA will require the applicant to submit evidence of the household member's current participation in or successful completion of a supervised drug or alcohol rehabilitation program, or evidence of otherwise having been rehabilitated successfully.

Removal of a Family Member's Name from the Application

Should *KHA*'s screening process reveal that an applicant's household includes an individual subject to state lifetime registered sex offender registration, *KHA* must offer the family the opportunity to remove the ineligible family member from the household. If the family is unwilling to remove that individual from the household, *KHA* must deny admission to the family [*Notice PIH 2012-28*].

For other criminal activity, *KHA* may permit the family to exclude the culpable family members as a condition of eligibility. [*24 CFR 982.552(c)(2)(ii)*].

- ***KHA Policy***: *As a condition of receiving assistance, a family must agree to remove the culpable family member from the application. In such instances, the head of household must certify that the family member will not be permitted to reside in the assisted unit. After admission to the program, the family must present evidence of the former family member's current address (if known) upon KHA request*.

Reasonable Accommodation

[*24 CFR 982.552(c)(2)(iv)*]
If the family includes a person with disabilities, *KHA*'s decision concerning denial of admission is subject to consideration of Reasonable Accommodation in accordance with [*24 CFR 8*].

- ***KHA Policy***: *If the family indicates that the behavior of a family member with a disability is the reason for the proposed denial of assistance, KHA will determine whether the behavior is related to the stated disability. If so, upon the family's request, KHA will determine whether admitting the family as a Reasonable Accommodation is appropriate. KHA will only consider accommodations that can reasonably be expected to address the behavior that is the basis of the proposed denial of assistance. See* [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity] for a discussion of Reasonable Accommodation*.

3-III.E. NOTICE OF ELIGIBILITY OR DENIAL

Eligible for Assistance

If the family is eligible for assistance, *KHA* will notify the family in writing and schedule a briefing appointment, as discussed in [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*].

If *KHA* determines that a family is not eligible for the program for any reason, the family must be notified promptly. The notice must describe:

1. the reasons for which assistance has been denied
2. the family's right to an Informal Review, and
3. the process for obtaining the Informal Review [*24 CFR 982.554 (a)*]. See [*KHA Plan: Chapter 16, Program Administration*], for Informal Review policies and procedures.

If a criminal record is the basis of the denial, a copy of the record must accompany the notice. In addition, a copy of the criminal record must be provided to the subject of the record [*24 CFR 982.553(d)*].

Notice requirements related to denying assistance to non-citizens are contained in [*KHA Plan: Chapter 3-II.B.*].

- ***KHA Policy***: *The family will be notified of a decision to deny assistance in writing, by electronic mail or US mail with first-class postage, usually within 30 calendar days of the determination*.
  1. *If the KHA uses a criminal record or sex offender registration information obtained under [24 CFR 5, Subpart J], as the basis of a denial, a copy of the record must precede the notice to deny, with an opportunity for the applicant to dispute the accuracy and relevance of the information before KHA can move to deny the application. In addition, a copy of the record must be provided to the subject of the record [24 CFR 5.903(f)] and [24 CFR 5.905(d)]. KHA must give the family an opportunity to dispute the accuracy and relevance of that record, in the Informal Review process in accordance with program requirements [24 CFR 982.553(d)].*

  2. *If based on a criminal record or sex offender registration information an applicant family appears to be ineligible, KHA will notify the family in writing, by electronic mail or US mail with first-class postage, of the proposed denial, and provide a copy of the record to the applicant and to the subject of the record. The family will be given 30 calendar days to dispute the accuracy and relevance of the information. If the family does not contact KHA to dispute the information within that 30-calendar day period, KHA will proceed with issuing the notice of denial of admission. A family that does not exercise their right to dispute the accuracy of the information prior to issuance of the official denial letter will still be given the opportunity to do so as part of the Informal Review process*.

Notice requirements related to denying assistance to non-citizens are contained in [*KHA Plan: Chapter 3-II.B.*]. Notice policies related to denying admission to applicants who may be victims of domestic violence, dating violence, or stalking are contained in [*KHA Plan: Chapter 16-IX.B.*].

3-III.F. PROHIBITION: ASSISTANCE DENIAL - VICTIMS OF

DOMESTIC/ DATING VIOLENCE, SEXUAL ASSAULT/ STALKING

The *Violence Against Women Act* of 2013 (VAWA) and the HUD regulation at [*24 CFR 5.2005(b)*] prohibit PHAs from denying an applicant admission to the HCV program "on the basis that the applicant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant otherwise qualifies for assistance or admission."

Definitions of key terms used in VAWA are provided in [*KHA Plan: Chapter16-IX.A.*], where general VAWA requirements and policies pertaining to notification, documentation, and confidentiality are also located.

Notification

VAWA 2013 expanded notification requirements to include the obligation for PHAs to provide applicants who are denied assistance with a notice of rights and the form HUD-50066 at the time the applicant is denied.

- ***KHA Policy***: *KHA acknowledges that a victim of domestic violence, dating violence, sexual assault, or stalking may have an unfavorable history (e.g., a poor credit history, a record of previous damage to an apartment, a prior arrest record) that would warrant denial under KHA's policies. Therefore, if KHA decides to deny assistance to an applicant family, KHA will include in its notice of denial the VAWA information described in* [*KHA Plan: Chapter 16-IX.B.*] *as well as including a copy of the [Form HUD-50066]. KHA will request that an applicant wishing to claim protection under VAWA notify KHA within 10 business days of the date of receiving the KHA notification*.

Documentation

Victim Documentation

[24 CFR 5.2007]

- ***KHA Policy***: *If an applicant claims the protection against denial of assistance that VAWA provides to victims of domestic violence, dating violence, sexual assault or stalking, KHA will request in writing that the applicant provide documentation supporting the claim in accordance with* [*KHA Plan: Chapter 16-IX.C.*].

Perpetrator Documentation

- ***KHA Policy***: *If the perpetrator of the abuse is a member of the applicant family, the applicant must provide additional documentation consisting of one of the following:*
  - *A signed statement (**1**) requesting that the perpetrator be removed from the application and (**2**) certifying that the perpetrator will not be permitted to visit or to stay as a guest in the assisted unit.*
  - *Documentation that the perpetrator has successfully completed, or is successfully undergoing rehabilitation or treatment. The documentation must be signed by an employee or agent of a domestic violence service provider or by a medical or other knowledgeable professional from whom the perpetrator has sought or is receiving*

assistance in addressing the abuse. The signer must attest under penalty of perjury to his or her belief that the rehabilitation was successfully completed or is progressing successfully. The victim and perpetrator must also sign or attest to the documentation.

EXHIBITS 3-1: DETAILED DEFINITIONS RELATED TO DISABILITIES

Person with Disabilities

[*24 CFR 5.403*]

The term person with disabilities means a person who has any of the following types of conditions:

- Has a disability, as defined in 42 U.S.C. Section 423(d)(1)(A), which reads: Inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months; or

  In the case of an individual who has attained the age of 55 and is blind (within the meaning of "blindness" as defined in section 416(i)(1) of this title), inability by reason of such blindness to engage in substantial gainful activity, requiring skills or ability comparable to those of any gainful activity in which they have previously engaged with some regularity and over a substantial period of time.
- Has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act of 2000 [42 U.S.C.15002(8)], which defines developmental disability in functional terms as follows:

  (A) In General

  The term "*developmental disability*" means a severe, chronic disability of an individual that:

  (i) is attributable to a mental or physical impairment or combination of mental and physical impairments;

  (ii) is manifested before the individual attains age 22;

  (iii) is likely to continue indefinitely;

  (iv) results in substantial functional limitations in 3 or more of the following areas of major life activity: (I) Self-care, (II) Receptive and expressive language, (III) Learning, (IV) Mobility, (V) Self-direction, (VI) Capacity for independent living, (VII) Economic self-sufficiency; and

  (v) reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

  (B) Infants and Young Children

  An individual from birth to age 9, inclusive, who has a substantial developmental delay or specific congenital or acquired condition, may be considered to have a developmental disability without meeting 3 or more of the criteria described in clauses (i) through (v) of subparagraph (A) if the individual, without services and supports, has a high probability of meeting those criteria later in life.

- Has a physical, mental, or emotional impairment that is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently, and is of such a nature that the ability to live independently could be improved by more suitable housing conditions.

People with the acquired immunodeficiency syndrome (AIDS) or any conditions arising from the etiologic agent for AIDS are not excluded from this definition.

A person whose disability is based solely on any drug or alcohol dependence does not qualify as a person with disabilities for the purposes of this program.

For purposes of Reasonable Accommodation and program accessibility for persons with disabilities, the term person with disabilities refers to an individual with handicaps.

Individual with Handicaps [24 CFR 8.3]
Individual with handicaps means any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such an impairment; or is regarded as having such an impairment. The term does not include any individual who is an alcoholic or drug abuser whose current use of alcohol or drugs prevents the individual from participating in the program or activity in question, or whose participation, by reason of such current alcohol or drug abuse, would constitute a direct threat to property or the safety of others. As used in this definition, the phrase:

(1) Physical or mental impairment includes:
- **a)** Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: neurological; musculoskeletal; special sense organs; respiratory, including speech organs; cardiovascular; reproductive; digestive; genito-urinary; hemic and lymphatic; skin; and endocrine; or
- **b)** Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term physical or mental impairment includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, mental retardation, emotional illness, drug addiction and alcoholism.

(2) *Major life activities* mean, functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.

(3) Has a record of such an impairment means has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more major life activities.

(4) *Is regarded as having an impairment means*:
- **a)** Has a physical or mental impairment that does not substantially limit one or more major life activities but that is treated by a recipient as constituting such a limitation;

b) Has a physical or mental impairment that substantially limits one or more major life activities only as a result of the attitudes of others toward such impairment; or

c) Has none of the impairments defined in paragraph (1) of this section but is treated by a recipient as having such an impairment.

EXHIBIT 3-2: DEFINITION OF INSTITUTION OF HIGHER EDUCATION

[*20 U.S.C. 1001 and 1002*]

Eligibility of Students for Assisted Housing Under Section 8 of the U.S. Housing Act of 1937; Supplementary Guidance; Notice [Federal Register, April 10, 2006]

Institution of Higher Education shall have the meaning given this term in the *Higher Education Act* of 1965 in *20 U.S.C. 1001 and 1002*.

Definition of ''Institution of Higher Education" from 20 U.S.C. 1001

(a) Institution of higher education. For purposes of this chapter, other than subchapter IV and part C of subchapter I of chapter 34 of Title 42, the term ''institution of higher education'' means an educational institution in any State that

1. Admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;
2. Is legally authorized within such State to provide a program of education beyond secondary education;
3. Provides an educational program for which the institution awards a bachelor's degree or provides not less than a 2-year program that is acceptable for full credit toward such a degree;
4. Is a public or other nonprofit institution; and
5. Is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted pre-accreditation status by such an agency or association that has been recognized by the Secretary for the granting of pre-accreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time.

(b) Additional institutions included. For purposes of this chapter, other than subchapter IV and part C of subchapter I of chapter 34 of Title 42, the term ''institution of higher education'' also includes—

1. any school that provides not less than a 1-year program of training to prepare students for gainful employment in a recognized occupation and that meets the provision of paragraphs (1), (2), (4), and (5) of subsection (a) of this section; and
2. A public or nonprofit private educational institution in any State that, in lieu of the requirement in subsection (a)(1) of this section, admits as regular students, persons who

are beyond the age of compulsory school attendance in the State in which the institution is located.

(c) List of accrediting agencies. For purposes of this section and section 1002 of this title, the Secretary shall publish a list of nationally recognized accrediting agencies or associations that the Secretary determines, pursuant to subpart 2 of part G of subchapter IV of this chapter, to be reliable authority as to the quality of the education or training offered.

Definition of ''Institution of Higher Education'' From 20 U.S.C. 1002

(a) Definition of institution of higher education for purposes of student assistance programs

(1) Inclusion of additional institutions. Subject to paragraphs (2) through (4) of this subsection, the term ''institution of higher education'' for purposes of subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 includes, in addition to the institutions covered by the definition in section 1001 of this title—

(A) A proprietary institution of higher education (as defined in subsection (b) of this section);

(B) A postsecondary vocational institution (as defined in subsection (c) of this section); and

(C) Only for the purposes of part B of subchapter IV of this chapter, an institution outside the United States that is comparable to an institution of higher education as defined in section 1001 of this title and that has been approved by the Secretary for the purpose of part B of subchapter IV of this chapter.

(2) Institutions outside the United States

(A) In general. For the purpose of qualifying as an institution under paragraph (1)(C), the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in section 1001 of this title (except that a graduate medical school, or a veterinary school, located outside the United States shall not be required to meet the requirements of section 1001 (a)(4) of this title). Such criteria shall include a requirement that a student attending such school outside the United States is ineligible for loans made, insured, or guaranteed under part B of subchapter IV of this chapter unless—

(i) In the case of a graduate medical school located outside the United States—

(I)(aa) At least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were not persons described in section 1091(a)(5) of this title in the year preceding the year for which a student is seeking a loan under part B of subchapter IV of this chapter; and

(**bb**) At least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States or Canada (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of subchapter IV of this chapter; or

(II) The institution has a clinical training program that was approved by a State as of January 1, 1992; or

(ii) In the case of a veterinary school located outside the United States that does not meet the requirements of section 1001(a)(4) of this title, the institution's students

complete their clinical training at an approved veterinary school located in the United States.

(B) Advisory panel

(i) In general. For the purpose of qualifying as an institution under paragraph (1)(C) of this subsection, the Secretary shall establish an advisory panel of medical experts that shall—

(I) Evaluate the standards of accreditation applied to applicant foreign medical schools; and

(II) Determine the comparability of those standards to standards for accreditation applied to United States medical schools.

(ii) Special rule if the accreditation standards described in clause (i) are determined not to be comparable, the foreign medical school shall be required to meet the requirements of section 1001 of this title.

(C) Failure to release information. The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by subparagraph (A) shall render such institution ineligible for the purpose of part B of subchapter IV of this chapter.

(D) Special rule. If, pursuant to this paragraph, an institution loses eligibility to participate in the programs under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, then a student enrolled at such institution may, notwithstanding such loss of eligibility, continue to be eligible to receive a loan under part B while attending such institution for the academic year succeeding the academic year in which such loss of eligibility occurred.

(3) Limitations based on course of study or enrollment. An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution—

(A) Offers more than 50 percent of such institution's courses by correspondence, unless the institution is an institution that meets the definition in section 2471 (4)(C) of this title;

(B) Enrolls 50 percent or more of the institution's students in correspondence courses, unless the institution is an institution that meets the definition in such section, except that the Secretary, at the request of such institution, may waive the applicability of this subparagraph to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2-or 4-year program of instruction (or both) for which the institution awards an associate or baccalaureate degree, respectively;

(C) Has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the limitation contained in this subparagraph for a nonprofit institution that provides a 2-or 4-year program of instruction (or both) for which the institution awards a bachelor's degree, or an associate's degree or a postsecondary diploma, respectively; or

(D) Has a student enrollment in which more than 50 percent of the students do not have a secondary school diploma or its recognized equivalent, and does not provide a 2-or 4- year program of instruction (or both) for which the institution awards a bachelor's degree or an associate's degree, respectively, except that the Secretary may waive the limitation contained in this subparagraph if a nonprofit institution demonstrates to the satisfaction of the Secretary that the institution exceeds such limitation because the institution serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a secondary school diploma or its recognized equivalent.

(4) Limitations based on management. An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if—

(A) The institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy, except that this paragraph shall not apply to a nonprofit institution, the primary function of which is to provide health care educational services (or an affiliate of such an institution that has the power, by contract or ownership interest, to direct or cause the direction of the institution's management or policies) that files for bankruptcy under chapter 11 of title 11 between July 1, 1998, and December 1, 1998; or

(B) The institution, the institution's owner, or the institution's chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, or has been judicially determined to have committed fraud involving funds under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42.

(5) Certification. The Secretary shall certify an institution's qualification as an institution of higher education in accordance with the requirements of subpart 3 of part G of subchapter IV of this chapter.

(6) Loss of eligibility. An institution of higher education shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution is removed from eligibility for funds under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 as a result of an action pursuant to part G of subchapter IV of this chapter.

(b) Proprietary institution of higher education

(1) Principal criteria. For the purpose of this section, the term ''proprietary institution of higher education'' means a school that—

(A) Provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

(B) Meets the requirements of paragraphs (1) and (2) of section 1001 (a) of this title;

(C) Does not meet the requirement of paragraph (4) of section 1001 (a) of this title;

(D) Is accredited by a nationally recognized accrediting agency or association recognized by the Secretary pursuant to part G of subchapter IV of this chapter;

(E) Has been in existence for at least 2 years; and

(F) Has at least 10 percent of the school's revenues from sources that are not derived from funds provided under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, as determined in accordance with regulations prescribed by the Secretary.

(2) Additional institutions. The term ''proprietary institution of higher education'' also includes a proprietary educational institution in any State that, in lieu of the requirement in paragraph (1) of section 1001 (a) of this title, admits as regular students, persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

(c) Postsecondary vocational institution.

(1) Principal criteria. For the purpose of this section, the term ''postsecondary vocational institution'' means a school that—

(A) Provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

(B) Meets the requirements of paragraphs (1), (2), (4), and (5) of section 1001 (a) of this title; and

(C) Has been in existence for at least 2 years.

(2) Additional institutions. The term ''postsecondary vocational institution'' also includes an educational institution in any State that, in lieu of the requirement in paragraph (1) of section 1001(a) of this title, admits as regular students, persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

CHAPTER 4 APPLICATION, WAITING LIST, TENANT SELECTION & PREFERENCES

Introduction

When a family wishes to receive assistance under the HCV program, the family must submit an application that provides *KHA* with the information needed to determine the family's eligibility. HUD requires *KHA* to place all families that apply for assistance on a waiting list. When HCV assistance becomes available, *KHA* must select families from the waiting list in accordance with HUD requirements and *KHA* policies as stated in the *KHA* Plan and the Annual Plan.

KHA is required to adopt clear policies and procedures for accepting applications, placing families on the waiting list, and selecting families from the waiting list and must follow these policies and procedures consistently. The actual order in which families are selected from the waiting list can be affected if a family has certain characteristics designated by HUD or *KHA*, that justify their selection. Examples of this are the selection of families for income targeting and the selection of families that qualify for targeted funding.

HUD regulations require that all families have an equal opportunity to apply for and receive housing assistance, and that *KHA* affirmatively further fair housing goals in the administration of the program [*24 CFR 982.53*], [*HCV Guide Book p. 4-1*]. Adherence to the selection policies described in this chapter ensures that *KHA* will be in compliance with all relevant fair housing requirements, as described in [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity*].

This chapter describes HUD and *KHA* policies for taking applications, managing the waiting list and selecting families for HCV assistance. The policies outlined in this chapter are organized into four sections, as follows:

Part I: The Application Process. This part provides an overview of the application process, and discusses how applicants can obtain and submit applications. It also specifies how *KHA* will handle the applications it receives.

Part II: Managing the Waiting List. This part presents the policies that govern how *KHA*'s waiting list is structured, when it is opened and closed, and how the public is notified of the opportunity to apply for assistance. It also discusses the process *KHA* will use to keep the waiting list current.

Part III: Selection for HCV Assistance. This part describes the concepts that guide *KHA* in selecting families for HCV assistance as such assistance becomes available.

Part IV: Preferences. This part describes the policies that guide *KHA* in selecting families for HCV assistance as such assistance becomes available. It also specifies how in-person interviews will be used to ensure that *KHA* has the information needed to make a final eligibility determination

PART I: THE APPLICATION PROCESS

Overview

To give all families an equal opportunity to apply for and receive housing assistance, *KHA* places families that apply for assistance on a waiting list based first on any eligible preference, then by date and time of application. When HCV assistance becomes available, *KHA* selects families from the waiting list in accordance with HUD requirements and *KHA* policies.

Except for certain special admissions, targeted funding, project-based assistance and certain preference categories, *KHA* will only accept applications when the waiting list is open. Families will be placed on *KHA*'s waiting list using local preferences and date and time of application. No applicant has a right or entitlement to be listed on the waiting list, or to any position on the waiting list.

4-I.A. APPLYING FOR ASSISTANCE

[*HCV Guide Book, pp. 4-11*]; [HCV Guide Book, pp. *4-16*]; [*Notice PIH 2009-36*]
HUD permits *KHA* to determine the format and content of HCV applications, as well how such applications will be made available to interested families and how applications will be accepted by *KHA*. However, the housing authority must include [*Form HUD-92006*], *Supplement to Application for Federally Assisted Housing*, as part of *KHA*'s application.

- ***KHA Policy***: *As the KHA has consistently had a waiting list that exceeds 60 days from the date of the application, a comprehensive two-step application process was implemented to assist families to apply for services. Under the two-step application process, KHA initially will require families to complete a Pre-application and provide only the information needed to make an initial assessment of the family's eligibility, and to determine the family's placement on the waiting list. Once the family is selected from the waiting list, the family will be required to provide all the additional information necessary to establish family eligibility and level of assistance.*

  KHA will utilize options that allow for applicants to apply on-line. Completed applications must be returned to KHA online but can be submitted in person during normal business hours while the waiting list is open, or by US mail, however mailed applications are discouraged due to built-in mailing and delivery delays. Pre-applications must be complete to be accepted by KHA for processing.

4-I.B. ACCESSIBILITY OF THE APPLICATION PROCESS

Elderly and Disabled Populations

[*24 CFR 8 and HCV Guide Book, pp. 4-11 – 4-13*]

KHA must take a variety of steps to ensure that the application process is accessible to those people who might have difficulty complying with the normal, standard *KHA* application process. This could include people with disabilities, certain ill or elderly individuals, as well as persons with Limited English Proficiency (LEP). *KHA* must provide Reasonable Accommodation to the needs of individuals with disabilities. The application-taking facility and the application process must be fully accessible, or *KHA* must provide an alternate approach that provides full access to the application process. [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity*] provides a full discussion of *KHA*'s policies related to providing Reasonable Accommodations for people with disabilities.

Limited English Proficiency

PHAs are required to take reasonable steps to ensure meaningful access to their programs and activities by persons with Limited English Proficiency (LEP) [*24 CFR 1*]. [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity*] provides a full discussion on *KHA*'s policies related to ensuring access to people with LEP.

Ineligible for Placement on the Waiting List

Final program eligibility is determined at the time of intake during the Eligibility Interview process when a full application is completed, not at the time of waiting list pre-application. However, *KHA* assumes that all applicants who complete the pre-application during any open waiting list period are qualified to be listed on the waiting list according to the specific qualifications described or requirements associated with any waiting list they apply for.

- ***KHA Policy***: *If KHA can determine from the information provided on the Pre-App that a family is otherwise ineligible, (i.e. don't meet the age requirement of a senior-only property, don't meet the gender requirement of a property after self-identifying gender, or don't have a qualifying disability for a property that provides supportive services for a specific class or type of disability), the family will not be placed on the waiting list. If this occurs, and the family is determined to be ineligible, KHA will send written notification, by electronic mail or US mail with first-class postage, of their ineligibility determination, usually within 60 business days of receiving a complete pre-application. The notice will specify the reasons for ineligibility and will inform the family of its right to request an Informal Review. Further, KHA will explain the process for requesting the Informal Review. [KHA Plan: Chapter 16, Program Administration].*

Eligible for Placement on the Waiting List

- ***KHA Policy***: *KHA will send written notification, by electronic mail or US mail with first-class postage, of the preliminary eligibility determination, usually within 60 business days of receiving a complete pre-application or the waiting list being closed, whichever is later.*

- *Placement on the waiting list does not indicate that the family is, in fact, eligible for assistance. A final determination of eligibility will be made when the family is selected from the waiting list.*
- *For the Project-based Voucher Program, applicants will be placed on the waiting list according to any preference(s) for which they qualify, and the date and time their complete pre-application is received by KHA.*
- *For the Tenant-based Voucher Program, applicants will be placed on the waiting list according to any preference(s) for which they qualify, and the date and time their complete pre-application is received by KHA. If there is a large number of applicants as determined by KHA, a random lottery may be used to seed the waiting list prior to preferences being applied*.

PART II: MANAGING THE WAITING LIST

4-II.A. ORGANIZATION OF THE WAITING LIST

[*24 CFR 982.204 and 205*]

KHA's HCV waiting list is organized to allow *KHA* to accurately identify and select families for assistance in the proper order. The waiting list contains the following information for each applicant listed:

- Applicant name;
- Family unit size;
- Date and time of application;
- Qualification for any local preference; and
- Racial or ethnic designation of the head of household.

HUD requires *KHA* to maintain a single waiting list for the HCV program unless it serves more than one county or municipality. Such PHAs are permitted, but not required, to maintain a separate waiting list for each county or municipality served.

➢ ***KHA Policy***: *KHA maintains a single waiting list for the tenant-based HCV program and site-based waiting lists for the PBV program. For policies, specific to the waiting list for the project-based program, see* [*KHA Plan: Chapter 17, Project-based Voucher Assistance*].

HUD directs that a family that applies for assistance from the HCV program must be offered the opportunity to be placed on the waiting list for any public housing, project-based voucher or moderate rehabilitation program *KHA* operates if

1. the other programs' waiting lists are open, and
2. the family is qualified for the other programs.

Single/ Merged Waiting List

HUD permits, but does not require, that PHAs maintain a single merged waiting list for their public housing, Section 8, and other subsidized housing programs. A family's decision to apply for, receive, or refuse other housing assistance must not affect the family's placement on the HCV waiting list, or any preferences for which the family may qualify.

- ***KHA Policy**: KHA will not merge the HCV waiting list with the waiting list for any other program KHA operates.*

4-II.B. CLOSING AND REOPENING THE WAITING LIST

[*24 CFR 982.206*]

Closing the Waiting List

KHA is permitted to close the waiting list if it has an adequate pool of families to use its available HCV assistance. Alternatively, *KHA* may elect to continue to accept applications only from certain categories of families that meet particular preference or funding criteria.

- ***KHA Policy**: KHA will close the waiting list when it is anticipated that there are sufficient waiting list applicants that can be served within a period determined by KHA. Where KHA has particular preference or funding criteria that require a specific category of family, KHA may elect to continue to accept applications from these applicants while closing the waiting list to others.*

Reopening the Waiting List

If the waiting list has been closed, it cannot be reopened until *KHA* publishes a notice in local newspapers of general circulation, minority media, and other suitable media outlets. The notice must comply with HUD fair housing requirements and must specify who may apply, and where and when applications will be received.

- ***KHA Policy**: KHA will announce the reopening of the waiting list at least 30 business days prior to the date pre-applications will first be accepted. If the list is only being reopened for certain categories of families, this information will be contained in the notice. KHA will give public notice by publishing the relevant information in suitable media outlets and KHA website. The notice announcing the reopening of the waiting list for the HCV program shall also be sent via email to the membership of the **Will-Grundy and Kendall Counties Continuum of Care**.*

4-II.C. FAMILY OUTREACH

[*HCV Guide Book, pp. 4-2 to 4-4*]

KHA must conduct outreach as necessary to ensure that *KHA* has a sufficient number of applicants on the waiting list to use the HCV resources it has been allotted.

Because HUD requires *KHA* to serve a specified percentage of extremely low-income families [*KHA Plan: Chapter 4-III*], *KHA* may need to conduct special outreach to ensure that an adequate number of such families apply for assistance [*HCV Guide Book, p. 4-20 to 4-21*].

KHA outreach efforts must comply with fair housing requirements. This includes:

- Analyzing the housing market area and the populations currently being served to identify underserved populations;
- Ensuring that outreach efforts are targeted to media outlets that reach eligible populations that are underrepresented in the program; and
- Avoiding outreach efforts that prefer or exclude people who are members of a protected class.

KHA outreach efforts must be designed to inform qualified families about the availability of assistance under the program. These efforts may include, as needed, any of the following activities:

- Submitting press releases to local newspapers, including minority newspapers;
- Developing informational materials and flyers to distribute to other agencies;
- Providing application forms to other public and private agencies that serve the low-income population; and
- Developing partnerships with other organizations that serve similar populations, including agencies that provide services for persons with disabilities.

➢ ***KHA Policy***: *KHA will monitor the characteristics of the population being served and the characteristics of the population in KHA's jurisdiction. Targeted outreach efforts will be undertaken if a comparison suggests that certain populations are being underserved. At a minimum, outreach efforts will be extended to all agencies who are members of the Will-Grundy and Kendall Counties Continuum of Care, serving homeless and at-risk populations, the Kendall County Community Services Department and agencies serving senior citizens, veterans or persons with disabilities in the county*.

4-II.D. REPORTING CHANGES IN FAMILY CIRCUMSTANCES

The family must inform *KHA* within a reasonable time of changes in their 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 *KHA* removing the family from the waiting list if the family does not respond to notices such as those for selection and updating the waiting list contact information.

➢ ***KHA Policy***: *While the family is on the waiting list, the family must immediately inform KHA 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 KHA's online Housing Café*.

4-II.E. APPLICANT FAMILY BREAK-UP

[*24 CFR 982.315*]

When a family on the waiting list breaks up into two otherwise eligible families, only one of the new families may retain the original application date. Other former family members may apply for assistance (with a new application date) if the waiting list is open. Exceptions to

this policy will be reviewed on a case by case basis and determinations made at the discretion of *KHA*.

- ***KHA Policy***: *KHA has discretion to determine which members of an assisted family continue to receive assistance if the family breaks up. However, if a court in a divorce or separation decree specifically addresses the continued receipt of a housing subsidy between members of the assisted family, KHA will follow the court's determination. Such court determination does not waive the requirement that the assisted family members must continue to meet KHA and HCV program screening requirements and eligibility criteria outlined in this Plan*.

  When an applicant family that is already on a waiting list splits into two otherwise eligible families due to divorce or legal separation, and both new family's units claim the same placement on the waiting list, but there is no court determination, KHA will determine waiting list placement considering the following factors:
  - *Which family member applied as Head of Household;*
  - *Which family unit retains children, disabled, or elderly members;*
  - *Restrictions that were in place at the time the family applied;*
  - *Role of domestic violence (if any) in the split; and*
  - *Recommendations of social service agencies or qualified professionals, such as the Department of Children and Family Services (DCFS)*.

4-II.F. UPDATING THE WAITING LIST

[*24 CFR 982.204*]
HUD requires the *KHA* to establish policies to use when removing applicant names from the waiting list.

Purging the Waiting List

The decision to withdraw an applicant family that includes a person with disabilities from the waiting list is subject to Reasonable Accommodation. If the applicant did not respond to a *KHA* request for information or updates because of the family member's disability, *KHA* must reinstate the applicant family to their former position on the waiting list [*24 CFR 982.204(c)(2)*].

- ***KHA Policy***: *The waiting list will be updated no less than every 24 months to help ensure that all applicants and applicant information is current. To update the waiting list, KHA will send an update request via electronic mail or US mail with first class postage, to each family on the waiting list to determine whether the family continues to be interested in, and to qualify for, the program. This update request will be sent to the last address that KHA has on record for the family. The update request will provide a deadline by which the family must respond and will state that failure to respond will result in the applicant's name being removed from the waiting list.*

- *The family's response must be in writing and may be delivered online, in person, by mail, or by fax. Responses should be received by KHA not later than 15 calendar days from the date of KHA letter.*
- *If the family fails to respond within 15 calendar days, the family can be removed from the waiting list without further notice.*
- *If the notice by electronic mail is returned or otherwise undeliverable, or if the notice by US mail is returned by the post office with no forwarding address or otherwise undeliverable, the applicant will be removed from the waiting list without further notice.*
- *If the notice is returned by the post office with a forwarding address, the notice will be resent to the address indicated. The family will have 10 calendar days to respond from the date the letter was re-sent.*
- *If a family is removed from the waiting list for failure to respond, the Program Manager may reinstate the family if determined by the preponderance of evidence that the lack of a response was due to KHA error, or to circumstances beyond the family's control*.

Removal from the Waiting List

If at any time an applicant family is on the waiting list and *KHA* determines that the family is not eligible for assistance, the family will be removed from the waiting list.

➢ ***KHA Policy***: *If a family is removed from the waiting list because KHA 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 waiting list and will inform the family how to request an Informal Review regarding KHA's decision [24 CFR 982.201(f)]. If KHA cannot verify a preference claimed by the family, the preference points for any non-qualified preference will be deducted and the applicant will be returned to the waiting list. The waiting 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*.

PART III: SELECTION FOR HCV ASSISTANCE

[*24 CFR 982.204(b) and 24 CFR 982.207(e)*]

As vouchers become available, families on the waiting list must be selected for assistance in accordance with the policies described in this part.

The order in which families receive assistance from the waiting list depends on the selection method chosen by *KHA* and is impacted, in part, by any selection preferences for which the family qualifies. The source of HCV funding also may affect the order in which families are selected from the waiting list.

The *KHA* must maintain a clear record of all information required to verify that the family is selected from the waiting list according to *KHA*'s selection policies [*24 CFR 982.204(b) and 982.207(e)*].

4-III.A. PROGRAMS WITH SPECIAL ADMISSIONS PROCEDURES

Some of *KHA*'s HCV programs may not rely on the admissions procedure discussed in this chapter. The overall intent of *KHA*'s HCV programs is to provide housing to a broad array of individuals, particularly those that might not be served otherwise. To do this, *KHA* will, from time to time, partner with other groups and issue special-purpose subsidies. *KHA* and the group will enter into a *Memorandum of Understanding*, or similar agreement, that will include the terms, responsibilities of each party, and conditions surrounding the special-purpose subsidies.

NOTE: *Special-purpose subsidies may include Tenant-Based vouchers; vouchers issued directly to service providers; vouchers with special rent calculation formulas; and special occupancy vouchers. These programs include Veterans Affairs Supported Housing or VASH, whose vouchers are filled with referrals made through the US Department of Veterans Affairs (VA), and 2019 Mainstream Housing Choice Vouchers which are targeted vouchers for disabled persons between 18 and 61 years of age.*

4-III.B. SELECTION AND HCV FUNDING SOURCES

Special Admissions

[*24 CFR 982.203*]

HUD may award funding for specifically-named families living in specified types of units (e.g., a family that is displaced by demolition of public housing; a non-purchasing family residing in a HOPE 1 or 2 projects). In these cases, *KHA* may admit families that are not on the waiting list, or without considering the family's position on the waiting list. *KHA* must maintain records showing that such families were admitted with special program funding.

- ***KHA Policy***: *KHA administers the following types of Special Admissions:*
  1. ***Families that are an active participant in a Witness Relocation and Protection Program or State Victim Assistance Program.*** *KHA ma*y from time to time cooperate with the State Attorneys and/or law enforcement agencies to relocate households eligible for rental assistance for protection of potential witnesses. Such action will be taken with administrative discretion and approval of the Authority's Board of Commissioners. An example of such action may - but not necessarily - be limited to a household whose member(s) has extended themselves in the public interest which placed them in personal jeopardy.
  2. ***Statewide Referral Network.*** *When no other eligible applicants or otherwise viable options remain to allow selections from the KHA HCV waiting list, or from any KHA PBV site-based waiting list, the State Operated Development Class (SODC) members may be referred to the affected KHA waiting list through the State of Illinois Statewide Referral Network (SRN) within the terms of the Olmstead consent decrees. SRN units are targeted for households earning at or below thirty percent (30%) of the Area Median Income (AMI) with a head of household who has a disability or illness, including, but not limited to, a physical, developmental or mental*

limitation, substance abuse disorder, HIV/AIDS, or is homeless or at risk of homelessness.

Targeted Funding

[*24 CFR 982.204(e)*]
HUD may award *KHA* funding for a specified category of families on the waiting list or for families referred by a designated agency as is the case for the *Family Unification Program* (FUP), *Veterans Affairs Supportive Housing* (VASH), members of the *Olmstead Class* or the *Witness Relocation and Protection Program*. *KHA* must use this funding only to assist the families within the specified category. Within this category of families, the order in which such families are assisted is determined according to the policies provided in [*KHA Plan: 4-III.C*].

➢ ***KHA Policy***: *KHA administers the following types of targeted funding:*
- *Family Unification Program (FUP)*
- *Family Unification Program – Youth (FUP Youth)*
- *2019 Mainstream Housing Choice Vouchers*
- *Veteran's Affairs Supportive Housing (VASH)*

Regular HCV Funding

Regular HCV funding may be used to assist any eligible family on the waiting list. Families are selected from the waiting list according to the policies provided in [*KHA Plan: Chapter 4-III.C.*].

4-III.C. SELECTION METHOD

[*24 CFR 982.204(d) and (e)*]
When selecting families from the waiting list *KHA* is required to use targeted funding to assist only those families who meet the specified criteria. *KHA* is not permitted to skip down the waiting list to a family that it can afford to subsidize when there are not sufficient funds to subsidize the family at the top of the waiting list. *KHA* may limit the number of applicants who may qualify for any local preference. *KHA* will select families according to HUD regulations under [*24 CFR 982.207*] as follows:

➢ ***KHA Policy***: *Applicants who qualify for any KHA Local Preference will be selected based first on their preference point total, 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, preference points for any non-qualified preference will be deducted and the applicant will be returned to the waiting list. The waiting 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*.

Families that do not qualify for any preference will be selected from the waiting list after all qualified preference families have been served. These "no preference families" will be selected based only on their date and time of application. Families that qualify for a specified category of program funding (targeted funding or special KHA demonstrations)

may be selected from the waiting list out of order and/or ahead of higher placed families that do not qualify for the targeted or demonstration funding. However, within any targeted or demonstration funding category, applicants will be selected in numerical order based on the date and time the applicants were placed on the waiting list.

If there are no applicants eligible for a specific program or initiative on the waiting list, applicants may be generated by referral from specialized community organizations or other government agencies associated with that program or initiative. Referred applicants who meet program requirements are added to the waiting list and served in accordance with the program.

4-III.D. SELECTION METHODOLOGY

KHA HCV Program waiting list uses a two-tiered single waiting list system. This system gives applicants that qualify for a preference an opportunity to receive a subsidy ahead of applicants that do not have a qualifying preference. The preferences are a way of organizing the waiting lists to address local housing issues and *KHA* policy. Without preferences, applicants on the waiting lists would be "organized" only by the date and time that they applied.

- Applicants should think of the HCV waiting lists as having two 'layers' within the list: one group made up of applicants who meet the preference criteria and another group who do not meet the criteria for a preference.
- To qualify for preferences is important because it affects an applicant's placement on the lists. When preferences are used, applicants are placed on the lists by preference group, then within the preference group by date and time of pre-application.

PART IV: GENERAL SELECTION REQUIREMENTS

[*24 CFR 982.202*

Overview

The PHA can establish a system of local preferences for selection of families admitted to the program. PHA selection preferences must be described in the PHA Administrative Plan.

The PHA system of local preferences must be based on local housing needs and priorities, as determined by the PHA. In determining such needs and priorities, the PHA will use generally accepted data sources. The PHA should also consider public comment on the proposed public housing agency plan and on the consolidated plan for the relevant jurisdiction.

4-IV.A. LIMITATIONS.

The PHA can limit the number of applicants that may qualify for any local preference. The PHA cannot deny a local preference, nor otherwise exclude or penalize a family in admission to the program, solely because the family resides in a public housing project.

The PHA can establish a preference for families residing in public housing who are victims of a crime of violence [*18 U.S.C. 16*].

Prohibition of Residence Requirements

Residency requirements are also prohibited. Although *KHA* is not prohibited from adopting a residency preference, the *KHA* may only adopt or implement residency preferences in accordance with non-discrimination and equal opportunity requirements listed at [*Section 5.105(a)*].

4-IV.B. HUD PREFERENCE GUIDELINES

[*24 CFR 982.207*]

Preference for residency requirements

A residency preference is a preference for admission of persons who reside in a specified geographic area ("residency preference area"). A county or municipality may be used as a residency preference area. An area smaller than a county or municipality may not be used as a residency preference area. A residency preference must not be based on how long an applicant has resided or worked in a residency preference area.

Applicants who are working or who have been notified that they are hired to work in a residency preference area must be treated as residents of the residency preference area. The PHA can treat graduates of, or active participants in, education and training programs in a residency preference area, as residents of the residency preference area if the education or training program is designed to prepare individuals for the job market.

Preference for working families

The PHA can adopt a preference for admission of working families (families where the head, spouse or sole member is employed). However, an applicant shall be given the benefit of the working family preference if the head and spouse, or sole member is age 62 or older, or is a person with disabilities.

Preference for person with disabilities

The PHA can adopt a preference for admission of families that include a person with disabilities. However, the PHA may not adopt a preference for admission of persons with a specific disability.

Preference for victims of domestic violence, dating violence, sexual assault, or stalking

The PHA should consider whether to adopt a local preference for admission of families that include victims of domestic violence, dating violence, sexual assault, or stalking.

Preference for single persons who are elderly, displaced, homeless, or persons with disabilities

The PHA can adopt a preference for admission of single persons who are age 62 or older, displaced, homeless, or persons with disabilities over other single persons.

Selection among families with preferences

The PHA system of preferences can use either of the following to select among applicants on the waiting list with the same preference status:

1. Date and time of application; or
2. A drawing or other random choice technique.

Preference for higher-income families

The PHA must not select families for admission to the program in an order different from the order on the waiting list for the purpose of selecting higher income families for admission to the program.

4-IV.C. VERIFICATION OF SELECTION METHOD.

The method for selecting applicants from a preference category must leave a clear audit trail that can be used to verify that each applicant has been selected in accordance with the method specified in the administrative plan.

4-IV.D. APPROVED GENERAL PREFERENCE CATEGORIES.

The *KHA* uses weighted, *general preferences* for applicants. You qualify for any of the approved *KHA General Preferences* based on the preference category and your status or condition within each category.

Top Preferences.

KHA has established the following Top Preferences. Preferences in this category are *superior* to the Ranking Preferences that follow. Top Preference families are served immediately – but in numerical order as listed below – when vouchers are available. *KHA* will not process applications in a subordinate category before all applications in the superior category have been processed. Top Preferences have no maximum number of vouchers available to those who meet the criteria:

1. Participants for at least one (1) year in any *KHA* Project-based Voucher program, who voluntarily surrender their project-based subsidy and request tenant-based subsidy to move with continued assistance;
2. Participants in any State of Illinois funded, targeted-population housing program, (i.e. Bridge Subsidy Initiative, Rental Housing Support, or similar) living in the Kendall County service area, who become displaced because of discontinuation of that program due to lost state funding;
3. Participants in any HUD-funded *Will-Grundy and Kendall Counties Continuum of Care* or other Kendall County or State of Illinois targeted population housing program (including transitional housing, supportive housing or permanent housing), that as a component of their service, *KHA* has an Inter-governmental Agreement (IGA), Memorandum of Understanding (MOU), Memorandum of Agreement (MOA), or other similar agreement.
4. Participants with a HAP Contract terminated by *KHA* due to insufficient funding described in [*KHA Plan:12-I.D*] and [*24 CFR 982.454*].

Ranking Preferences.

Category One: Residency Preference

You are eligible for the Residency Preference if:

1. You are a full-time Resident of any municipality or township within the *KHA* service area of Kendall County; *or*
2. One or more adults in the household is employed at least 30 hours per week within the *KHA* service area of Kendall County; or if one or more adults in the household is a participant for at least 30 hours per week within the *KHA* service area of Kendall County in an accredited employment training program designed to prepare individuals for the job market.

If your household fits *any* of the two (2) statuses or conditions listed above you qualify for **One (1) Point** in this preference category.

Category Two: Family Preference

You are eligible for the Family Preference if:

1. At least one household member is a minor child under 18 years old; *or*
2. The head of household or spouse is at least 62 years of age or older; *or*
3. At least one household member is disabled.

If your household fits *any* of the three (3) statuses or conditions listed above you qualify for **One (1) Point** in this preference category.

Category Three: Veteran Preference

You are eligible for the Veteran Preference if:

1. The applicant head of household is a military veteran who separated from the service with any classification except dishonorable.

If your household fits this status or condition listed above you qualify for **One (1) Point** in this preference category.

Category Four: Domestic Violence, Dating Violence, Sexual Assault or Stalking Preference

You are eligible for the Domestic Violence, Dating Violence, Sexual Assault or Stalking Preference if:

1. You have been determined to be a victim of domestic violence, dating violence, sexual assault, or stalking as described and prescribed under the *Violence Against Women's Act* (VAWA), and
2. You submit required documentation to qualify for the preference.

To qualify for this preference, documentation that supports the determination must show you are being displaced or have been displaced from a domicile within the *KHA* service delivery area due to domestic violence, dating violence, sexual assault or stalking, *with written verification from the police, a social service agency, court, a physician, and/or a public or private facility giving shelter and/or counseling to victim*s.

If your household fits this status or condition listed above you qualify for **One (1) Point** in this preference category.

It is important to note that:

- **Kendall Housing Authority DOES NOT** make the determination if an applicant is a victim of Domestic Violence, Dating Violence, Sexual Assault or Stalking; and
- While self-certification is acceptable documentation for *KHA* to use under the VAWA Act to determine if a *KHA* HCV program *participant* qualifies for related benefits as an eligible victim under the Act, it IS NOT acceptable documentation for *KHA* to use to determine if a *KHA* HCV program *applicant* qualifies for the *KHA* HCV program's Domestic Violence, Dating Violence, Sexual Assault or Stalking *preference*.

Category Five: Family Self-sufficiency (FSS) / HUD Demonstration Program Preference

You are eligible for the FSS / HUD Demonstration Program Preference if:

1. You are enrolled in the HUD Family Self-sufficiency Program (FSS); *or*
2. You are enrolled in any other HUD Demonstration Program. Demonstration Programs are HUD sponsored programs that after a determination of good cause and subject to statutory limitations, have been given authority to grant waivers to regulations that govern those programs [24 *CFR 5.110*].

If your household fits *any* of the two (2) statuses or conditions listed above you qualify for **One (1) Point** in this preference category.

Category Six: Involuntary Displacement Preference

You are eligible for the Involuntary Displacement Preference if:

1. A government action or a state or federally declared natural disaster involuntarily displaced you from a domicile in the *KHA* service area of Kendall County.

If your household fits this status or condition listed above you qualify for **One (1) Point** in this preference category.

Category Seven: Homeless Preference

Proving the Homeless Preference is the most difficult preference to prove. Though it is not required, it is highly recommended that homeless persons seek assistance from social service agencies or other public or private organizations or providers of supportive services for homeless persons. Your eligibility for any Homeless Preference chosen can then be supported by documentation from that agency or organization.

Eligibility for the Homeless Preference

If the Homeless preference is selected, applicants must qualify based on the **REQUIREMENT STATUS**, **plus** meet one or all of the requirement **CONDITIONS** (as indicated) to be eligible for the homeless preference.

NOTE: Applicants can only qualify under one *requirement status* (A, B or C), and those who do, qualify for **One (1) Point** in the Homeless preference category.

To Qualify as Homeless Under Requirement Status A:
You are an individual or family who lacks a fixed, regular, and adequate nighttime residence, **PLUS** any ***one (1)*** of the three (3) Conditions listed below must also apply:

1. *Condition #1*: You have a primary nighttime residence within the *KHA* service area of Kendall 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**
2. *Condition #2*: You are living in a supervised publicly or privately-operated shelter within the *KHA* service area of Kendall 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**
3. *Condition #3*: You are exiting an institution within the *KHA* service area of Kendall 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 *KHA* service area of Kendall County, immediately before entering that institution.

To Qualify as Homeless Under Requirement Status B:
You will imminently lose your primary nighttime residence within the *KHA* service area of Kendall County, **PLUS** ***all three (3)*** Conditions listed below must also apply:

1. *Condition #1*: Your primary nighttime residence within the *KHA* service area of Kendall County will be lost within fourteen (14) calendar days of the date of application for homeless assistance; **AND**
2. Condition #2: No subsequent residence has been identified; **AND**
3. Condition #3: You lack the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing.

To Qualify as Homeless Under Requirement Status C:
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 below must also apply:

1. *Condition #1*: You are defined as homeless under Section 387 of the *Runaway and Homeless Youth Act* (42 U.S.C. 5732a), Section 637 of the *Head Start Act* (42 U.S.C. 9832), Section 41403 of the *Violence Against Women Act* of 1994 (42 U.S.C. 14043e-2), Section 330(h) of the *Public Health Service Act* (42 U.S.C. 254b(h)), Section 3 of the *Food and Nutrition Act* of 2008 (7 U.S.C. 2012), Section 17(b) of the *Child Nutrition Act* of 1966 (42 U.S.C. 1786(b)), or Section 725 of the *McKinney-Vento Homeless Assistance Act* (42 U.S.C. 11434a); **AND**
2. *Condition #2*: You have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the sixty (60) calendar days immediately preceding the date of application for homeless assistance; **AND**

3. *Condition #3*: You have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; **AND**
4. *Condition #4*: It can be expected for you to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment.

- ***KHA Policy***: *KHA will first use qualifying preferences when the waiting list is opened, to assign an initial position on the waiting list based on total preference points, then apply date and time of pre-application to move applicants to their final waiting list position within their total preference point category.*

  At KHA's discretion a random lottery (using all completed pre-applications successfully submitted and received by KHA during the period the waiting list was open for pre-applications) may be used first to initially establish the waiting list. Once the waiting list is established, KHA will apply qualifying preferences to assign applicants to a more favorable position on the waiting list based on total preference points, then apply date and time of pre-application to move applicants to their final waiting list position within their total preference point category.

  For placement on the waiting list, KHA will accept and process Preliminary Applications (Pre-Apps) in accordance with KHA's procedures. When accepting pre-apps, KHA does not verify any information supplied and therefore does not require any supporting documentation. KHA 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 KHA reserves the right to remove applicants from the waiting list determined ineligible based on information on the Pre-App.

  1. *As an applicant's position reaches the top of a waiting list, an appointment letter for an Eligibility Interview will be sent by electronic mail or by US mail with first-class postage, at which time more detailed documentation will be required to determine program eligibility. Applicants who fail to respond will be removed from the HCV waiting list as noted in Section 4-II.D. of this chapter, subject to Reasonable Accommodations for persons with disabilities. Applicants who are unable to be contacted by KHA (i.e. mailing is returned to KHA marked as "unknown," "return to sender," "forwarding address unknown," or "no such address") will be removed from the waiting list.*

Illinois Olmstead Coordinated Remedial Plan

[24 *CFR 982.54*]; [24 *CFR 982.207(b)(3)*]; [*HUD Letter: Jeanine M. Worden, Associate General Counsel for Fair Housing, April 17, 2013*]

- ***KHA Policy**: To assist the State's efforts to comply with Title II of the Americans with Disabilities Act (ADA), Section 504 of the Rehabilitation Act of 1973 (Section 504), and the Supreme Court's decision in Olmstead v. L.C., 527 U.S. 581 (1999), as well as with the terms of specific consent decrees resolving litigation within the State of Illinois, KHA as a participating State of Illinois PHA in the HUD-approved, "Illinois Olmstead Coordinated Remedial Plan", requested waiver from the US Department of Housing and Urban Development to voluntarily offer admission preferences for specific populations of persons with disabilities in the Public Housing, Housing Choice Voucher tenant-based voucher and Project-based Voucher (PBV) rental assistance programs, to further Olmstead implementation in the State*.

4-IV.E. DATE AND TIME OF APPLICATION

If you are an applicant who does not qualify in *any* of the approved *KHA* ranking preference categories [*KHA Plan 4-IV.D*], you are in the non-preference category and were placed on the waiting list based only on the date and time of your application.

- You qualify for ***Zero (0) Points*** in this non-preference category.

4-IV.F. INCOME TARGETING REQUIREMENT.

[*24 CFR 982.201(b)(2)*]

HUD requires that extremely low-income (ELI) families make up at least 75 percent of the families admitted to the HCV program during *KHA's* fiscal year. ELI families are those with annual incomes at or below the federal poverty level or 30 percent of the area median income, whichever number is higher. To ensure this requirement is met, *KHA* may skip non-ELI families on the waiting list to select an ELI family.

Low-income families admitted to the program that are "continuously assisted" under the 1937 *Housing Act* [*24 CFR 982.4(b)*], as well as low-income or moderate-income families admitted to the program that are displaced because of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing, are not counted for income targeting purposes [*24 CFR 982.201(b)(2)(iv)*].

- ***KHA Policy**: KHA will monitor progress in meeting the ELI requirement throughout the fiscal year. Extremely low-income families will be selected ahead of other eligible families on an as-needed basis to ensure the income targeting requirement is met*.

4-IV.G. ORDER OF SELECTION.

The housing authority's system of preferences may select families either according to the date and time of application, or by a random selection process [*24 CFR 982.207(c)*]. When selecting families from the waiting list the housing authority is required to use targeted funding to assist only those families who meet the specified criteria, and housing authorities are not permitted to skip down the waiting list to a family that it can afford to subsidize when

there are not sufficient funds to subsidize the family at the top of the waiting list [*24 CFR 982.204(d) and (e)*].

- ***KHA Policy***: *Families will be selected from the waiting list based on the targeted funding or selection preference(s) for which they qualify, for example, through a referral from the FUP partner agency, and in accordance with the Inter-Governmental Agreement (IGA), Memorandum of Understanding (MOU), Memorandum of Agreement (MOA) and/or KHA's hierarchy of preferences, if applicable. Within each targeted funding or preference category, families will be selected on a first-come, first-served basis according to the date and time their complete application, or is received by KHA or lottery number. Documentation will be maintained by KHA as to whether families on the list qualify for and are interested in applicable targeted funding. If a higher placed family on the waiting list is not qualified or not interested in applicable targeted funding, there will be a notation maintained so that KHA does not have to ask higher placed families each time targeted selections are made*.

4-IV.H. NOTIFICATION OF SELECTION

When a family has been selected from the waiting list, *KHA* must notify the family.

- ***KHA Policy***: *KHA will notify the family by electronic mail or US mail with first class postage when it is selected from the waiting list. The notice will inform the family of the following:*
  - *Date, time, and location of the scheduled application interview, including any procedures for rescheduling the interview;*
  - *Who is required to attend the interview;*
  - *Documents that must be provided at the interview to document the legal identity of household members, including information about what constitutes acceptable documentation; and*
  - *Other documents and information that should be brought to the interview.*

  If electronic email notification is rejected or if notice by US mail with first-class postage is returned to KHA with no forwarding address or otherwise undeliverable, the family will be removed from the waiting list. A notice of denial [KHA Plan: Chapter 3, Program Eligibility] will be sent to the family 's address of record by electronic mail or US mail with first-class postage.

First Response

First Response is a *KHA* processing response used when conditions determined by *KHA* exist requiring larger numbers of waiting list applicants to quickly be determined program eligible and issued vouchers after selection from the waiting list – most often used to meet an existing or anticipated critical leasing shortage.

- ***KHA Policy***: *First response means first waiting list applicants responding back to KHA after notification of selection, with requested documentation for KHA to determine HCV*

program eligibility and readiness to qualify for voucher issuance. Readiness is defined simply to mean, "certified eligible by KHA for the voucher program".

- *In the event that multiple families are certified eligible to receive a voucher, as a tie breaker for who is issued available vouchers, the families are issued vouchers in ranking order of all "ready" families - based on earliest date of response to KHA with requested information, and KHA's date of program eligibility determination based on that information.*
- *If the family is not determined program eligible, the applicant will be withdrawn from the waiting list and sent a Notice of Withdrawal to this effect.*

Eligibility for an Informal Review or Informal Hearing of the withdrawal still applies as outlined in this Plan.

4-IV.I. THE APPLICATION INTERVIEW

HUD recommends that *KHA* obtain the information and documentation needed to make an eligibility determination though a private interview [*HCV Guide Book, pg. 4-16*]. Being invited to attend an interview does not constitute admission to the program.

Assistance cannot be provided to the family until all SSN documentation requirements are met. However, if *KHA* determines that an applicant family is otherwise eligible to participate in the program, the family may retain its place on the waiting list for a period determined by *KHA* [*Notice PIH 2012-10*].

Reasonable Accommodation must be made for persons with disabilities who are unable to attend an interview due to their disability.

➢ ***KHA Policy***: *Families selected from the waiting list are required to participate in an eligibility interview.*

- *The head of household and the spouse/co-head will be strongly encouraged to attend the interview together. Verification of information pertaining to adult members of the household not present at the interview will not begin until signed release forms are returned to KHA.*
- *The interview will be conducted only if the head of household provides appropriate documentation of legal identity. [KHA Plan: Chapter 7, Verification] provides a discussion of proper documentation of legal identity. If the head of household does not provide the required documentation, the appointment may be rescheduled when the proper documents have been obtained.*
- *Pending disclosure and documentation of social security numbers, KHA will allow the family to retain its place on the waiting list for 90 days. If all household members have not disclosed their SSN's at the next time KHA is issuing vouchers, KHA will issue a voucher to the next eligible applicant family on the waiting list.*
- *The family must provide the information necessary to establish the family's eligibility and determine the appropriate level of assistance, as well as completing required forms, providing required signatures, and submitting required documentation. If any*

materials are missing, KHA will provide the family with a written list of items that must be submitted.

- *Any required documents or information that the family is unable to provide at the interview must be provided within 10 business days of the interview [KHA Plan: Chapter 7, Verification] provides details about longer submission deadlines for particular items, including documentation of Social Security numbers and eligible noncitizen status). If the family is unable to obtain the information or materials within the required time frame, the family may request an extension. If the required documents and information are not provided within the required time frame (plus any extensions), the family will be sent a notice of denial by electronic mail or US mail with first-class postage.* [*KHA Plan: Chapter 3, Program Eligibility*].
- *An advocate, interpreter, or other assistant may assist the family with the application and the interview process.*
- *Interviews will be conducted in English. For LEP applicants, KHA will provide translation services in accordance with KHA's LEP plan.*
- *If the family is unable to attend a scheduled interview, the family should contact KHA in advance of the interview to schedule a new appointment. In all circumstances, if a family does not attend a scheduled interview, KHA will send another notification by electronic mail or US mail with first-class postage with a new interview appointment time. Applicants who fail to attend two scheduled interviews without KHA approval will be denied assistance based on the family's failure to supply information needed to determine eligibility. A notice of denial will be issued by electronic mail or US mail with first-class postage in accordance with policies contained in [KHA Plan: Chapter 3, Program Eligibility].*

4-IV.J. COMPLETING THE APPLICATION PROCESS

KHA must verify all information provided by the family [*KHA Plan: Chapter 7, Verification*]. Based on verified information, *KHA* must make a final determination of eligibility [*KHA Plan: Chapter 3, Program Eligibility*] and must confirm that the family qualified for any special admission, targeted admission, or selection preference that affected the order in which the family was selected from the waiting list.

➢ ***KHA Policy***: *If KHA determines that the family is ineligible, KHA will send written notification of the ineligibility determination, usually within 10 business days of the determination. The notice will specify the reasons for ineligibility and will inform the family of its right to request an Informal Review* [*KHA Plan: Chapter 16-III.A.*].

If a family fails to qualify for any criteria that affected the order in which it was selected from the waiting list (e.g. targeted funding, extremely low-income, preferences), the family will be returned to its original position on the waiting list or have the preference points for any non-qualified preference deducted and the family will be returned to the waiting list. The waiting 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. KHA will notify the family in writing by electronic mail or US mail with first-

class postage that it has been returned to the waiting list and will specify the reasons for it.

If KHA determines that the family is eligible to receive assistance, KHA will invite the family to attend a briefing in accordance with the policies in [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*].

CHAPTER 5 BRIEFINGS AND VOUCHER ISSUANCE

Introduction

This chapter explains the briefing and voucher issuance process. When a family is determined to be eligible for the Housing Choice Voucher (HCV) program, *KHA* must ensure that the family fully understands the way the program operates and the family's obligations under the program. This is accomplished through both an oral briefing and provision of a briefing packet containing the HUD required documents and other information the family needs to know to lease a unit under the program. Once the family is fully informed of the program's requirements, *KHA* issues the family a voucher. The voucher includes the unit size for which the family qualifies based on *KHA*'s subsidy standards, as well as the issue and expiration date of the voucher. The voucher is the document that authorizes the family to begin its search for a unit and limits the amount of time the family must successfully locate an acceptable unit.

This chapter describes HUD regulations and *KHA* policies related to these topics in two parts:

Part I: Briefings and Obligations of the Family. This part details the program's requirements for briefing families orally, and for providing written materials describing the program and its requirements. It includes a focus on the family's obligations under the program.

Part II: Subsidy Standards and Voucher Issuance. This part discusses *KHA*'s standards for determining how many bedrooms a family of a given composition qualifies for, which in turn affects the amount of subsidy the family can receive. It also discusses the policies that dictate how vouchers are issued, and how long families have to locate a unit.

PART I: BRIEFINGS AND OBLIGATIONS OF THE FAMILY

Overview

HUD regulations require *KHA* to conduct mandatory briefings for applicant families who qualify for a voucher. The briefing provides a broad description of owner and family responsibilities, explains *KHA*'s procedures, and includes instructions on how to lease a unit. This part describes how oral briefings will be conducted, specifies what written information will be provided to families, and lists the family's obligations under the program.

5-I.A. VOUCHER ISSUANCE BRIEFING

[*24 CFR 982.301*]

KHA must give the family an oral briefing and provide the family with a briefing packet containing written information about the program. Families may be briefed individually or in

groups. At the briefing, *KHA* must ensure effective communication in accordance with Section 504 requirements (Section 504 of the *Rehabilitation Act* of 1973), and ensure that the briefing site is accessible to individuals with disabilities. For a more thorough discussion of accessibility requirements, refer to [*KHA Plan: Chapter 2, Fair Housing and Equal Employment*].

- ***KHA Policy***: *Briefings may be conducted in group meetings.*
- *Generally, all adult family members 18 and older are required to attend the briefing. If any adult member is unable to attend, KHA may waive this requirement if the head, spouse or co-head attends the briefing.*
- *Families that attend group briefings and still need individual assistance will be referred to an appropriate KHA staff person.*
- *Briefings will be conducted in English. For LEP applicants, KHA will provide translation services in accordance with KHA's LEP plan.*

Notification and Attendance

- ***KHA Policy***: *Families will be notified by electronic mail or US mail with first-class postage of their eligibility for assistance at the time they are invited to attend a briefing. The notice will identify who is required to attend the briefing, as well as the date and time of the scheduled briefing.*
- *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 be withdrawn from the waiting list. If the notice is returned by the post office with a forwarding address, the notice will be re-sent to the address indicated.*
- *Applicants who fail to attend a scheduled briefing will automatically be scheduled for another briefing. KHA will notify the family of the date and time of the second scheduled briefing by electronic mail or US mail with first-class postage. Applicants who fail to attend two scheduled briefings, without KHA approval, will be denied assistance* [*KHA Plan: Chapter 3, Program Eligibility*].

Oral Briefing

[*24 CFR 982.301(a)*]

Each briefing must provide information on the following subjects:

- How the Housing Choice Voucher program works;
- Family and owner responsibilities;
- Where the family can lease a unit, including renting a unit inside or outside *KHA*'s jurisdiction;
- An explanation of how portability works. *KHA* may not discourage the family from choosing to live anywhere in *KHA*'s jurisdiction or outside *KHA*'s jurisdiction under portability, unless otherwise expressly authorized by statute, regulation, *PIH Notice*, or court order;
- *KHA* must inform the family of how portability may affect the family's assistance through screening, subsidy standards, payment standards, and any other elements of the portability process which may affect the family's assistance; and

- The advantages of areas that do not have a high concentration of low-income families.

Briefing Packet

[*24 CFR 982.301(b)*]

Documents and information provided in the briefing packet must include the following:

- The term of the voucher, and *KHA*'s policies on any extensions or suspensions of the term. If *KHA* allows extensions, the packet must explain how the family can request an extension.
- A description of the method used to calculate the housing assistance payment for a family, including how *KHA* determines the subsidy standard for a family, how *KHA* determines total tenant payment for a family, and information on the subsidy standard and utility allowance schedule.
- An explanation of how *KHA* determines the maximum allowable rent for an assisted unit.
- Where the family may lease a unit and an explanation of how portability works, including information on how portability may affect the family's assistance through screening, subsidy standards, payment standards, and any other elements of the portability process that may affect the family's assistance.
- The HUD-required *Tenancy Addendum*, which must be included in the lease.
- The form the family must use to request approval of tenancy, and a description of the procedure for requesting approval for a tenancy.
- A statement of *KHA*'s policy on providing information about families to prospective owners.
- *KHA* subsidy standards including when and how exceptions are made.
- Materials (e.g., brochures) on how to select a unit and any additional information on selecting a unit that HUD provides.
- Participant Notice regarding *Violence Against Women Act* (VAWA)
- At the request of LEP Applicants/Participants, *KHA* will provide free interpreter services.
- Toll free telephone number for the *Domestic Violence Hotline* and the *Sexual Assault Hotline*.
- Information on how to request a *Reasonable Accommodation*.
- Information on federal, state and local equal opportunity laws and a copy of the housing discrimination complaint form.
- A list of landlord resources or other parties willing to lease to assisted families or help families find units, especially outside areas of poverty or minority concentration.
- Notice that if the family includes a person with disabilities, the family may request a list of available accessible units known to *KHA*.
- The *Obligations of the Family* under the program.
- The grounds on which *KHA* may terminate assistance for a participant family because of family action or failure to act.

- *KHA* Informal Hearing procedures including when *KHA* is required to offer a participant family the opportunity for an Informal Hearing, and how to request the hearing.

Since *KHA* is in a metropolitan area, the following additional information must be included in the briefing packet to receive full points under SEMAP Indicator 7, *Expanding Housing Opportunities* [*24 CFR 985.3(g)*].

- Maps showing areas with housing opportunities outside areas of poverty or minority concentration, both within its jurisdiction and its neighboring jurisdiction.
- Information about the characteristics of these areas including job opportunities, schools, transportation and other services.
- An explanation of how portability works, including a list of portability contact persons for neighboring PHAs including names, addresses, and telephone numbers.

Additional Items to Be Included in the Briefing Packet

In addition to items required by the regulations, PHAs may wish to include supplemental materials to help explain the program to both participants and owners [*HCV Guide Book p. 8-7, Notice PIH 2010-19*].

➢ ***KHA Policy***: *KHA will provide the following additional materials in the briefing packet:*

- *Information on Family Self-Sufficiency Program;*
- *Information on how to fill out and file a housing discrimination complaint form and contact information for HOPE Fair Housing;*
- *Information about the protections afforded by the Violence Against Women Act of 2013 (VAWA) to victims of domestic violence, dating violence, sexual assault, and stalking [KHA Plan: Chapter 16-IX];*
- *Information on the Protecting Tenants at Foreclosure Act that sunset on December 31, 2014;*
- *"Is Fraud Worth It?" [Form HUD-1141-OIG], which explains the types of actions a family must avoid and the penalties for program abuse;*
- *"What You Should Know about EIV," a guide to the Enterprise Income Verification (EIV) system published by HUD as an attachment to* [*Notice PIH 2010-19*]*;*
- *The KHA Mission Statement;*
- *Kendall County Resource List and Kendall County Housing Fact Sheet; and*
- *Information on Credit Bureaus*

5-I.B. OBLIGATIONS OF THE FAMILY

Obligations of the Family are described in the Housing Choice Voucher (HCV) program regulations and on the voucher, itself. These obligations include responsibilities the family is required to fulfill, as well as prohibited actions. *KHA* must inform families of these obligations during the oral briefing, and the same information must be included in the briefing packet. When the family's unit is approved, and the HAP Contract is executed, the family must meet those obligations to continue participating in the program. Violation of any

Obligations of the Family may result in termination of assistance, as described in [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*].

Time Frames for Reporting Changes Required by Obligations of the Family

- ***KHA Policy***: *Unless otherwise noted below, when Obligations of the Family require the family to respond to a request or notify KHA of a change, notifying KHA of the request or change within 10 business days is considered prompt notice.*
- *When a family is required to provide notice to KHA, the notice must be in writing*.

Voucher Obligations of the Family

[*24 CFR 982.551*]
The Obligations of the Family of the voucher are listed below.

Supplying Required Information

- The family must supply any information that *KHA* or HUD determines to be necessary, including submission of required evidence of citizenship or eligible immigration status.
- The family must supply any information requested by *KHA* or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition.
- The family must disclose and verify social security numbers and sign and submit consent forms for obtaining information and any other requested documentation.
- Any information supplied by the family must be true and complete.

HQS Breach by the Family

- The family is responsible for any Housing Quality Standards (HQS) breach by the family caused by failure to pay tenant-provided utilities or appliances, or damages to the dwelling unit or premises beyond normal wear and tear caused by any member of the household or guest.

- ***KHA Policy****: Damages beyond normal wear and tear will be considered damages which could be assessed against the security deposit*.

Allowing KHA Inspection

- The family must allow *KHA* to inspect the unit at reasonable times and after reasonable notice, as described in [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*].

Violation of the Lease

- The family must not commit any serious violation of the lease. Under [*24 CFR 5.2005(c)*], an incident or incidents of actual or threatened domestic violence, dating violence, sexual assault, or stalking will not be construed as a serious or repeated lease violation by the victim, or threatened victim, of the domestic violence, dating

violence, sexual assault, or stalking, or as good cause to terminate the tenancy, occupancy rights, or assistance of the victim.

KHA will determine if a family has committed serious or repeated violations of the lease based on available evidence, including but not limited to, a court-ordered eviction, or an owner's notice to evict and police reports. Serious and repeated lease violations will include, but not be limited to, nonpayment of rent, disturbance of neighbors, destruction of property, living or housekeeping habits that cause damage to the unit or premises and drug-related or criminal activity. Generally, the criterion to be used will be whether the reason for the eviction was the fault of the tenant or guests.

Family Notice of Move or Lease Termination

- The family must notify *KHA* and the owner in writing before moving out of the unit or terminating the lease.

➢ ***KHA Policy***: *The family must comply with lease requirements regarding written notice to the owner. The family must provide written notice, signed by the owner, to KHA at the same time as the owner is notified.*

- *The family must promptly give KHA a copy of any owner eviction notice.*
- *The family must use the assisted unit for residence by the family. The unit must be the family's only residence.*
- *The composition of the assisted family residing in the unit must be approved by KHA. The family must promptly notify KHA in writing and provide supporting legal documentation of the birth, adoption, or court-awarded custody of a child. The family must request KHA approval to add any additional occupants of the unit.*

The request for applicants to add an adult family member must be submitted in writing and approved prior to the person moving into the unit. KHA will determine eligibility of the new member in accordance with the policies in [KHA Plan: Chapter 3, Program Eligibility].

- *KHA will approve the addition of a child to the household upon receipt of:*
  (1) *a birth certificate;*
  (2) *legal proof of adoption;*
  (3) *a court order;*
  (4) *a delegation of powers of a parent under any applicable IL Statute;*
  (5) *written permission of the parent or other person having custody of the child; or*
  (6) *if none of the above documents are available, reliable, accurate and objective third-party verification of custody. KHA will re-determine subsidy standard in accordance with the policies in this chapter.*
- *The family must promptly notify KHA in writing if any family member no longer lives in the unit.*
- *Members of the household may engage in legal profit-making activities in the unit, but only if such activities are incidental to primary use of the unit for residence by members of the family. Any business uses of the unit must comply with zoning requirements and the affected household member must obtain all appropriate licenses and owner approval.*

- *If KHA has given approval, a foster child or a live-in aide may reside in the unit. KHA has the discretion to adopt reasonable policies concerning residency by a foster child or a live-in aide, and to define when KHA consent may be given or denied. For policies related to the request and approval/disapproval of foster children, foster adults, and live-in aides, see [KHA Plan: Chapter 3, Program Eligibility].*
- *The family must not sublease the unit, assign the lease, or transfer the unit. Subleasing includes receiving payment to cover rent and utility costs by a person living in the unit who is not listed as a family member.*
- *The family must supply any information requested by KHA to verify that the family is living in the unit or information related to family absence from the unit.*
- *The family must promptly notify KHA when the family is absent from the unit.*

Notice is required under this provision when one or more family members will be absent from the unit for an extended period. An extended period is defined as any period greater than 30 calendar days. Written notice must be provided to KHA prior to the start of the extended absence. An authorized absence may not exceed 90 days.

Use and Occupancy of the Unit

- *The family must pay utility bills and provide and maintain any appliances that the owner is not required to provide under the lease [Form HUD-52646, Voucher].*
- *The family must not own or have any interest in the unit, (other than in a cooperative and owners of a manufactured home leasing a manufactured home space).*
- *Family members must not commit fraud, bribery, or any other corrupt or criminal act in connection with the program. See [KHA Plan: Chapter 14, Program Integrity] for additional information.*
- *The Family guests or persons under the tenants control must not engage in drug-related criminal activity or violent criminal activity or other criminal activity that threatens the health, safety or right to peaceful enjoyment of other residents and persons residing in the immediate vicinity of the premises. See [KHA Plan: Chapter 12, Termination of Assistance and Tenancy] for HUD and KHA policies related to drug-related and violent criminal activity.*
- *Members of the household must not engage in abuse of alcohol in a way that threatens the health, safety or right to peaceful enjoyment of the other residents and persons residing in the immediate vicinity of the premises. See [KHA Plan: Chapter 12, Termination of Assistance and Tenancy] for a discussion of HUD and KHA policies related to alcohol abuse.*
- *An assisted family or member of the family must not receive HCV program assistance while receiving another housing subsidy, for the same unit or a different unit under any other federal, state or local housing assistance program.*
- *A family must not receive HCV program assistance while residing in a unit owned by a parent, child, grandparent, grandchild, sister or brother of any member of the family, unless KHA has determined (and has notified the owner and the family of such determination) that approving rental of the unit, notwithstanding such relationship, would provide Reasonable Accommodation for a family member who is a person with disabilities. [Form HUD-52646, Voucher].*

PART II: SUBSIDY SIZE FOR VOUCHER ISSUANCE

Overview

KHA must establish subsidy standards that determine the minimum number of bedrooms needed for families of different sizes and compositions. This part presents the policies that will be used to determine the family unit size (also known as the voucher size) a family should receive, and the policies that govern making exceptions to those standards. *KHA* must also establish policies related to the issuance of the voucher, to the voucher term, and to any extensions or suspensions of the voucher term.

5-II.A. DETERMINING FAMILY UNIT (VOUCHER) SIZE

[*24 CFR 982.402*]

For each family, *KHA* determines the appropriate number of bedrooms under the *KHA* subsidy standards and enters the family unit size on the voucher that is issued to the family. The family unit size does not dictate the size of unit the family must actually lease, nor does it determine who within a household will share a bedroom/sleeping room.

5-II.B. SUBSIDY STANDARD FOR CERTIFIED FAMILY VOUCHER SIZE AND MAXIMUM FAMILY UNIT SIZE

KHA 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 *KHA* 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.

KHA 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	6	11	5BR	12
6BR	8	13	6BR	14

- ***KHA Policy***: *The subsidy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding. The following principles govern the size of the subsidy for which an applicant or participant household will qualify:*
  - *One (1) bedroom is allotted for every two (2) persons.*
  - *One (1) bedroom is allotted for any live-in aide.*
  - *Subsidy size will be determined by the household members present (including custody arrangements) at the time of initial certification or reexamination, with exception made for household members temporarily away for school or military service, or for children in temporary custody of an agency if there is expected reunification within the ensuing twelve-month period. For children in temporary custody of an agency, see* [*KHA Plan: Chapter 5-II.C.*] *below.*
  - *In cases of joint legal or physical custody, the household will be awarded a bedroom only if it can satisfactory document to KHA, that over the immediate past twelve (12) months, the child has spent more than fifty percent (50%) of their time living with the household. This is defined as at least one hundred eighty-three (183) calendar days of the year, which do not need to run consecutively. In no event can a child receive federal subsidy concurrently at more than one unit.*
  - *While a live-in aide may be assigned a bedroom, and added to the lease as a permitted occupant, the aide – no matter their relationship to the head of household, co-head or any other household member – has no survivorship rights to the subsidy. Single elderly or disabled households with a live-in aide will be assigned a two-bedroom subsidy.*
  - *KHA will permit a live-in aide's family members to reside in the subsidized unit provided it does not violate HQS occupancy requirements under [24 CFR 982.401].*
  - *Foster children or foster adults who are listed on the application or lease will also be housed in accordance with the guidelines above.*

5-II.C. FAMILY UNIFICATION

KHA may approve additional bedroom(s) for applicants requesting additional bedrooms for purposes of reunification of family members. *KHA* must 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. If the family status has not changed within six (6) months from lease-up, the subsidy upon next reexamination will be downgraded to the appropriate size, thereby increasing the family rent to owner.

5-II.D. EXCEPTIONS TO SUBSIDY STANDARDS

In determining family unit size for a family, *KHA* may grant a request for an exception to its established subsidy standards if *KHA* determines that the exception is justified by the age, sex, health, handicap, or relationship of family members or other personal circumstances [*24 CFR 982.402(b)(8)*]. Reasons may include, but are not limited to:

- A need for an additional bedroom for medical equipment; and

- A need for a separate bedroom for reasons related to a family member's disability, medical or health condition.

For a single person who is not elderly, disabled, or a remaining family member, an exception cannot override the regulatory limit of a zero or one-bedroom voucher size [*24 CFR 982.402(b)(8)*].

➢ ***KHA Policy***: *KHA will consider granting a request for an exception for any of the reasons specified in the regulation: the age, sex, health, disability, or relationship of family members or other personal circumstances.*
- *The family must request any exception to the subsidy standards in writing. The request must explain the need or justification for a larger family unit size and must include appropriate documentation. Requests based on health-related reasons must be verified by a knowledgeable professional source (e.g., doctor or health professional), unless the disability and the disability–related request for accommodation is readily apparent or otherwise known. The family's continued need for an approved additional bedroom due to special medical equipment must be re-verified each year at annual reexamination.*
- *KHA will notify the family of its determination by electronic mail or US mail with first-class postage, usually within 10 business days of receiving the family's request. If a participant family's request is denied, the notice will inform the family of their right to request an Informal Hearing.*
- *KHA may also grant an exception to its established subsidy standards if KHA determines that the exception is justified because the subsidy standards conflict with the standards of the municipality to the detriment of the family*.

5-II.E. VOUCHER ISSUANCE

[*24 CFR 982.302*]
The voucher is the family's authorization to search for housing. It specifies the unit size for which the family qualifies and includes both the date of voucher issuance and date of expiration. It is the evidence that *KHA* has determined the family eligible for the program. However, *KHA* does not have any liability to any party by the issuance of the voucher, and the voucher does not give the family any right to participate in *KHA*'s HCV program.

➢ ***KHA Policy***: *Prior to issuing any vouchers, KHA will determine whether it has sufficient funding. If KHA determines there is insufficient funding after a voucher has been issued, the voucher may be rescinded, and the family placed back on the waiting list in their original position*.

5-II.F. VOUCHER TERM AND EXTENSIONS

Initial Voucher Term

[*24 CFR 982.303*]
The *KHA* initial voucher term (voucher search time) will be one-hundred twenty (120) calendar days. The family must submit a Request for Tenancy Approval (RFTA) within the

one-hundred twenty (120) calendar day search period unless *KHA* grants an extension, or if there is a tolling or suspension of the initial voucher term.

Extensions of Initial Voucher Term

[*24 CFR 982.303(b)*]
KHA may approve an extension to the 120 calendar days initial voucher term of no more than sixty (60) calendar days – for a total voucher search time of one hundred eighty (180) calendar days – upon a written request from the family.

- ***KHA Policy**: The total search time of the initial voucher term may not exceed one-hundred twenty (120) calendar days unless there is an extension of the initial voucher term as noted in this section, or a tolling or suspension of the voucher as noted in [KHA Plan: 5-II.G.].*
  - *Families that are unable to locate a suitable unit within the one-hundred twenty (120) calendar day limit on the initial voucher term can request an extension limit of up to sixty (60) calendar days. Any request for an extension must be made prior to the expiration date of the one-hundred twenty (120)-calendar day initial voucher term, and must be in writing.*
  - *Extensions up to sixty (60) calendar days beyond the initial voucher term of one-hundred twenty (120)-calendar days are granted at the sole discretion of KHA and is not subject to the appeal process*.

Extensions Beyond the Total Voucher Term Limit

Any extension granted beyond any initial voucher term extension can only be considered in two categories, can be no more than thirty (30) calendar days in each category and must be applicable to the family as determined by *KHA*.

- ***KHA Policy**: Extensions beyond the initial voucher term extension will only be considered if:*
  - *the family needs and requests an additional extension of the initial voucher term extension of no more than thirty (30) calendar days as a Reasonable Accommodation due to a disability; or*
  - *the family needs and requests an additional extension of the initial voucher term extension of no more than thirty (30) calendar days due to extraordinary circumstances that KHA deems sufficient in nature to raise an issue of fairness and therefore require additional time, i.e. for elderly persons, major illness or extended incapacitation*.

5-II.G. TOLLING AND SUSPENSION OF VOUCHER TERM

Tolling and suspensions are administrative processes that stop the timer of the term of the voucher. The overall purpose of this provision is to put the participant back in the position that they would have been prior to the event that triggered the tolling or suspension.

- ***KHA Policy**: KHA applies tolling and suspension in the following circumstances:*

- ***Tolling**: Prior to the expiration date of the voucher and any extension approved by KHA, the family submits a Request for Tenancy Approval (in this situation the unit "ready date" for the inspection cannot be more than thirty (30) calendar days from the date the RFTA was submitted); or*
- ***Suspension**: Other extraordinary circumstances that KHA deems sufficient in nature to raise an issue of fairness and therefore require additional time, not to exceed one-hundred twenty-five (125) calendar search days.*

5-II.H. EXPIRATION OF VOUCHER TERM

If the voucher term or any extension expires before the family has submitted a RFTA, the family is no longer eligible to search for housing. The family may reapply for assistance when the waiting list is reopened for new applications.

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

CHAPTER 6 INCOME AND SUBSIDY DETERMINATIONS

[*24 CFR Part 5, Subparts E and F; 24 CFR 982*]

Introduction

A family's income determines eligibility for assistance and is also used to calculate the family's payment and *KHA*'s subsidy. *KHA* will use the policies and methods described in this chapter to ensure that only eligible families receive assistance and that no family pays more or less than its obligation under the regulations. This chapter describes HUD regulations and *KHA* policies related to these topics in three parts as follows:

Part I: Annual Income. HUD regulations specify the sources of income to include and exclude to arrive at a family's annual income. These requirements and *KHA* policies for calculating annual income are found in Part I.

Part II: Adjusted Income. Once annual income has been established HUD regulations require *KHA* to subtract from annual income any of five mandatory deductions for which a family qualifies. These requirements and *KHA* policies for calculating adjusted income are found in Part II.

Part III: Calculating Family Share and KHA Subsidy. This part describes the statutory formula for calculating total tenant payment (TTP), the use of utility allowances, and the methodology for determining *KHA* subsidy and required family payment.

PART I: ANNUAL INCOME

Overview

A family's income determines eligibility for assistance and is used to calculate the family's payment and *KHA*'s subsidy. Annual income refers to all income that a family receives during the 12-month period following admission to the program or a regular re-examination effective date. Income from all family members must be counted unless it is specifically excluded by federal regulations.

NOTE: *The Housing Opportunity Through Modernization Act (HOTMA) of 2016, once fully implemented, will change how income is defined and what deductions can be taken when determining a tenant's rent responsibility for all federal assistance programs.*

6-I.A. HOUSEHOLD COMPOSITION AND INCOME

Income received by all family members must be counted unless specifically excluded by the regulations. It is the responsibility of the head of household to report changes in family composition. The rules on which sources of income are counted vary somewhat by family member.

Absent Family Members

Individuals may be absent from the family, either temporarily or permanently, for a variety of reasons including educational activities, placement in foster care, employment, illness, incarceration, and court order.

- ***KHA Policy***: *Generally, an individual who is or is expected to be absent from the assisted unit for ninety (90) consecutive days or less is considered temporarily absent and continues to be considered a family member. Generally, an individual who is or is expected to be absent from the assisted unit for more than 90 consecutive days is considered permanently absent and no longer a family member. A household add-on is not a member of the original family and is not a dependent of the voucher holder. A household add-on will not increase the voucher size for which a voucher holder qualifies without the household add-on. If a voucher holder voluntarily gives up the voucher rental subsidy, the household add-on does not have any rights to the voucher.*

Exceptions to Absent Family Members Policy

- ***Absent Students*.** When someone who has been considered a family member attends school away from home, the person will continue to be considered a family member unless information becomes available to *KHA* indicating that the student has established a separate household, or the family declares that the student has established a separate household.
- ***Absences Due to Placement in Foster Care*.** [*24 CFR 5.403*]: Children temporarily absent from the home because of placement in foster care are considered members of the family. If a child has been placed in foster care, *KHA* will verify with the appropriate agency whether and when the child is expected to be returned to the home. Unless the agency confirms that the child has been permanently removed from the home, the child will be counted as a family member.
- **Absent Head, Spouse, or Co-head.** An employed head, spouse, or co-head absent from the unit more than ninety (90) consecutive calendar days due to employment will continue to be considered a family member.
- ***Family Members Permanently Confined for Medical Reasons*.** [*HCV Guide Book, p. 5-22*]**.** If a family member is confined to a nursing home or hospital on a permanent basis, that person is no longer considered a family member and the income of that person is not counted [*HCV Guide Book, p. 5-22*]. *KHA* will request verification from a responsible medical professional and will use this determination. If the responsible medical professional cannot provide a determination, the person generally will be considered temporarily absent. The family may present evidence that the family member is confined on a permanent basis and request that the person not be considered a family member.
- ***Joint Custody of Dependents*.** When more than one applicant or participant family is claiming the same dependents as family members, the family who has physical custody of the child or children at the time of the initial examination or reexamination will be able to claim the dependents. If there is a dispute about which family should

claim them, *KHA* will make the determination based on available documents such as court orders, school records, receipt of benefits on behalf of the child.

- ***Caretakers for a Child*.** The approval of a caretaker is at the owner and *KHA*'s discretion and subject to the owner and *KHA*'s screening criteria. If neither a parent nor a designated legal guardian remains in a household receiving HCV assistance, *KHA* will take the following actions.
  - **a.** If a responsible agency has determined that another adult is to be brought into the assisted unit to care for a child for an indefinite period, the designated caretaker will not be considered a family member until a determination of custody or legal guardianship is made.
  - **b.** If a caretaker has assumed responsibility for a child without the involvement of a responsible agency or formal assignment of custody or legal guardianship, the caretaker will be treated as a visitor for 90 days. After the 90 days has elapsed, the caretaker will be considered a family member unless information is provided that would confirm that the caretaker's role is temporary. In such cases *KHA* will extend the caretaker's status as an eligible visitor.
  - **c.** At any time that custody or guardianship legally has been awarded to a caretaker, the housing choice voucher will be transferred to the caretaker.
  - **d.** During any period that a caretaker is considered a visitor, the income of the caretaker is not counted in annual income and the caretaker does not qualify the family for any deductions from income.
  - **e.** An adult would be considered a family member because of any of the following: (**1**) a court order; (**2**) a delegation of powers of a parent under any applicable IL Statute; (**3**) written permission of the parent of other person having custody of the child; or (**4**) if none of the above documents are available, reliable, accurate and objective third-party verification of custody of the child. All adult additions to the household must meet eligibility guidelines as outlined in [*KHA Plan: Chapter 3, Program Eligibility*].

Return of Permanently Absent Family Members.

The family must request *KHA* approval for the return of any adult family members that *KHA* has determined to be permanently absent. The individual is subject to the eligibility and screening requirements discussed in this Plan.

6-I.B. ANTICIPATING ANNUAL INCOME

[*24 CFR 5.609(a)(2)*]

KHA is required to count all income "anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date". Policies related to anticipating annual income are provided below.

Basis of Annual Income Projection

KHA generally will use current circumstances to determine anticipated income for the coming 12-month period. HUD authorizes *KHA* to use other than current circumstances to anticipate income when:

- An imminent change in circumstances is expected [*HCV Guide Book, p. 5-17*]

- It is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income) [*24 CFR 5.609(d)*]
- *KHA* believes that past income is the best available indicator of expected future income [*24 CFR 5.609(d)*]

PHAs are required to use HUD's *Enterprise Income Verification* (EIV) system in its entirety as a third-party source to verify employment and income information, and to reduce administrative subsidy payment errors in accordance with HUD administrative guidance [*24 CFR 5.233(a)(2)*]. HUD allows PHA's to use tenant-provided documents (pay stubs) to project income once EIV data has been received in such cases where the family does not dispute the EIV employer data and where the PHA does not determine it is necessary to obtain additional third-party data.

➢ ***KHA Policy***: *When EIV is obtained and the family does not dispute the EIV employer data, KHA will use current tenant-provided documents to project annual income. When the tenant-provided documents are pay stubs, KHA will make every effort to obtain at least 6 current consecutive pay stubs*.

KHA will obtain written and/or oral third-party verification in accordance with the verification requirements and policy in [*KHA Plan: Chapter 7, Verification*] in the following cases:

- If EIV or other UIV data is not available,
- If the family disputes the accuracy of the EIV employer data, and/or
- If *KHA* determines additional information is needed.

In such cases, *KHA* will review and analyze current data to anticipate annual income. In all cases, the family file will be documented with a clear record of the reason for the decision, and a clear audit trail will be left as to how *KHA* annualized projected income.

Seasonal Employment

When *KHA* cannot readily anticipate income based upon current circumstances, *KHA* will review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of this analysis to establish annual income.

➢ ***KHA Policy***: *In the case of seasonal employment, unstable working hours, suspected fraud or other instances when KHA cannot readily anticipate income based upon current circumstances, KHA will multiply current income times twelve months. Example:*

$1,200 per month X 12 months = $14,400 per year

The family must immediately notify KHA when the seasonal employment ends, then KHA will conduct an interim reexamination, multiplying the new current income times twelve months. Example:

$500 per month X 12 months = $6,000 per year

Any time current circumstances are not used to project annual income, a clear rationale for the decision will be documented in the file. In all such cases, the family may present information and documentation to *KHA* to show why the historic pattern does not represent the family's anticipated income.

Known Changes in Income

If *KHA* verifies an upcoming increase or decrease in income, annual income will be calculated by applying each income amount to the appropriate part of the 12-month period.

The family may present information that demonstrates that implementing a change before its effective date would create a hardship for the family. In such cases *KHA* will calculate annual income using current circumstances and then require an interim reexamination when the change occurs. This requirement will be imposed even if *KHA*'s policy on reexaminations does not require interim reexaminations for other types of changes.

When tenant-provided third-party documents are used to anticipate annual income, they will be dated within the last sixty (60) calendar days of the reexamination interview date. EIV quarterly wages will not be used to project annual income at an annual or interim reexamination.

Projecting Income

In HUD's EIV webcast of January 2008, HUD made clear that PHAs are not to use EIV quarterly wages to project annual income.

6-I.C. EARNED INCOME

Types of Earned Income Included in Annual Income

Wages and Related Compensation

The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services is included in annual income [*24 CFR 5.609(b)(1)*].

- ***KHA Policy*** *For persons who regularly receive bonuses or commissions, KHA will verify and then average amounts received for the two years preceding admission or reexamination. If only a one-year history is available, KHA will use the prior year's amount. In either case the family may provide, and KHA will consider, a credible justification for not using this history to anticipate future bonuses or commissions. If a new employee has not yet received any bonuses or commissions, KHA will count only the amount estimated by the employer. The file will be documented appropriately*.

Some Types of Military Pay

All regular pay, special pay and allowances of a member of the Armed Forces are counted [*24 CFR 5.609(b)(8*)] except for the special pay to a family member serving in the Armed Forces who is exposed to hostile fire [*24 CFR 5.609(c)(7)*].

Types of Earned Income Excluded in Annual Income

Temporary, Nonrecurring, or Sporadic Income

[*24 CFR 5.609(c)(9*)]

This type of income (including gifts) is not included in annual income. Sporadic income includes temporary payments from the *U.S. Census Bureau* for employment lasting no longer than one-hundred eighty (180) calendar days [*Notice PIH 2009-19*].

- ***KHA Policy*****.** *Sporadic income is income that is not received periodically and cannot be reliably predicted. For example, the income of an individual who works occasionally as a handyman would be considered sporadic if future work could not be anticipated and no historic, stable pattern of income existed*.

Children's Earnings

[*24 CFR 5.609(c)(1)*]

Employment income earned by children (including foster children) under the age of 18 years is not included in annual income.

Certain Earned Income of Full-Time Students

[*24 CFR 5.609(c)(11)*] and [*HCV Guide Book, p. 5-29*]

Earnings in excess of $480 for each full-time student 18 years old or older (except for the head, spouse, or co-head) are not counted. To be considered "full-time," a student must be considered "full-time" by an educational institution with a degree or certificate program.

Income of a Live-in Aide

Income earned by a live-in aide, as defined in [*24 CFR 5.403*], is not included in annual income [*24 CFR 5.609(c)(5)*]. See [*KHA Plan: Chapter 3, Program Eligibility*] for a full discussion of live-in aides).

Income Earned under Certain Federal Programs

[*24 CFR 5.609(c)(17)*]

Income from some federal programs is specifically excluded from consideration as income, including:

- Payments to volunteers under the *Domestic Volunteer Services Act of 1973* [*42 U.S.C. 5044(g), 5058*];
- Payments received under programs funded in whole or in part under the *Job Training Partnership Act* [*29 U.S.C. 1552(b)*];
- Awards under the federal work-study program [*20 U.S.C. 1087(uu)*];
- Payments received from programs funded under Title V of the *Older Americans Act of 1985* [*42 U.S.C. 3056(f)*];

- Allowances, earnings, and payments to AmeriCorps participants under the *National and Community Service Act* of 1990 [*42 U.S.C. 12637(d)*]; or
- Allowances, earnings, and payments to participants in programs funded under the *Workforce Investment Act of 1998* [*29 U.S.C. 2931*].

Resident Service Stipend

Amounts received under a resident service stipend are not included in annual income. A resident service stipend is a modest amount (not to exceed $200 per individual per month) received by a resident for performing a service for *KHA* or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of *KHA*'s governing board. No resident may receive more than one such stipend during the same period. [*24 CFR 5.609(c)(8)(iv)*].

State and Local Employment Training Programs

Incremental earnings and benefits to any family member resulting from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff are excluded from annual income. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the training program [*24 CFR 5.609(c)(8)(v)*].

➢ ***KHA Policy**: KHA defines training program as "a learning process with goals and objectives, generally having a variety of components, and taking place in a series of sessions over a period to time. It is designed to lead to a higher level of proficiency, and it enhances the individual's ability to obtain employment. It may have performance standards to measure proficiency. Training may include but is not limited to:*

1. *classroom training in a specific occupational skill,*
2. *on-the-job training with wages subsidized by the program, or*
3. *basic education" [expired Notice PIH 98-2, p. 3].*
   - *KHA defines incremental earnings and benefits as the difference between: (1) the total amount of welfare assistance and earnings of a family member prior to enrollment in a training program, and (2) the total amount of welfare assistance and earnings of the family member after enrollment in the program [expired Notice PIH 98-2, pp. 3–4].*
   - *In calculating the incremental difference, KHA will use as the pre-enrollment income the total annualized amount of the family member's welfare assistance and earnings reported on the family's most recently completed HUD-Form 50058.*
   - *End of participation in a training program must be reported in accordance with KHA's interim reporting requirements.*

HUD-Funded Training Programs

Amounts received under training programs funded in whole or in part by HUD [*24 CFR 5.609(c)(8)(i)*] are excluded from annual income. Eligible sources of funding for the training include operating subsidy, HCV administrative fees, modernization, *Community Development Block Grant* (CDBG), *HOME program*, and other grant funds received from HUD.

- ***KHA Policy***: F*or both state and local employment training programs to qualify as a training program, those programs must meet the definition of a training program as provided above*.

Earned Income Tax Credit

Earned income tax credit (EITC) refund payments received on or after January 1, 1991 [*26 U.S.C. 32(j)*], are excluded from annual income [*24 CFR 5.609(c)(17)*]. Although many families receive the EITC annually when they file taxes, an EITC can also be received throughout the year. The prorated share of the annual EITC is included in the employee's payroll check.

6-I.D. EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES

[*24 CFR 5.617*]

The ***Housing Opportunity through Modernization Act*** (*HOTMA*) eliminates existing Earned Income Disregard (EID). Participants currently enrolled in EID will complete the terms of their respective EID programs based on their enrollment start date.

Eligibility

The *earned income disallowance* (EID) encourages people with disabilities to enter the work force by not including the full value of increases in earned income for a period of time. Eligibility criteria and limitations on the disallowance are summarized below. This disallowance applies only to individuals in families already participating in the HCV program (not at initial examination). To qualify, the family must experience an increase in annual income that is the result of one of the following events:

- Employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment. Previously unemployed includes a person who annually has earned not more than the minimum wage applicable to the community multiplied by 500 hours. The applicable minimum wage is the federal minimum wage unless there is a higher state or local minimum wage;
- Increased earnings by a family member who is a person with disabilities and whose earnings increase during participation in an economic self-sufficiency or job-training program. A self-sufficiency program includes a program designed to encourage, assist, train, or facilitate the economic independence of HUD-assisted families or to provide work to such families [*24 CFR 5.603(b)*]; or
- New employment or increased earnings by a family member who is a person with disabilities and who has received benefits or services under *Temporary Assistance*

for Needy Families (TANF) or any other state program funded under Part A of Title IV of the *Social Security Act* within the past six months. If the benefits are received in the form of monthly maintenance, there is no minimum amount. If the benefits or services are received in a form other than monthly maintenance, such as one-time payments, wage subsidies, or transportation assistance, the total amount received over the six-month period must be at least $500.

Calculation of the Disallowance

Calculation of the earned income disallowance for an eligible member of a qualified family begins with a comparison of the member's current income with their "prior income".

➢ ***KHA Policy***: *KHA defines prior income, or prequalifying income, as the family member's last certified income prior to qualifying for the EID*.

The family member's prior, or prequalifying income remains constant throughout the period they receive the EID.

Lifetime Limitation

The EID has a two-year (24-month) lifetime maximum. The two-year eligibility period begins at the same time that the initial exclusion period begins and ends 24 months later. The one-time eligibility for the EID applies even if the eligible individual begins to receive assistance from another housing agency, if the individual moves between public housing and HCV assistance, or if there are breaks in assistance.

➢ ***KHA Policy***: *During the 24-month eligibility period, KHA will schedule and conduct an interim reexamination each time there is a change in the family member's annual income that affects or is affected by the EID (e.g., when the family member's income falls to a level at or below his/her prequalifying income, when one of the exclusion periods ends, and at the end of the lifetime maximum eligibility period).*

Initial 12-month Period

Once a family member is determined to be eligible for the EID, the 24–calendar month period starts:

- If the family member discontinues the employment that initially qualified the family for the EID, the 24–calendar month period continues;
- During the 24–calendar month period, EID benefits are recalculated based on changes to family member income and employment.

➢ ***KHA Policy***: *The initial earned income disallowance (EID) exclusion period will begin on the first of the month following the date an eligible member of a qualified family is first employed or when they first experience an increase in earnings. During the first 12-calendar month exclusion period, KHA will exclude the full amount (100 percent) of any increase in income attributable to employment or increased earnings of the family member.*

Second 12-Month Exclusion

- ***KHA Policy***: *During the second 12-calendar month exclusion period, KHA will reduce the exclusion to half (50 percent) of any increase in income attributable to employment or increased earnings of the family member before the qualifying event (i.e., the family member's baseline income)*.

Families that currently benefit from the EID, or who become eligible prior to the effective date of changes to this Plan, are eligible to receive the EID benefit for 24 months over a 48-month period, as was in effect prior to the effective date of provisions in [*Notice PIH 2016-05*].

6-I.E. BUSINESS INCOME

[*24 CFR 5.609(b)(2)*]
Annual income includes "the net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family".

Business Expenses

[*HCV Guide Book, p. 5-19*]
Net income is "gross income less business expense".

- ***KHA Policy***: *To determine business expenses that may be deducted from gross income, KHA will use current applicable Internal Revenue Service (IRS) rules for determining allowable business expenses [see IRS Publication 535], unless a topic is addressed by HUD regulations or guidance as described below.*

Business Expansion

HUD regulations do not permit *KHA* to deduct from gross income expenses for business expansion.

- ***KHA Policy***: *Business expansion is defined as any capital expenditures made to add new business activities, to expand current facilities, or to operate the business in additional locations. For example, purchase of a street sweeper by a construction business for adding street cleaning to the services offered by the business would be considered a business expansion. Similarly, the purchase of a property by a hair care business to open at a second location would be considered a business expansion*.

Capital Indebtedness

HUD regulations do not permit *KHA* to deduct from gross income the amortization of capital indebtedness.

- ***KHA Policy***: *Capital indebtedness is defined as the principal portion of the payment on a capital asset such as land, buildings, and machinery. This means KHA will allow as a business expense interest, but not principal, paid on capital indebtedness*.

Negative Business Income

If the net income from a business is negative, no business income will be included in annual income; a negative amount will not be used to offset other family income.

Withdrawal of Cash or Assets from a Business

HUD regulations require *KHA* to include in annual income the withdrawal of cash or assets from the operation of a business or profession unless the withdrawal reimburses a family member for cash or assets invested in the business by the family.

- ***KHA Policy***: *Acceptable investments in a business include cash loans and contributions of assets or equipment. For example, if a member of an assisted family provided an up-front loan of $2,000 to help a business get started, KHA will not count as income any withdrawals from the business up to the amount of this loan until the loan has been repaid. Investments do not include the value of labor contributed to the business without compensation*.

Co-owned Businesses

- ***KHA Policy***: *If a business is co-owned with someone outside the family, the family must document the share of the business it owns. If the family's share of the income is lower than its share of ownership, the family must document the reasons for the difference*.

Overview of Income From Assets

There is no asset limitation for participation in the HCV program. However, HUD requires that *KHA* include in annual income the anticipated "interest, dividends, and other net income of any kind from real or personal property" [*24 CFR 5.609(b)(3)*]. This section discusses how the income from various types of assets is determined. For most types of assets, *KHA* must determine the value of the asset to compute income from the asset. Therefore, for each asset type, this section discusses:

- How the value of the asset will be determined; and
- How income from the asset will be calculated

6-I.F. ASSETS

[*24 CFR 5.609(b)(3)*]; [*24 CFR 5.603(b)*]

General Policies

Income from Assets

KHA generally will use current circumstances to determine both the value of an asset and the anticipated income from the asset. As is true for all sources of income, HUD authorizes *KHA* to use other than current circumstances to anticipate income when (**1**) an imminent change in circumstances is expected (**2**) it is not feasible to anticipate a level of income over 12 months or (**3**) *KHA* believes that past income is the best indicator of anticipated income.

➢ ***KHA Policy***: *KHA will not require documentation of any asset under five-thousand dollars ($5,000.). However, if provided, will enter the asset as shown in the following policies*.

Anytime current circumstances are not used to determine asset income, a clear rationale for the decision will be documented in the file. In such cases the family may present information and documentation to *KHA* to show why the asset income determination does not represent the family's anticipated asset income.

Valuing Assets

The calculation of asset income sometimes requires *KHA* to make a distinction between an asset's market value and its cash value.

- The market value of an asset is its worth in the market. (e.g., the amount a buyer would pay for real estate or the total value of an investment account).
- The cash value of an asset is its market value less all reasonable amounts that would be incurred when converting the asset to cash.

➢ ***KHA Policy***: *Reasonable costs that would be incurred when disposing of an asset include, but are not limited to, penalties for premature withdrawal, broker and legal fees, and settlement costs incurred in real estate transactions [HCV Guide Book, p. 5-28]*.

Lump-Sum Receipts

Payments that are received in a single lump sum, such as inheritances, capital gains, lottery winnings, insurance settlements, and proceeds from the sale of property, are generally considered assets, not income. However, such lump-sum receipts are counted as assets only if they are retained by a family in a form recognizable as an asset (e.g., deposited in a savings or checking account) [RHIIP FAQs]. (For a discussion of lump-sum payments that represent the delayed start of a periodic payment, most of which are counted as income see [*KHA Plan: 6-I.G.*]. and [*KHA Plan: 6-I.H.*].

Imputing Income from Assets

[*24 CFR 5.609(b)(3)*] *Notice PIH 2012-29*]

When net family assets are five-thousand dollars ($5,000.) or less, *KHA* will include in annual income the actual income anticipated to be derived from the assets. When the family has net family assets more than $5,000, *KHA* will include in annual income the greater of (1) the actual income derived from the assets or (2) the imputed income. Imputed

income from assets is calculated by multiplying the total cash value of all family assets by an average passbook savings rate as determined by *KHA*.

NOTE: *The HUD Chicago Field Office no longer provides an interest rate for imputed asset income. The "safe harbor" is now for the KHA to establish a passbook rate within 0.75 percent of a national average.*

- *The KHA must review its passbook rate annually to ensure that it remains within 0.75 percent of the national average*.

➢ ***KHA Policy***: *KHA will initially set the imputed asset passbook rate at the national rate established by the Federal Deposit Insurance Corporation (FDIC). KHA will review the passbook rate annually, in December of each year. The rate will not be adjusted unless the current KHA rate is no longer within 0.75 percent of the national rate. If it is no longer within 0.75 percent of the national rate, the passbook rate will be set at the current national rate. Changes to the passbook rate will take effect on February 1 following the December review.*

Determining Actual Anticipated Income from Assets

It may or may not be necessary for *KHA* to use the value of an asset to compute the actual anticipated income from the asset. When the value is required to compute the anticipated income from an asset, the market value of the asset is used. For example, if the asset is a property for which a family receives rental income, the anticipated income is determined by annualizing the actual monthly rental amount received for the property; it is not based on the property's market value. However, if the asset is a savings account, the anticipated income is determined by multiplying the market value of the account by the interest rate on the account.

Withdrawal of Cash or Liquidation of Investments

Any withdrawal of cash or assets from an investment will be included in income except to the extent that the withdrawal reimburses amounts invested by the family. For example, when a family member retires, the amount received by the family from a retirement investment plan is not counted as income until the family has received payments equal to the amount the family member deposited into the retirement investment plan.

Jointly Owned Assets

[*24 CFR 5.609(a)(4)*]

The regulation specifies that annual income includes "amounts derived (during the 12-month period) from assets to which any member of the family has access."

➢ ***KHA Policy***: *If an asset is owned by more than one person and any family member has unrestricted access to the asset, KHA will count the full value of the asset. A family member has unrestricted access to an asset when he or she can legally dispose of the asset without the consent of any of the other owners.*

If an asset is owned by more than one person, including a family member, but the family member does not have unrestricted access to the asset, KHA will prorate the asset according to the percentage of ownership. If no percentage is specified or provided for by state or local law, KHA will prorate the asset evenly among all owners.

Assets Disposed of for Less than Fair Market Value

[*24 CFR 5.603(b)*]
HUD regulations require *KHA* to count as a current asset any business or family asset that was disposed of for less than fair market value during the two years prior to the effective date of the examination/reexamination, except as noted below.

Minimum Threshold

The HVC Guide Book permits *KHA* to set a threshold below which assets disposed of for less than fair market value will not be counted [*HCV Guide Book, p. 5-27*].

- ***KHA Policy***: *KHA will not include the value of assets disposed of for less than fair market value unless the cumulative fair market value of all assets disposed of during the past two years exceeds the gross amount received for the assets by more than $1,000.*

  When the two-year period expires, the income assigned to the disposed asset(s) also expires. If the two-year period ends between annual reexaminations, the family may request an interim recertification to eliminate consideration of the asset(s).

  Assets placed by the family in nonrevocable trusts are considered assets disposed of for less than fair market value except when the assets placed in trust were received through settlements or judgments.

Separation or Divorce

The regulation also specifies that assets are not considered disposed of for less than fair market value if they are disposed of as part of a separation or divorce settlement and the applicant or tenant receives important consideration not measurable in dollar terms.

- ***KHA Policy***: *All assets disposed of as part of a separation or divorce settlement will be considered assets for which important consideration not measurable in monetary terms has been received. To qualify for this exemption, a family member must be subject to a formal separation or divorce settlement agreement established through arbitration, mediation, or court order*.

Foreclosure or Bankruptcy

Assets are not considered disposed of for less than fair market value when the disposition is the result of a foreclosure or bankruptcy sale.

Family Declaration

- ***KHA Policy***: *Families must sign a declaration form at initial certification and each annual recertification identifying all assets that have been disposed of for less than fair market value or declaring that no assets have been disposed of for less than fair market value. KHA may verify the value of the assets disposed of if other information available to KHA does not appear to agree with the information reported by the family*.

Types of Assets

Checking and Savings Accounts

For regular checking accounts and savings accounts, cash value has the same meaning as market value. If a checking account does not bear interest, the anticipated income from the account is zero.

- ***KHA Policy***: *In determining the value of a checking and savings account, KHA will use the current balance. In determining the anticipated income from an interest-bearing checking or savings account, KHA will multiply the value of the account by the current rate of interest paid on the account*.

Investment Accounts Such as Stocks, Bonds, Saving Certificates, and Money Market Funds

Interest or dividends earned by investment accounts are counted as actual income from assets even when the earnings are reinvested. The cash value of such an asset is determined by deducting from the market value any broker fees, penalties for early withdrawal, or other costs of converting the asset to cash.

- ***KHA Policy***: *In determining the market value of an investment account, KHA will use the value of the account on the most recent investment report.*

  How anticipated income from an investment account will be calculated depends on whether the rate of return is known. For assets that are held in an investment account with a known rate of return (e.g., savings certificates), asset income will be calculated based on that known rate (market value multiplied by rate of earnings). When the anticipated rate of return is not known (e.g., stocks), KHA will calculate asset income based on the earnings for the most recent reporting period.

Equity in Real Property or Other Capital Investments

Equity (cash value) in a property or other capital asset is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset [*HCV Guide Book, p. 5-25*].

- Equity in real property and other capital investments is considered in the calculation of asset income except for the following types of assets:
- Equity accounts in HUD homeownership programs [*24 CFR5.603(b)*];

- The value of a home currently being purchased with assistance under the HCV program *Homeownership Option* for the first 10 years after the purchase date of the home [*24 CFR 5.603(b)*];
- Equity in owner-occupied cooperatives and manufactured homes in which the family lives [*HCV Guide Book, p. 5-25*];
- Equity in real property when a family member's main occupation is real estate [*HCV Guide Book, p. 5-25*]. This real estate is considered a business asset, and income related to this asset will be calculated as described in section 6-I.F.;
- Interests in Indian Trust lands [24 CFR 5.603(b)]; or
- Real property and capital assets that are part of an active business or farming operation [*HCV Guide Book, p. 5-25*]

KHA must also deduct from the equity the reasonable costs for converting the asset to cash. Using the formula for calculating equity specified above, the net cash value of real property is the market value of the loan (mortgage) minus the expenses to convert to cash [*Notice PIH 2012-3*].

A family may have real property as an asset in two ways: (1) owning the property itself and (2) holding a mortgage or deed of trust on the property. In the case of a property owned by a family member, the anticipated asset income generally will be in the form of rent or other payment for the use of the property. If the property generates no income, actual anticipated income from the asset will be zero.

In the case of a mortgage or deed of trust held by a family member, the outstanding balance (unpaid principal) is the cash value of the asset. The interest portion only of payments made to the family in accordance with the terms of the mortgage or deed of trust is counted as anticipated asset income.

➢ ***KHA Policy***: *In the case of capital investments owned jointly with others not living in a family's unit, a prorated share of the property's cash value will be counted as an asset unless KHA determines that the family receives no income from the property and is unable to sell or otherwise convert the asset to cash*.

Trusts

A trust is a legal arrangement generally regulated by state law in which one party (the creator or grantor) transfers property to a second party (the trustee) who holds the property for the benefit of one or more third parties (the beneficiaries).

Revocable Trusts

If any member of a family has the right to withdraw the funds in a trust, the value of the trust is considered an asset [*HCV Guide Book, p. 5-25*]. Any income earned because of investment of trust funds is counted as actual asset income, whether the income is paid to the family or deposited in the trust.

Non-revocable Trusts

In cases where a trust is not revocable by, or under the control of, any member of a family, the value of the trust fund is not considered an asset. However, any income distributed to the family from such a trust is counted as a periodic payment or a lump-sum receipt, as appropriate [*24 CFR 5.603(b)*]. (Periodic payments are covered in section 6-I.H. Lump-sum receipts are discussed earlier in this section.)

Retirement Accounts

Company Retirement/Pension Accounts

To correctly include or exclude as an asset any amount held in a company retirement or pension account by an employed person, *KHA* must know whether the money is accessible before retirement [*HCV Guide Book, p. 5-26*].

While a family member is employed, only the amount the family member can withdraw without retiring or terminating employment is counted as an asset [*HCV Guide Book, p. 5-26*].

After a family member retires or terminates employment, any amount distributed to the family member is counted as a periodic payment or a lump-sum receipt, as appropriate [*HCV Guide Book, p. 5-26*], except to the extent that it represents funds invested in the account by the family member. (For more on periodic payments, see section 6-I.H.) The balance in the account is counted as an asset only if it remains accessible to the family member.

IRA, Keogh, and Similar Retirement Savings Accounts

IRA, Keogh, and similar retirement savings accounts are counted as assets even though early withdrawal would result in a penalty [*HCV Guide Book, p. 5-25*].

Personal Property

Personal property held as an investment, such as gems, jewelry, coin collections, antique cars, etc., is considered an asset [*HCV Guide Book, p. 5-25*].

- ***KHA Policy***: *In determining the value of personal property held as an investment, KHA will use the family's estimate of the value. KHA may obtain an appraisal to confirm the value of the asset if there is reason to believe that the family's estimated value is off by $50 or more. The family must cooperate with the appraiser but cannot be charged any costs related to the appraisal.*

  Generally, personal property held as an investment generates no income until it is disposed of. If regular income is generated (e.g., income from renting the personal property), the amount that is expected to be earned in the coming year is counted as actual income from the asset.

Necessary items of personal property are not considered assets [*24 CFR 5.603(b)*]. *Necessary personal property consists of items such as clothing, furniture, household furnishings, jewelry that is not held as an investment, and vehicles, including those specially equipped for persons with disabilities*.

Life Insurance

The cash value of a life insurance policy available to a family member before death, such as a whole life or universal life policy, is included in the calculation of the value of the family's assets [*HCV Guide Book, pp 5-25*]. The cash value is the surrender value. If such a policy earns dividends or interest that the family could elect to receive, the anticipated dividend or interest is counted as income from the asset whether or not the family actually receives it.

6-I.G. PERIODIC PAYMENTS

Periodic payments are forms of income received on a regular basis. HUD regulations specify periodic payments that are and are not included in annual income.

Periodic Payments Included in Annual Income

Periodic payments from sources such as social security, unemployment and welfare assistance, annuities, insurance policies, retirement funds, and pensions. However, periodic payments from retirement accounts, annuities, and similar forms of investments are counted only after they exceed the amount contributed by the family [*24 CFR 5.609(b)(4) and (b)(3)*].

Disability or death benefits and lottery receipts paid periodically, rather than in a single lump sum [*24 CFR 5.609(b)(4)*] and [*HCV Guide Book, p. 5-14*].

Lump-Sum Payments for the Delayed Start of a Periodic Payment

Most lump sums received because of delays in processing periodic payments, such as unemployment or welfare assistance, are counted as income. However, lump-sum receipts for the delayed start of periodic social security or supplemental security income (SSI) payments are not counted as income. Additionally, any deferred disability benefits that are received in a lump-sum or in prospective monthly amounts from the *Department of Veterans Affairs* are to be excluded from annual income [*24 CFR 5.609(c)(14)*].

- ***KHA Policy***: *When a delayed-start payment (excluding delayed start of periodic Social Security, VA or SSI which are not counted as income) is received and reported during the period in which KHA is processing an annual reexamination, KHA will adjust the family share and KHA subsidy retroactively for the period the payment was intended to cover. The family may pay in full any amount due or request to enter into a TPA with KHA*.

Treatment of Overpayment Deductions from Social Security Benefits

KHA must make a special calculation of annual income when the Social Security Administration (SSA) overpays an individual, resulting in a withholding or deduction from

his or her benefit amount until the overpayment is paid in full. The amount and duration of the withholding will vary depending on the amount of the overpayment and the percent of the benefit rate withheld. Regardless of the amount withheld or the length of the withholding period, *KHA* must use the reduced benefit amount after deducting only the amount of the overpayment withholding from the gross benefit amount [*Notice PIH 2012-10*].

Periodic Payments Excluded from Annual Income

- Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the assisted family, who are unable to live alone) [*24 CFR 5.609(c)(2)*]. Kinship guardianship assistance payments (Kin-GAP) and other similar guardianship payments are treated the same as foster care payments and are likewise excluded from annual income [*Notice PIH 2012-1*].

➢ ***KHA Policy***: *KHA will exclude payments for the care of foster children and foster adults only if the care is provided through an official arrangement with a local welfare agency [HCV Guide Book, p. 5-18].*

- *Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home [24 CFR 5.609(c)(16)].*
- *Amounts received under the Low-Income Home Energy Assistance Program (42 U.S.C. 1626(c)) [24 CFR 5.609(c)(17)].*
- *Amounts received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q) [24 CFR 5.609(c)(17)].*
- *Earned Income Tax Credit (EITC) refund payments (26 U.S.C. 32(j)) [24 CFR 5.609(c)(17)]. **NOTE**: EITC may be paid periodically if the family elects to receive the amount due as part of payroll payments from an employer.*
- *Lump sums received because of delays in processing Social Security and SSI payments (see section 6-I.H.) [24 CFR 5.609(C)(14)].*
- *Lump-sums or prospective monthly amounts received as deferred disability benefits from the Department of Veterans Affairs (VA) [24 CFR 5.609(c)(14)].*

6-I.H. PAYMENTS IN LIEU OF EARNINGS

Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay, are counted as income [*24 CFR 5.609(b)(5)*] if they are received either in the form of periodic payments or in the form of a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment. If they are received in a one-time lump sum (as a settlement, for instance), they are treated as lump-sum receipts [*24 CFR 5.609(c)(3*)]. See also the discussion of periodic payments in [*KHA Plan: 6-I.G.*] and the discussion of lump-sum receipts in [*KHA Plan: 6-I.H.*]

Overview of Income From Welfare Assistance

Welfare assistance is counted in annual income. Welfare assistance includes Temporary Assistance for Needy Families (TANF) and any payments to individuals or families based

on need that are made under programs funded separately or jointly by federal, state, or local governments [*24 CFR 5.603(b)*].

6-I.I. WELFARE ASSISTANCE

Sanctions Resulting in the Reduction of Welfare Benefits

[*24 CFR 5.615*]
KHA must make a special calculation of annual income when the welfare agency imposes certain sanctions on certain families. The full text of the regulation is provided at [*24 CFR 5.615*]. The requirements are summarized below. This rule applies only if a family was receiving HCV assistance at the time the sanction was imposed.

Covered Families

The families covered by [*24 CFR 5.615*] are those "who receive welfare assistance or other public assistance benefits ('welfare benefits') from a State or other public agency ('welfare agency') under a program for which Federal, State or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance" [*24 CFR 5.615(b)*].

Imputed Income

When a welfare agency imposes a sanction that reduces a family's welfare income because the family commits fraud or fails to comply with the agency's economic self-sufficiency program or work activities requirement, *KHA* must include in annual income "imputed" welfare income. *KHA* must request that the welfare agency provide the reason for the reduction of benefits and the amount of the reduction of benefits. This imputed welfare income is the amount that the benefits were reduced because of the sanction.

This requirement does not apply to reductions in welfare benefits:

1. at the expiration of the lifetime or other time limit on the payment of welfare benefits,
2. if a family member is unable to find employment even though the family member has complied with the welfare agency economic self-sufficiency or work activities requirements, or
3. because a family member has not complied with other welfare agency requirements [*24 CFR 5.615(b)(2)*].

Offsets

The amount of the imputed welfare income is offset by the amount of additional income the family begins to receive after the sanction is imposed. When the additional income equals or exceeds the imputed welfare income, the imputed income is reduced to zero [*24 CFR 5.615(c)(4)*].

6-I.J. PERIODIC AND DETERMINABLE ALLOWANCES

[*24 CFR 5.609(b)(7)*]

Annual income includes periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing with an assisted family.

Alimony and Child Support

KHA must count alimony or child support amounts awarded as part of a divorce or separation agreement.

- ***KHA Policy***: *KHA will count court-awarded amounts for alimony and child support unless KHA verifies that the payments are not being made. If the family declares that it receives irregular payments that differ from the court awarded amounts, KHA will count as income an average of the payments received over a twelve-month period.*

  Families who do not have court-awarded alimony and child support awards are not required to seek a court award, not required to take independent legal action to obtain collection and will be required to provide notarized statement declaring support payments. If no payments are received for 60 consecutive days, alimony and child support payments will not be counted as annual income.

Regular Contributions or Gifts

KHA must count as income regular monetary and nonmonetary contributions or gifts from persons not residing with an assisted family [24 CFR 5.609(b)(7)]. Temporary, nonrecurring, or sporadic income and gifts are not counted [24 CFR 5.609(c)(9)].

- ***KHA Policy***: *Examples of regular contributions include: (**1**) regular payment of a family's bills (e.g., utilities, telephone, rent, credit cards, and car payments), (**2**) cash or other liquid assets provided to any family member on a regular basis, and (**3**) "in-kind" contributions such as groceries and clothing provided to a family on a regular basis*.

Nonmonetary contributions will be valued at the cost of purchasing the items, as determined by *KHA*. For contributions that may vary from month to month (e.g., utility payments), *KHA* will include an average amount based upon history.

6-I.K. STUDENT FINANCIAL ASSISTANCE

[*24 CFR 5.609(b)(9)*]; [*Notice PIH 2015-21*]
In 2005, Congress passed a law (for HCV programs only) requiring that certain student financial assistance be included in annual income. Prior to that, the full amount of student financial assistance was excluded. For some students, the full exclusion still applies.

Student Financial Assistance Included in Annual Income

[*24 CFR 5.609(b)(9)*]; *Federal Register 4/10/06*; [*Notice PIH 2015-21*]
The regulation requiring the inclusion of certain student financial assistance applies only to students who satisfy all the following conditions:

- They are enrolled in an institution of higher education, as defined under the *Higher Education Act* (HEA) of 1965.
- They are seeking or receiving Section 8 assistance on their own—that is, apart from their parents—through the HCV program, the project-based certificate program, the project-based voucher program, or the moderate rehabilitation program.
- They are under 24 years of age OR they have no dependent children.

For students who satisfy these three conditions, any financial assistance more than tuition and any other required fees and charges received: (**1**) under the 1965 HEA, (**2**) from a private source, or (**3**) from an institution of higher education, as defined under the 1965 HEA, must be included in annual income.

To determine annual income in accordance with the above requirements, *KHA* will use the definitions of dependent child, institution of higher education, and parents in [*KHA Plan: 3-II.E.*], along with the following definitions [*Federal Register 4/10/06, pp. 18148-18150*]:

- *Assistance under the Higher Education Act* of 1965 includes Pell Grants, Federal Supplement Educational Opportunity Grants, Academic Achievement Incentive Scholarships, State Assistance under the Leveraging Educational Assistance Partnership Program, the Robert G. Byrd Honors Scholarship Program, and Federal Work Study programs.
- *Assistance from private sources* means assistance from nongovernmental sources, including parents, guardians, and other persons not residing with the student in an HCV assisted unit.
- *Tuition and fees* are defined in the same way the *Department of Education* defines tuition and fees [*Notice PIH 2015-21*].
  - This is the amount of tuition and required fees covering a full academic year most frequently charged to students.
  - The amount represents what a typical student would be charged and may not be the same for all students at an institution.
  - If tuition is charged on a per-credit-hour basis, the average full-time credit hour load for an academic year is used to estimate average tuition.
  - Required fees include all fixed-sum charges that are required of a large proportion of all students. Examples include, but are not limited to, writing and science lab fees and fees specific to the student's major or program (i.e., nursing program).
  - Expenses related to attending an institution of higher education must not be included as tuition. Examples include, but are not limited to, room and board, books, supplies, meal plans, transportation and parking, student health insurance plans, and other non-fixed sum charges.

Student Financial Assistance Excluded from Annual Income

[*24 CFR 5.609(c)(6)*]

Any student financial assistance not subject to inclusion under [*24 CFR 5.609(b)(9)*] is fully excluded from annual income under [*24 CFR 5.609(c)(6)*], whether it is paid directly to the student or to the educational institution the student is attending. This includes any financial assistance received by:

- Students residing with parents who are seeking or receiving Section 8 assistance;
- Students who are enrolled in an educational institution that does not meet the 1965 HEA definition of institution of higher education;
- Students who are over 23 **and** have at least one dependent child, as defined in [*KHA Plan: 3-II.E*]; and
- Students who are receiving financial assistance through a governmental program not authorized under the 1965 HEA.

6-I.L. ADDITIONAL EXCLUSIONS FROM ANNUAL INCOME

Other exclusions contained in [*24 CFR 5.609(c)*] that have not been discussed earlier in this chapter include the following:

- Reimbursement of medical expenses [*24 CFR 5.609(c)(4)*];
- Amounts received by participants in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred and which are made solely to allow participation in a specific program [*24 CFR 5.609(c)(8)(iii)*];
- Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a *Plan to Attain Self-Sufficiency* (PASS) [*24 CFR 5.609(c)(8)(ii*];
- Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era [*24 CFR 5.609(c)(10)*];
- Adoption assistance payments more than $480 per adopted child [*24 CFR 5.609(c)(12)*];
- Refunds or rebates on property taxes paid on the dwelling unit [*24 CFR 5.609(c)(15)*];
- Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home [*24 CFR 5.609(c)(16)*]; or
- Amounts specifically excluded by any other federal statute [*24 CFR 5.609(c)(17)*] *Federal Register Notice* 5/20/14. HUD publishes an updated list of these exclusions periodically. It includes:
  - **a.** The value of the allotment provided to an eligible household under the *Food Stamp Act* of 1977 (*7 U.S.C. 2017 (b)*);
  - **b.** Benefits under Section 1780 of the *School Lunch Act* and *Child Nutrition Act* of 1966, including WIC;
  - **c.** Payments to volunteers under the *Domestic Volunteer Services Act* of 1973 (*42 U.S.C. 5044(g)*, 5058);
  - **d.** Payments received under the *Alaska Native Claims Settlement Act* (*43 U.S.C. 1626(c)*);
  - **e.** Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes (*25 U.S.C. 459e*);

f. Payments or allowances made under the *Department of Health and Human Services' Low-Income Home Energy Assistance Program* (*42 U.S.C. 8624(f)*);

g. Payments received under programs funded in whole or in part under the *Workforce Investment Act* of 1998 (*29 U.S.C. 2931*);

h. Deferred disability benefits from the Department of Veterans Affairs, whether received as a lump sum or in monthly prospective amounts;

i. Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04);

j. Payments, funds, or distributions authorized, established, or directed by the *Seneca Nation Settlement Act* of 1990 (25 U.S.C. 1774f(b));

k. A lump sum or periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the United States District Court case entitled Elouise Cobell et al. v. Ken Salazar et al, for a period of one year from the time of receipt of that payment as provided in the *Claims Resolution Act* of 2010;

l. The first $2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first $2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (*25 U.S.C. 1407-1408*);

m. Benefits under the *Indian Veterans Housing Opportunity Act* of 2010 (only applies to Native American housing programs);

n. Payments received from programs funded under Title V of the *Older Americans Act* of 1985 (*42 U.S.C. 3056(f)*);

o. Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in In Re Agent Orange-product liability litigation, M.D.L. No. 381 (E.D.N.Y.);

p. Payments received under [*38 U.S.C. 1833(c)*] to children of Vietnam veterans born with spinal bifida, children of women Vietnam veterans born with certain birth defects, and children of certain Korean service veterans born with spinal bifida;

q. Payments received under the *Maine Indian Claims Settlement Act* of 1980 (*25 U.S.C. 1721*);

r. The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the *Child Care and Development Block Grant Act* of 1990 (*42 U.S.C. 9858q*);

s. Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (*26 U.S.C. 32(j)*);

t. Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);

u. Amounts of scholarships funded under Title IV of the *Higher Education Act* of 1965, including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (*20 U.S.C. 1087uu*). For Section 8 programs, the exception found in Section 237 of *Public Law 109–249* applies and requires that the amount of financial assistance more than tuition and mandatory

fees shall be considered income in accordance with the provisions codified at [*24 CFR 5.609(b)(9)*], except for those persons with disabilities as defined by [*42 U.S.C. 1437a(b)(3)(E)*] (Pub. L. 109–249) (See [*KHA Plan: 6-I.L.*] for exceptions.);

v. Allowances, earnings and payments to AmeriCorps participants under the *National and Community Service Act* of 1990 (*42 U.S.C. 12637(d)*);

w. Any amount of crime victim compensation (under the *Victims of Crime Act*) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the *Victims of Crime Act* because of the commission of a crime against the applicant under the *Victims of Crime Act* (*42 U.S.C. 10602*);

x. Any amounts in an "individual development account" as provided by the *Assets for Independence Act*, as amended in 2002;

y. Payments made from the proceeds of Indian tribal trust cases as described in [*Notice PIH 2013–30]*, "*Exclusion from Income of Payments under Recent Tribal Trust Settlements*" (*25 U.S.C. 117b(a)*); or

z. Major disaster and emergency assistance received under the *Robert T. Stafford Disaster Relief and Emergency Assistance Act* and comparable disaster assistance provided by states, local governments, and disaster assistance organizations.

PART II: ADJUSTED INCOME

Overview

HUD regulations require PHAs to deduct from annual income any of five mandatory deductions for which a family qualifies. The resulting amount is the family's adjusted income. Mandatory deductions are found in [*24 CFR 5.611*].

In determining adjusted income, *KHA* must deduct the following mandatory amounts from annual income:

1. $480 for each dependent;
2. $400 for any elderly family or disabled family;
3. The sum of the following, to the extent the sum exceeds three percent of annual income:
   - Unreimbursed medical expenses of any elderly family or disabled family;
   - Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus; and
4. Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education.

This part covers policies related to these mandatory deductions. Verification requirements related to these deductions are found in [*KHA Plan: Chapter 7, Verification*].

Anticipating Expenses

- ***KHA Policy***: *Generally, KHA will use current circumstances to anticipate expenses. When possible, for costs that are expected to fluctuate during the year (e.g., child care during school and non-school periods and cyclical medical expenses), KHA will estimate costs based on historic data and known future costs.*

  If a family has an accumulated debt for medical or disability assistance expenses, KHA will include as an eligible expense the portion of the debt that the family expects to pay during the period for which the income determination is being made. However, amounts previously deducted will not be allowed even if the amounts were not paid as expected in a preceding period. KHA may require the family to provide documentation of payments made in the preceding year.

6-II.A. DEPENDENT DEDUCTION

[*24 CFR 5.611(a)(1)*]
An allowance of $480 is deducted from annual income for each dependent. Dependent is defined as any family member other than the head, spouse, or cohead who is under the age of 18 or who is 18 or older and is a person with disabilities or a full-time student. Foster children, foster adults, and live-in aides are never considered dependents [*24 CFR 5.603(b)*].

6-II.B. ELDERLY OR DISABLED FAMILY DEDUCTION

A single deduction of $400 is taken for any elderly or disabled family [*24 CFR 5.611(a)(2)*]. An elderly family is a family whose head, spouse, cohead, or sole member is 62 years of age or older, and a disabled family is a family whose head, spouse, cohead, or sole member is a person with disabilities [*24 CFR 5.403*].

6-II.C. MEDICAL EXPENSE DEDUCTION

[*24 CFR 5.611(a)(3)(i)*]
Unreimbursed medical expenses may be deducted to the extent that, in combination with any disability assistance expenses, they exceed three percent of annual income.

The medical expense deduction is permitted only for families in which the head, spouse, or cohead is at least 62 or is a person with disabilities. If a family is eligible for a medical expense deduction, the medical expenses of all family members are counted [*HCV Guide Book, p. 28*].

Definition of Medical Expenses

[*24 CFR 5.603(b)*]

HUD regulations define medical expenses to mean "medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is computed, and that are not covered by insurance".

➢ ***KHA Policy***: *The most current IRS Publication 502, Medical and Dental Expenses, will be used as a reference to determine the costs that qualify as medical expenses.*

KHA will not include any over-the-counter drugs (other than insulin), nutritional supplements, health club dues, weight loss programs, or personal use items.

In addition, for individuals with disabilities who reside in Shared Housing settings, medical expenses will include the amount of unearned income (SSI, SSA Disability payments) which is considered as the income to the service provider who oversees the case management services needed by the individual to maintain their ability to function in the least restrictive setting which is neither a nursing home nor long term care facility. Housing may be referred to as a Community Integrated Living Arrangement.

Summary of Allowable Medical Expenses from IRS Publication 502

- Services of medical professionals;
- Surgery and medical procedures that are necessary, legal or non-cosmetic;
- Services of medical facilities;
- Hospitalization, long-term care, and in-home nursing services;
- Prescription medicines and insulin, but not nonprescription medicines even if recommended by a doctor;
- Improvements to housing directly related to medical needs (e.g., ramps for a wheel chair, handrails);
- Substance abuse treatment programs;
- Psychiatric treatment;
- Ambulance services and some costs of transportation related to medical expenses;
- The cost and care of necessary equipment related to a medical condition (e.g., eyeglasses/lenses, hearing aids, crutches, and artificial teeth);
- Cost and continuing care of necessary service animals; and
- Medical insurance premiums or the cost of a health maintenance organization (HMO).

➢ ***KHA Policy***: *KHA will provide medical deductions to assistance animals that are assumed to be healthy and able to provide the needed services and assistance. Medical deductions for assistance animals include: Food, grooming necessary for the health of the animal and regular health screenings and immunizations. Request for additional medical deductions must be submitted in writing. KHA will review and make a determination of approval on a case by case basis*.

Spend down

Individuals who, except for excess income, would qualify for Medicaid Assistance (MA) can qualify for MA through a "spend down." Under a spend down, an individual reduces his or her income by incurring medical bills in amounts that are equal to or greater than the amount by which his or her income exceeds the relevant spend down standard for the spend down period (six-month or one-month). Unpaid medical bills incurred before the time of application for MA can be used to meet the spend-down requirement.

There are two types of spend-downs. Under a six-month spend-down, an individual can become eligible for MA for up to six months, beginning on the date his or her total six-month spend down obligation is met. Under a one-month spend-down, individuals spend down their income during a month to become eligible for MA for the remainder of that month.

- ***KHA Policy***: *To be eligible for an annual medical expense deduction through spend-down, KHA requires the family to provide a 6-month history from local welfare department that documents that the participant has met his or her spend-down requirement. If a six-month history is not available then the family must provide KHA with a monthly statement, monthly for six months, documenting that the spend-down has been made*.

Families That Qualify for Both Medical and Disability Assistance Expenses

- ***KHA Policy***: *This policy applies only to families in which the head, spouse, or cohead is 62 or older or is a person with disabilities. When expenses anticipated by a family could be defined as either medical or disability assistance expenses, KHA will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work*.

6-II.D. DISABILITY ASSISTANCE EXPENSE DEDUCTION

[*24 CFR 5.603(b)*] and [*24 CFR 5.611(a)(3)(ii)*]

Reasonable expenses for attendant care and auxiliary apparatus for a disabled family member may be deducted if they: (1) are necessary to enable a family member 18 or older to work, (2) are not paid to a family member or reimbursed by an outside source, (3) in combination with any medical expenses, exceed three percent of annual income, and (4) do not exceed the earned income received by the family member who is enabled to work.

Earned Income Limit on the Disability Assistance Expense Deduction

A family can qualify for the disability assistance expense deduction only if at least one family member (who may be the person with disabilities) is enabled to work [*24 CFR 5.603(b)*].

The disability expense deduction is capped by the amount of "earned income received by family members who are 18 years of age or older and who are able to work" because of the

expense [*24 CFR 5.611(a)(3)(ii)*]. The earned income used for this purpose is the amount verified before any earned income disallowances or income exclusions are applied.

- ***KHA Policy***: *The family must identify the family members enabled to work because of the disability assistance expenses. In evaluating the family's request, KHA will consider factors such as how the work schedule of the relevant family members relates to the hours of care provided, the time required for transportation, the relationship of the family members to the person with disabilities, and any special needs of the person with disabilities that might determine which family members are enabled to work.*

  When KHA determines that the disability assistance expenses enable more than one family member to work, the expenses will be capped by the sum of the family members' incomes.

Eligible Disability Expenses

Examples of auxiliary apparatus are provided in the *HCV Guidebook* as follows: "Auxiliary apparatus are items such as wheelchairs, ramps, adaptations to vehicles, or special equipment to enable a blind person to read or type, but only if these items are directly related to permitting the disabled person or other family member to work" [*HCV Guide Book, p. 5-30*]. HUD advises PHAs to further define and describe auxiliary apparatus [*HCV Guide Book, p. 30*].

Eligible Auxiliary Apparatus

- ***KHA Policy***: *Expenses incurred for maintaining or repairing an auxiliary apparatus are eligible. In the case of an apparatus that is specially adapted to accommodate a person with disabilities (e.g., a vehicle or computer), the cost to maintain the special adaptations (but not maintenance of the apparatus itself) is an eligible expense. The cost of service animals trained to give assistance to persons with disabilities, including the cost of acquiring the animal, veterinary care, food, grooming, and other continuing costs of care, will be included*.

Eligible Attendant Care

The family determines the type of attendant care that is appropriate for the person with disabilities.

- ***KHA Policy***: *Attendant care includes, but is not limited to, reasonable costs for home medical care, nursing services, in-home or center-based care services, interpreters for persons with hearing impairments, and readers for persons with visual disabilities.*

  Attendant care expenses will be included for the period that the person enabled to work is employed plus reasonable transportation time. The cost of general housekeeping and personal services is not an eligible attendant care expense. However, if the person enabled to work is the person with disabilities, personal services necessary to enable the person with disabilities to work are eligible.

If the care attendant also provides other services to the family, KHA will prorate the cost and allow only that portion of the expenses attributable to attendant care that enables a family member to work. For example, if the care provider also cares for a child who is not the person with disabilities, the cost of care must be prorated. Unless otherwise specified by the care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

Payments to Family Members

No disability assistance expenses may be deducted for payments to a member of an assisted family [*24 CFR 5.603(b)*]. However, expenses paid to a relative who is not a member of the assisted family may be deducted if they are not reimbursed by an outside source.

Necessary and Reasonable Expenses

The family determines the type of care or auxiliary apparatus to be provided and must describe how the expenses enable a family member to work. The family must certify that the disability assistance expenses are necessary and are not paid or reimbursed by any other source.

- ***KHA Policy***: *KHA determines the reasonableness of the expenses based on typical costs of care or apparatus in the locality. To establish typical costs, KHA will collect information from organizations that provide services and support to persons with disabilities. A family may present, and KHA will consider, the family's justification for costs that exceed typical costs in the area*.

Families That Qualify for Both Medical and Disability Assistance Expenses

- ***KHA Policy***: *This policy applies only to families in which the head or spouse is 62 or older or is a person with disabilities. When expenses anticipated by a family could be defined as either medical or disability assistance expenses, KHA will consider them medical expenses unless the expenses are incurred exclusively to enable a person with disabilities to work*.

6-II.E. CHILD CARE EXPENSE DEDUCTION

HUD defines child care expenses at [*24 CFR 5.603(b)*] as "amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income".

Clarifying the Meaning of Child for This Deduction

Child care expenses do not include child support payments made to another on behalf of a minor who is not living in an assisted family's household [*HCV Guide Book, p. 26*]. However, child care expenses for foster children that are living in the assisted family's household, are included when determining the family's child care expenses [*HCV Guide Book, p. 5-29*].

Qualifying for the Deduction

Determining Who Is Enabled to Pursue an Eligible Activity

- ***KHA Policy***: *The family must identify the family member(s) enabled to pursue an eligible activity. The term eligible activity in this section means any of the activities that may make the family eligible for a child care deduction (seeking work, pursuing an education, or being gainfully employed).*

  In evaluating the family's request, KHA will consider factors such as how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

Seeking Work

- ***KHA Policy***: *If the child care expense being claimed is to enable a family member to seek employment, the family must provide evidence of the family member's efforts to obtain employment at each reexamination or upon request. The deduction may be reduced or denied if the family member's job search efforts are not commensurate with the child care expense being allowed by KHA*.

Furthering Education

- ***KHA Policy***: *If the child care expense being claimed is to enable a family member to further his or her education, the member must be enrolled in school (academic or vocational) or participating in a formal training program. The family member is not required to be a full-time student, but the time spent in educational activities must be commensurate with the child care claimed*.

Being Gainfully Employed

- ***KHA Policy***: *If the child care expense being claimed is to enable a family member to be gainfully employed, the family must provide evidence of the family member's*

employment during the time that child care is being provided. Gainful employment is any legal work activity (full- or part-time) for which a family member is compensated.

Earned Income Limit on Child Care Expense Deduction

When a family member looks for work or furthers his or her education, there is no cap on the amount that may be deducted for child care – although the care must still be necessary and reasonable. However, when child care enables a family member to work, the deduction is capped by "the amount of employment income that is included in annual income" [*24 CFR 5.603(b)*].

The earned income used for this purpose is the amount of earned income verified after any earned income disallowances or income exclusions are applied.

When the person who is enabled to work is a person with disabilities who receives the earned income disallowance (EID) or a full-time student whose earned income above $480 is excluded, child care costs related to enabling a family member to work may not exceed the portion of the person's earned income that actually is included in annual income. For example, if a family member who qualifies for the EID makes $15,000 but because of the EID only $5,000 is included in annual income, child care expenses are limited to $5,000.

KHA must not limit the deduction to the least expensive type of child care. If the care allows the family to pursue more than one eligible activity, including work, the cap is calculated in proportion to the amount of time spent working [*HCV Guide Book, p. 5-30*].

- ***KHA Policy***: *When the child care expense being claimed is to enable a family member to work, only one family member's income will be considered for a given period of time. When more than one family member works during a given period, KHA generally will limit allowable child care expenses to the earned income of the lowest-paid member. The family may provide information that supports a request to designate another family member as the person enabled to work*.

Eligible Child Care Expenses

The type of care to be provided is determined by the assisted family. *KHA* may not refuse to give a family the child care expense deduction because there is an adult family member in the household that may be available to provide child care [*HCV Guide Book, p. 26*].

Allowable Child Care Activities

- ***KHA Policy***: *For school-age children, costs attributable to public or private school activities during standard school hours are not considered. Expenses incurred for supervised activities after school or during school holidays (e.g., summer day camp, after-school sports league) are allowable forms of child care.*

  The costs of general housekeeping and personal services are not eligible. Likewise, child care expenses paid to a family member who lives in the family's unit are not

eligible; however, payments for child care to relatives who do not live in the unit are eligible.

If a child care provider also renders other services to a family or child care is used to enable a family member to conduct activities that are not eligible for consideration, KHA will prorate the costs and allow only that portion of the expenses that is attributable to child care for eligible activities. For example, if the care provider also cares for a child with disabilities who is 13 or older, the cost of care will be prorated. Unless otherwise specified by the child care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

Necessary and Reasonable Costs

Child care expenses will be considered necessary if: (**1**) a family adequately explains how the care enables a family member to work, actively seek employment, or further his or her education, and (**2**) the family certifies, and the child care provider verifies, that the expenses are not paid or reimbursed by any other source.

- ***KHA Policy***: *Child care expenses will be considered for the time required for the eligible activity plus reasonable transportation time. For child care that enables a family member to go to school, the time allowed may include not more than one study hour for each hour spent in class.*

  Supportive documentation may be required if the child care provider is an individual (including an unassisted family member), in which case the family must provide receipts or other written verification from the person who receives the payments and must provide the following information about the provider: their name; their address; their telephone number; their social security number; the names and ages of the children cared for; the rate of pay, including school and vacation periods. Families may present, and KHA will consider, justification for costs that exceed typical costs in the area.

  KHA will use the schedule of child care costs from the local welfare agency, and, comparing the two, will use the lesser of the scheduled child care costs of the local welfare agency or the individual provider.

PART III: CALCULATING FAMILY SHARE AND KHA SUBSIDY

Housing Choice Voucher Guidebook Resource.

The purpose of the *Housing Choice Voucher (HCV) Guidebook* is to provide an easy-to-use, one-stop resource to assist public housing agencies (PHAs), families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates into one document the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, *PIH Notices*, *Federal Register* Notices, and other forms of guidance issued by HUD.

KHA will provide a link to *HCV Guidebook* sections that assisted in the development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *HCV Guidebook* chapters will be living documents on HUD's website. Individual chapters will be amended as policies are refined.

The *HCV Guidebook* chapter on *Subsidy Standards (Payment Standards)* can be found here:
https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Payment_Standards.pdf

The *HCV Guidebook* chapter on *Calculating Rent and Housing Assistance Payments (HAP)* can be found here:
https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Calculating_Rent_and_HAP_Payments.pdf

Overview of Rent and Subsidy Calculations

KHA will use the methods set forth in this Plan to verify and determine that family income at admission and at reexamination is correct. The accurate calculation of annual income and adjusted income will ensure that families are not paying amounts for rent than are required under the Regulations. Previous chapters define the allowable expenses and deductions that may be subtracted from *Annual Income*. *Income* and *Total Tenant Payment* (TTP) are calculated in accordance with [*24 CFR Part 5, Subparts E and F*], and further instructions set forth in HUD Notices and Memoranda.

6-III.A. TOTAL TENANT PAYMENT FORMULA

[24 CFR 5.628]
HUD regulations specify the formula for calculating the total tenant payment (TTP) for an assisted family. TTP is the highest of the following amounts, rounded to the nearest dollar:

- 30 percent of the family's monthly adjusted income (adjusted income is defined in Part II)
- 10 percent of the family's monthly gross income (annual income, as defined in [*KHA Plan: 6-I*], divided by 12)
- The welfare rent (in as-paid states only)
- A minimum rent as established by *KHA*

Welfare Rent

[*24 CFR 5.628*]

➢ ***KHA Policy***: *Welfare rent does not apply in this locality*.

Minimum Rent

[*24 CFR 5.630*]

➢ ***KHA Policy***: *KHA minimum rent is fifty dollars ($50.)*

- *KHA has authority to suspend and exempt families from minimum rent when a financial hardship exists, as defined in* [*KHA Plan: 6-III.B.*].

Family Share

[*24 CFR 982.305(a)(5)*]

The amount that a family pays for rent and utilities (the family share) will never be less than the family's TTP but may be greater than the TTP depending on the rent charged for the unit the family selects. If a family chooses a unit with a gross rent (rent to owner plus an allowance for tenant-paid utilities) that exceeds *KHA*'s applicable subsidy standard: (**1**) the family will pay more than the TTP, and (**2**) at initial occupancy *KHA* may not approve the tenancy if it would require the family share to exceed forty percent (40%) of the family's monthly adjusted income. The income used for this determination must have been verified no earlier than 60 days before the family's voucher was issued. (For a discussion of the application of subsidy standards, see [*KHA Plan: 6-III.C.*].

KHA Subsidy

[*24 CFR 982.505(b)*]

Monthly payments to property owners from a PHA are not considered rent – they are classified as *subsidy* and issued as a housing assistance payment (HAP). *KHA* will pay a monthly HAP subsidy for a family that is equal to the lower of:

(1) the applicable subsidy standard for the family minus the family's TTP or

(2) the gross rent for the family's unit minus the TTP. (For a discussion of the application of subsidy standards, see [*KHA Plan: 6-III.C.*].

Utility Reimbursement

[*24 CFR 982.514(b); 982.514(c)*]

When *KHA* subsidy for a family exceeds the rent to owner, the family is due a utility reimbursement. HUD permits *KHA* to pay the reimbursement to the family or directly to the utility provider.

KHA may make all utility reimbursement payments to qualifying families on a monthly basis or may make quarterly payments when the monthly reimbursement amount is $15.00 or less. Reimbursements must be made once per calendar-year quarter and must be prorated if the family leaves the program in advance of its next quarterly reimbursement. *KHA* must also adopt hardship policies for families for whom receiving quarterly reimbursement would create a financial hardship.

➢ ***KHA Policy***: *KHA will issue utility reimbursements to the family monthly by check, or in the form of a deposit to a banking debit card.*

6-III.B. FINANCIAL HARDSHIPS AFFECTING MINIMUM RENT

[*24 CFR 5.630*]

Overview

If *KHA* establishes a minimum rent greater than zero, *KHA* must grant an exemption from the minimum rent if a family is unable to pay the minimum rent because of financial hardship.

The financial hardship exemption applies only to families required to pay the minimum rent. If a family's TTP is higher than the minimum rent, the family is not eligible for a hardship exemption. If *KHA* determines that a hardship exists, the family share is the highest of the remaining components of the family's calculated TTP.

HUD-Defined Financial Hardship

Financial hardship includes the following situations:

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

➢ ***KHA Policy***: *A hardship will be considered to exist only if the loss of eligibility has a negative impact on the family's ability to pay the minimum rent. For a family waiting for a determination of eligibility, the hardship period will end as of the first of the month following:*
   - *implementation of assistance, if approved, or*
   - *the decision to deny assistance.*

   A family whose request for assistance is denied may request a hardship exemption based upon one of the other allowable hardship circumstances.

2. The family would be evicted because it is unable to pay the minimum rent. For a family to qualify under this provision, the cause of the potential eviction must be the family's inability to pay rent to the owner or tenant-paid utilities.

3. Family income has decreased because of changed family circumstances, including the loss of employment.

4. A death has occurred in the family.

In order to qualify under this provision, a family must provide documentation of how the death has created a financial hardship (e.g., because of funeral-related expenses or the loss of the family member's income).

5. The family has experienced other circumstances determined by *KHA*.

Implementation of Hardship Exemption

Determination of Hardship

When a family requests a financial hardship exemption, *KHA* must suspend the minimum rent requirement beginning the first of the month following the family's request.

KHA then determines whether the financial hardship exists and whether the hardship is temporary (expected to last 90 days or less) or long-term. *KHA defines temporary hardship as a hardship expected to last 90 days or less. Long-term hardship is defined as a hardship expected to last more than 90 days*.

When the minimum rent is suspended, the family share reverts to the highest of the remaining components of the calculated TTP.

- ***KHA 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 KHA with 1040 Series tax return transcripts for the family.*

  KHA will make the determination of hardship, usually within 30 calendar days.

No Financial Hardship

If *KHA* determines there is no financial hardship, *KHA* will reinstate the minimum rent and require the family to repay the amounts suspended.

- ***KHA Policy***: *KHA will require the family to repay the suspended amount within the timeframe of the TPA.*

Temporary Hardship

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

At the end of the 90-day suspension period, the family must resume payment of the minimum rent and must repay *KHA* the amounts suspended. HUD requires *KHA* to offer a reasonable repayment agreement, on terms and conditions established by *KHA*. *KHA* may determine that circumstances have changed, and that the hardship is a long-term hardship.

- ***KHA Policy***: *KHA may enter into a Tenant Payment Agreement (TPA) in accordance with the procedures found in [KHA Plan: Chapter 16, Program Administration]*.

Long-Term Hardship

If *KHA* determines that the financial hardship is long-term, *KHA* must exempt the family from the minimum rent requirement for so long as the hardship continues. The exemption will apply from the first of the month following the family's request until the end of the

qualifying hardship. When the financial hardship has been determined to be long-term, the family is not required to repay the minimum rent.

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

Declaration of Zero Income

- ***KHA 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, KHA will regularly review the reported income.*
  - ***a.*** *The family may be required to provide updated documentation to KHA of their income every 90 days.*
  - ***b.*** *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.)*
  - ***c.*** *If the family includes children under the age of 18, the family must declare how the needs of the child will be met.*
  - ***d.*** *The family must verify steps taken to secure employment for all members of the family 18 years of age or over to provide regular income to the households.*
  - **e.** *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.*
  - **f.** *The family may be required to complete the IRS 4506T-EZ form to provide KHA with 1040 Series tax return transcripts for the family.*

6-III.C. MAXIMUM SUBSIDY STANDARDS

[24 CFR 982.4(b)]

Overview

KHA's schedule of subsidy standards – also known as *payment standards*, is used to calculate housing assistance payments for HCV families. This section covers the application of *KHA*'s subsidy standards. The establishment and revision of *KHA*'s Maximum subsidy standard schedule is covered in [*KHA Plan: Chapter 16, Program Administration*].

- *Subsidy standard* is defined as "the maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family)" [*24 CFR 982.4(b)*].
- The subsidy standard for a family is the lower of (**1**) the subsidy standard for the family unit size, which is defined as the appropriate number of bedrooms for the family under *KHA*'s subsidy standards [*24 CFR 982.4(b)*], or (**2**) the subsidy standard for the size of the dwelling unit rented by the family.
- If *KHA* has established an exception subsidy standard for a designated part of a SAFMR area and a family's unit is located in the exception area, *KHA* must use the appropriate subsidy standard for the exception area.
- *KHA* is required to pay a monthly housing assistance payment (HAP) for a family that is the lower of (1) the subsidy standard for the family minus the family's TTP or (2) the gross rent for the family's unit minus the TTP.
- If during the term of the HAP Contract for a family's unit, the owner lowers the rent, *KHA* will recalculate the HAP using the lower of the initial subsidy standard or the gross rent for the unit [*HCV Guide Book, p. 7-8*].

Changes in Maximum Subsidy Standards

When *KHA* revises its subsidy standards during the term of the HAP Contract for a family's unit, it will apply the new subsidy standards in accordance with HUD regulations.

Decreases

If the amount on the maximum subsidy standard schedule is *decreased* during the term of the HAP Contract, the lower subsidy standard generally will be used beginning at the effective date of the family's second regular reexamination following the effective date of the decrease in the subsidy standard. *KHA* will determine the subsidy standard for the family as follows:

- **Step 1**: At the first regular reexamination following the *decrease* in the subsidy standard, *KHA* will determine the subsidy standard for the family using the lower of the subsidy standard for the family unit size or the size of the dwelling unit rented by the family.
- **Step 2**: *KHA* will compare the subsidy standard from step 1 to the subsidy standard last used to calculate the monthly housing assistance payment for the family. The subsidy standard used by *KHA* at the first regular reexamination following the decrease in the subsidy standard will be the higher of these two subsidy standards. *KHA* will advise the family that the application of the lower subsidy standard will be deferred until the second regular reexamination following the effective date of the decrease in the subsidy standard.
- **Step 3**: At the second regular reexamination following the *decrease* in the subsidy standard, the lower subsidy standard will be used to calculate the monthly housing assistance payment for the family unless *KHA* has subsequently increased the subsidy standard, in which case the subsidy standard will be determined in accordance with procedures for increases in subsidy standards described below.

Increases

If the subsidy standard is *increased* during the term of the HAP Contract, the increased subsidy standard will be used to calculate the monthly housing assistance payment for the family beginning on the effective date of the family's first regular reexamination on or after the effective date of the increase in the subsidy standard.

Families requiring or requesting interim reexaminations will not have their HAP payments calculated using the higher subsidy standard until their next annual reexamination [*HCV Guide Book, p. 7-8*].

Changes in Family Unit Size

Irrespective of any increase or decrease in the subsidy standard, if the family unit size increases or decreases during the HAP Contract term, the new family unit size must be used to determine the subsidy standard for the family beginning at the family's first regular reexamination following the change in family unit size.

Reasonable Accommodation

If a family requires a higher subsidy standard as a Reasonable Accommodation for a family member who is a person with disabilities, *KHA* is allowed to establish a higher subsidy standard for the family of not more than 110 percent of the published FMR.

- ***KHA Policy***: *Although KHA may approve an additional bedroom for medical equipment if the need is documented by a health care provider, the actual equipment in the additional bedroom will be verified by KHA during the annual inspection of the unit. If the extra bedroom is not being used for the intended purpose, KHA must reduce the subsidy standard and corresponding subsidy standard at the family's next annual recertification. KHA may take further action, if it believes any Obligations of the Family under [24 CFR Section 982.551] were violated*.

6-III.D. APPLYING UTILITY ALLOWANCES

Housing Choice Voucher Guidebook Resource.

The purpose of the *Housing Choice Voucher (HCV) Guidebook* is to provide an easy-to-use, one-stop resource to assist public housing agencies (PHAs), families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates into one document the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, *PIH Notices*, *Federal Register* Notices, and other forms of guidance issued by HUD.

KHA will provide a link to *HCV Guidebook* sections that assisted in the development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *HCV Guidebook* chapters will be living documents on HUD's website. Individual chapters will be amended as policies are refined.

The *HCV Guidebook* chapter on *Utility Allowances* can be found here:

https://www.hud.gov/sites/dfiles/PIH/documents/Utility_Allowance_Final_5.2020.pdf

Overview

A *KHA*-established utility allowance schedule is used in determining family share and *KHA* subsidy. A family's utility allowance is determined by the size of dwelling unit leased by a family or the voucher unit size for which the family qualifies using *KHA* subsidy standards, whichever is the lowest of the two. See [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*] for information on *KHA*'s subsidy standards. For policies on establishing and updating utility allowances see [*KHA Plan: Chapter 16, Program Administration*].

Reasonable Accommodation

HCV program regulations require *KHA* to approve a utility allowance amount higher than shown on *KHA*'s schedule if a higher allowance is needed as a Reasonable Accommodation for a family member with a disability.

The family must request the higher allowance and provide *KHA* with an explanation of the need for the Reasonable Accommodation and information about the amount of additional allowance required [*HCV Guide Book, p. 18-8*]

Utility Allowance Revisions

[*24 CFR 982.517(d)(2)*]
At reexamination, *KHA* must use *KHA* current utility allowance schedule.

- ***KHA Policy***: *Revised utility allowances will be applied to a family's rent and subsidy calculations at the first annual reexamination that is effective after the allowance is adopted.*

6-III.E. PRORATED ASSISTANCE FOR MIXED FAMILIES

[*24 CFR 5.520*]
HUD regulations prohibit assistance to ineligible family members. A mixed family is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible family members. *KHA* must prorate the assistance provided to a mixed family. *KHA* will first determine assistance as if all family members were eligible and then prorate the assistance based upon the percentage of family members that are eligible. For example, if *KHA* subsidy for a family is calculated at $500 and two of four family members are ineligible, *KHA* subsidy would be reduced to $250.

6-III.F. ENHANCED VOUCHER REQUIREMENTS FOR OVER-HOUSED FAMILIES

[*Notice PIH 2016-02*]
Enhanced voucher assistance is calculated differently from regular housing choice voucher assistance if the family remains in the project. A higher "enhanced" subsidy standard is used to determine the amount of the monthly subsidy in cases where the gross rent of the unit exceeds the normally applicable PHA subsidy standard. In such instances, the gross

rent for the unit is used in the monthly subsidy calculation instead of the normally applicable subsidy standard.

Voucher Issuance and PHA Determination of the Family's Over-housed Status.

Under a Housing conversion action, the *KHA* will issue an eligible family an enhanced voucher based on the *KHA* subsidy standards as required under [*24 CFR 982.402*], not the actual size of the unit the family is currently occupying. *KHA* will approve requests for a larger bedroom size to permit additional bedrooms if it may be necessary as a Reasonable Accommodation for a household with a family member with a disability, such as for example, to accommodate the need for a live-in aide or for medical equipment [*24 CFR Part 8*]. If the bedroom size of the family's unit exceeds the number of bedrooms for which the family qualifies under the *KHA* subsidy standards, the family is an over-housed family unless the family qualifies for a Reasonable Accommodation because one or more family member(s) need an additional bedroom.

If an over-housed family chooses to move from the project at any time, the normal tenant-based voucher program rules apply to the subsidy calculation for the new unit. In such a case, the subsidy standard is the lower of the subsidy standard for the family unit size under the *KHA* subsidy standards or the subsidy standard for the actual size of the unit rented by the family required under [*24 CFR 982.402(c)*]. However, if an over-housed family wishes to remain at the project, the regular voucher program requirements regarding the subsidy standard are not applicable and the provisions of this policy apply.

Availability of Appropriate Size Units in the Project.

Once *KHA* determines the family is over-housed, *KHA* must inform the family and explain the requirements under this policy. If the family indicates it wishes to remain at the project with enhanced voucher assistance, *KHA* must inform the owner of the project that the family is in an over-sized unit. *KHA* will also provide the owner with the bedroom size for which the family actually qualifies under the *KHA* subsidy standards (i.e., the appropriate size unit). The owner must then identify all appropriate size units that are available in the project. (Throughout this policy, when an appropriate size unit does not physically exist at the project, the term "appropriate size unit" also includes an available bedroom size unit that is smaller than the family's current unit but is not smaller than the appropriate size unit for which the family qualifies under the *KHA*'s subsidy standards (see paragraph 3 for further information)).

The over-housed family must move to an appropriate size unit in the project if one is available in order to receive enhanced voucher assistance. The family and owner will enter into a lease and *KHA* will execute a voucher housing assistance payments (HAP) contract on behalf of the family for the appropriate size unit to which the family moves. The enhanced voucher housing assistance payment calculation is based on the gross rent of the appropriate size unit.

If an over-housed enhanced voucher family refuses to move to the appropriate size unit, and one exists and is available for occupancy, *KHA* will calculate the family's housing

assistance payment for the over-sized unit based on the normally applicable voucher subsidy formula using the applicable subsidy standard established by *KHA* for its voucher program as required under [*24 CFR 982.402(c) and (d)*]. The family will be responsible for any amount of the gross rent not covered by the housing assistance payment.

Appropriate Size Unit Does Not Physically Exist in the Project.

If the family wishes to remain at the project with enhanced voucher assistance, and an appropriate size unit does not physically exist at the project, but a bedroom size unit is available that is smaller than the family's current unit but not smaller than the unit size for which the family qualifies under the *KHA* subsidy standards, the family must move to the smaller bedroom size unit within a reasonable time, not to exceed 30 days. The family and owner will enter into a new lease and *KHA* will execute a new voucher HAP contract with the owner for the smaller bedroom size unit. The enhanced voucher subsidy calculation is based on the gross rent for the smaller bedroom size unit.

If an over-housed enhanced voucher family refuses to move to the smaller bedroom size unit, and one exists and is available for occupancy, *KHA* will calculate the family's housing assistance payment for the over-sized unit based on the normally applicable voucher subsidy formula using the applicable subsidy standard established by *KHA* for its voucher program as required under [*24 CFR 982.402(c) and (d)*]. The family will be responsible for any amount of the gross rent not covered by the housing assistance payment.

No Appropriate Size Units Currently Available in the Project.

If an appropriate size unit is not currently available for the family in the project, *KHA* will execute a voucher HAP contract on behalf of the family for the over-sized unit, provided the rent is reasonable and the unit complies with all other voucher program requirements such as the housing quality standards. The enhanced voucher housing subsidy calculation is based on the gross rent for the over-sized unit. The subsidy calculation will continue to be based on the gross rent (including subsequent rent increases) for the over-sized unit until an appropriate size unit in the project becomes available for occupancy by the family.

KHA will maintain a record of enhanced voucher families living in over-sized units and monitor the availability of appropriate size units at the project. *KHA* will monitor the availability by periodically contacting the owner but not less than once per quarter. *KHA* may also consult other sources such as real estate agencies, periodicals that advertise rentals, or any other applicable sources. *KHA* will keep record of contact made with owners (or other sources) concerning the availability or expected availability of units.

Owner and KHA Responsibilities When Appropriate Size Units Become Available in the Project.

The owner must immediately inform *KHA* and the family when an appropriate size unit will become available in the project. The owner is subject to possible financial penalties or other enforcement actions if the owner fails to notify *KHA* immediately. If *KHA* learns of available units at the project for which the owner failed to notify *KHA*, *KHA* must report such information to HUD HQ and the Chicago Field Office.

KHA and Family Actions When Appropriate Size Units Become Available in the Project.

When *KHA* is informed that an appropriate size unit is available, *KHA* will immediately notify the over-housed family of the availability of the unit and the family must move to the appropriate size unit in a time, not to exceed 30 days, to continue to receive enhanced voucher assistance. The family and owner will enter into a new lease and *KHA* will execute a new voucher HAP contract with the owner for the appropriate size unit. The enhanced voucher subsidy calculation is based on the gross rent for the appropriate size unit.

Exceptions may be granted upon request by the family that would allow for an extension of time when moves within the established timeframe would create extreme hardship. Any exception granted will balance the family's need for an extension to the established timeframe and the economic need for the owner to re-lease the unit. If the family does not move to the appropriate size unit within the established timeframe or any extension granted, *KHA* will notify the owner that the unit may be re-leased to a family chosen by the owner and the over housed family's subsidy is recalculated as described below.

If an over-housed enhanced voucher family refuses to move to the appropriate size unit or does not move within the established timeframe as determined by *KHA*, *KHA* will recalculate the family's housing assistance payment for the oversized unit based on the normally applicable voucher subsidy formula using the applicable subsidy standard established by *KHA* for its voucher program as required under [*24 CFR 982.402(c) and (d)*]. The family will be responsible for any amount of the gross rent not covered by the housing assistance payment.

Number of Over-housed Families Exceeds the Availability of Appropriate Size Units in the Project.

If more than one over-housed enhanced voucher family residing at the project qualifies for the same size unit under the *KHA*'s subsidy standards, and the number of appropriate size units that become available at any given time is less than the number of units necessary to accommodate the number of over-housed families, *KHA* will consider such methods as date and time, (i.e.,. families living in over-sized units for the longest period of time are offered appropriately sized units first); lottery for families with the same voucher anniversary date; request that families volunteer to move; age; frailty or any other fair nondiscriminatory method *KHA* chooses to implement.

Decrease in Family Size or Change in Family Composition.

If, as a result of a decrease in family size or change in family composition, an enhanced voucher family subsequently becomes over-housed, the family must move to an appropriate size unit in accordance with paragraphs 2 and 3 above. Until such time that an appropriate size unit becomes available for occupancy by the family in the project, the family would continue to receive enhanced voucher assistance in the oversized unit.

Effective Communication and Limited English Proficiency.

Under Section 504 of the *Rehabilitation Act* and Title II of the *Americans with Disabilities Act*, in implementing these policies *KHA* will take appropriate steps to ensure effective communication with individuals with disabilities through the use of appropriate auxiliary aids and services, which may include large print and Braille notifications, depending on what is effective for the family member with a disability. In addition, under Title VI of the *Civil Rights Act*, *KHA* will take reasonable steps to ensure meaningful access by LEP persons.

- ***KHA Policy*:** *This policy applies to both enhanced voucher families that are determined to be in an over-housed situation at any point during the voucher tenancy, as well as any over-housed family where the enhanced voucher subsidy is currently based on the gross rent of the over-sized unit*.

EXHIBITS 6-1: ANNUAL INCOME INCLUSIONS

a) *Annual income means all amounts, monetary or not, which:*

1. Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
2. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
3. Which are not specifically excluded in paragraph (c) of this section.
4. Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

b) *Annual income includes, but is not limited to:*

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
4. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);
6. Welfare assistance payments.

   (i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

   (A) Qualify as assistance under the TANF program definition at [*45 CFR 260.31*]; and

   (B) Are not otherwise excluded under paragraph (c) of this section.

(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

8. All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section).

HHS DEFINITION OF "ASSISTANCE"

45 CFR: GENERAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

260.31 What does the term "assistance" mean?

(a)(1) The term "assistance" includes cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).

2. It includes such benefits even when they are:

(i) Provided in the form of payments by a TANF agency, or other agency on its behalf, to individual recipients; and

(ii) Conditioned on participation in work experience or community service (or any other work activity under 261.30 of this chapter).

3. Except where excluded under paragraph (b) of this section, it also includes supportive services such as transportation and child care provided to families who are not employed.

(b) [The definition of "assistance"] excludes: (1) Nonrecurrent, short-term benefits that:

(i) Are designed to deal with a specific crisis situation or episode of need;

(ii) Are not intended to meet recurrent or ongoing needs; and

(iii) Will not extend beyond four months.

2. Work subsidies (i.e., payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training);
3. Supportive services such as child care and transportation provided to families who are employed;
4. Refundable earned income tax credits;
5. Contributions to, and distributions from, Individual Development Accounts;
6. Services such as counseling, case management, peer support, child care information and referral, transitional services, job retention, job advancement, and other employment-related services that do not provide basic income support; and
7. Transportation benefits provided under a Job Access or Reverse Commute project, pursuant to section 404(k) of [the Social Security] Act, to an individual who is not otherwise receiving assistance.

EXHIBIT 6-2: ANNUAL INCOME EXCLUSIONS

[24 CFR 5.609]

(c) *Annual income does not include the following:*

(1) Income from employment of children (including foster children) under the age of 18 years;

(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);

(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(5) Income of a live-in aide, as defined in Sec. 5.403;

(6) The full amount of student financial assistance paid directly to the student or to the educational institution;

(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(8) (i) Amounts received under training programs funded by HUD;

(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for *KHA* or

owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;

(v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(9) Temporary, nonrecurring or sporadic income (including gifts);

(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(11) Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(12) Adoption assistance payments in excess of $480 per adopted child;

(13) [Reserved]

(14) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. [See Section 6-I.M for a list of benefits that qualify for this exclusion.]

EXHIBIT 6-3: TREATMENT OF FAMILY ASSETS

[24 CFR 5.603(b)] Net Family Assets

(1) Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.

(2) In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under Sec. 5.609.

(3) In determining net family assets, PHAs or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefore. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

(4) For purposes of determining annual income under Sec. 5.609, the term "net family assets'' does not include the value of a home currently being purchased with assistance under part 982, subpart M of this title. This exclusion is limited to the first 10 years after the purchase date of the home.

EXHIBIT 6-4: EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES

[24 CFR 5.617] Self-sufficiency incentives for persons with disabilities–Disallowance of increase in annual income

(a) *Applicable programs.* The disallowance of increase in annual income provided by this section is applicable only to the following programs: HOME Investment Partnerships Program (24 CFR part 92); Housing Opportunities for Persons with AIDS (24 CFR part 574); Supportive Housing Program (24 CFR part 583); and the Housing Choice Voucher Program (24 CFR part 982).

(b) *Definitions.* The following definitions apply for purposes of this section.

Baseline income. The annual income immediately prior to implementation of the disallowance described in paragraph (c)(1) of this section of a person with disabilities (who is a member of a qualified family).

Disallowance. Exclusion from annual income.

Previously unemployed includes a person with disabilities who has earned, in the twelve months previous to employment, no more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage.

Qualified family. A family residing in housing assisted under one of the programs listed in paragraph (a) of this section or receiving tenant-based rental assistance under one of the programs listed in paragraph (a) of this section.

(1) Whose annual income increases as a result of employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment;

(2) Whose annual income increases as a result of increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program; or

(3) Whose annual income increases, as a result of new employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act, as determined by the responsible entity in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WTW) programs. The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance-- provided that the total amount over a six-month period is at least $500.

(c) *Disallowance of increase in annual income—*

(1) *Initial twelve-month exclusion*. During the twelve month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the responsible entity must exclude from annual income (as defined in the regulations governing the applicable program listed in paragraph (a) of this section) of a qualified family any increase in income of the family member who is a person with disabilities as a result of employment over prior income of that family member.

(2) *Second twelve-month exclusion and phase-in*.
Upon expiration of the 12-month period defined in paragraph (c)(1) of this section and for the subsequent 12-month period, the responsible entity must exclude from annual income of a qualified family at least 50 percent of any increase in income of such family member as a result of employment over the family member's baseline income.

(3) *Maximum 2-year disallowance*. The disallowance of increased income of an individual family member who is a person with disabilities as provided in paragraph (c)(1) or (c)(2) is limited to a lifetime 24-month period. The disallowance only applies for a maximum of twelve months for disallowance under paragraph (c)(1) and a maximum of twelve months for disallowance under paragraph (c)(2), during the 24-month period starting from the initial exclusion under paragraph (c)(1) of this section.

(4) *Effect of changes on currently*
participating families. Families eligible for and participating in the disallowance of earned income under this section prior to *May 9, 2016* will continue to be governed by this section in effect as it existed immediately prior to that date (see 24 CFR parts 0 to 199, revised as of April 1, 2016).

(d) *Inapplicability to admission.* The disallowance of increases in income as a result of employment. of persons with disabilities under this section does not apply for purposes of admission to the program (including the determination of income eligibility or any income targeting that may be applicable.

EXHIBIT 6-5: THE EFFECT OF WELFARE BENEFIT REDUCTION

[24 CFR 5.615]

Public housing program and Section 8 tenant-based assistance program: How welfare benefit reduction affects family income

(a) *Applicability.* This section applies to covered families who reside in public housing (part 960 of this title) or receive Section 8 tenant-based assistance (part 982 of this title).

(b) *Definitions.* The following definitions apply for purposes of this section:

Covered families. Families who receive welfare assistance or other public assistance benefits ("welfare benefits'') from a State or other public agency ("welfare agency'') under a program for which Federal, State, or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance.

Economic self-sufficiency program. See definition at Sec. 5.603.

Imputed welfare income. The amount of annual income not actually received by a family, as a result of a specified welfare benefit reduction, that is nonetheless included in the family's annual income for purposes of determining rent.

Specified welfare benefit reduction.

(1) A reduction of welfare benefits by the welfare agency, in whole or in part, for a family member, as determined by the welfare agency, because of fraud by a family member in connection with the welfare program; or because of welfare agency sanction against a family member for noncompliance with a welfare agency requirement to participate in an economic self-sufficiency program

2) "Specified welfare benefit reduction'' does not include a reduction or termination of welfare benefits by the welfare agency:

(i) at expiration of a lifetime or other time limit on the payment of welfare benefits;

(ii) because a family member is not able to obtain employment, even though the family member has complied with welfare agency economic self-sufficiency or work activities requirements; or

(iii) because a family member has not complied with other welfare agency requirements.

(c) *Imputed welfare income.*

(1) A family's annual income includes the amount of imputed welfare income (because of a specified welfare benefits reduction, as specified in notice to *KHA* by the welfare agency), plus the total amount of other annual income as determined in accordance with Sec. 5.609.

(2) At the request of *KHA*, the welfare agency will inform *KHA* in writing of the amount and term of any specified welfare benefit reduction for a family member, and the reason for such reduction, and will also inform *KHA* of any subsequent changes in the term or amount of such specified welfare benefit reduction. *KHA* will use this information to determine the amount of imputed welfare income for a family.

(3) A family's annual income includes imputed welfare income in family annual income, as determined at *KHA*'s interim or regular reexamination of family income and composition, during the term of the welfare benefits reduction (as specified in information provided to *KHA* by the welfare agency).

(4) The amount of the imputed welfare income is offset by the amount of additional income a family receives that commences after the time the sanction was imposed. When such additional income from other sources is at least equal to the imputed.

(5) *KHA* may not include imputed welfare income in annual income if the family was not an assisted resident at the time of sanction.

(d) *Review of KHA decision.*

(1) Public housing. If a public housing tenant claims that *KHA* has not correctly calculated the amount of imputed welfare income in accordance with HUD requirements, and if *KHA* denies the family's request to modify such amount, *KHA* shall give the tenant written notice of such denial, with a brief explanation of the basis for *KHA* determination of the amount of imputed welfare income. *KHA* notice shall also state that if the tenant does not agree with *KHA* determination, the tenant may request a grievance hearing in accordance with part 966, subpart B of this title to review *KHA* determination. The tenant is not required to pay an escrow deposit pursuant to Sec. 966.55(e) for the portion of tenant rent attributable to the imputed welfare income in order to obtain a grievance hearing on *KHA* determination.

(2) Section 8 participant. A participant in the Section 8 tenant-based assistance program may request an Informal Hearing, in accordance with Sec. 982.555 of this title, to review *KHA* determination of the amount of imputed welfare income that must be included in the family's annual income in accordance with this section. If the family claims that such amount is not correctly calculated in accordance with HUD requirements, and if *KHA* denies the family's request to modify such amount, *KHA* shall give the family written notice of such denial, with a brief explanation of the basis for *KHA* determination of the amount of imputed welfare income. Such notice shall also state that if the family does not agree with *KHA* determination, the family may request an Informal Hearing on the determination under *KHA* hearing procedure.

(e) *KHA relation with welfare agency.*

(1) *KHA* must ask welfare agencies to inform *KHA* of any specified welfare benefits reduction for a family member, the reason for such reduction, the term of any such reduction, and any subsequent welfare agency determination affecting the amount or term of a specified welfare benefits reduction. If the welfare agency determines a specified welfare benefits reduction for a family member, and gives *KHA* written notice of such reduction, the family's annual incomes shall include the imputed welfare income because of the specified welfare benefits reduction.

(2) *KHA* is responsible for determining the amount of imputed welfare income that is included in the family's annual income as a result of a specified welfare benefits reduction as determined by the welfare agency, and specified in the notice by the welfare agency to *KHA*. However, *KHA* is not responsible for determining whether a reduction of welfare benefits by the welfare agency was correctly determined by the welfare agency in accordance with welfare program requirements and procedures, nor for providing the opportunity for review or hearing on such welfare agency determinations.

3) Such welfare agency determinations are the responsibility of the welfare agency, and the family may seek appeal of such determinations through the welfare agency's normal due process procedures. *KHA* shall be entitled to rely on the welfare agency notice to *KHA* of the welfare agency's determination of a specified welfare benefits reduction.

CHAPTER 7 VERIFICATION

[*24 CFR 982.516*], [*24 CFR 982.551*], [*24 CFR 5.230*], [*Notice PIH 2010-19*]

Introduction

KHA must verify all information that is used to establish the family's eligibility and level of assistance and is required to obtain written authorization from the family in order to collect the information. Applicants and program participants must cooperate with the verification process as a condition of receiving assistance. *KHA* must not pass on the cost of verification to the family.

KHA will follow the verification guidance provided by HUD in [*Notice PIH 2010-19*] and any subsequent guidance issued by HUD. This chapter summarizes those requirements and provides supplementary *KHA* policies.

Part I: General Verification Requirements

Part II: Verifying Family Information

Part III: Verifying Income and Assets

Part IV: Verifying Mandatory Deductions

Verification policies, rules and procedures will be modified as needed to accommodate persons with disabilities. All information obtained through the verification process will be handled in accordance with the records management policies of *KHA*.

PART I. GENERAL VERIFICATION REQUIREMENTS

7-I.A. FAMILY CONSENT TO RELEASE OF INFORMATION

[*24 CFR 982.516*]; [*24 CFR 982.551*]; [*24 CFR 5.230*]

The family **must** supply any information that *KHA* or HUD determines is necessary to the administration of the program and must consent to *KHA* verification of that information [*24 CFR 982.551*].

Consent Forms

It is required that all adult applicants and participants sign form HUD-9886, *Authorization for Release of Information*. The purpose of form HUD-9886 is to facilitate automated data collection and computer matching from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and *KHA* may collect information from *State Wage Information Collection Agencies* (SWICAs) and current and former employers of adult family members. Only HUD is authorized to collect information *directly* from the *Internal Revenue Service* (IRS) and the *Social Security Administration* (SSA).

Adult family members must sign other consent forms as needed to collect information relevant to the family's eligibility and level of assistance.

Penalties for Failing to Consent

[*24 CFR 5.232*]
If any family member who is required to sign a consent form fails to do so, *KHA* will deny admission to applicants and terminate assistance of participants. The family may request an Informal Review (applicants) or Informal Hearing (participants) in accordance with *KHA* procedures.

7-I.B. VERIFICATION REQUIREMENTS

HUD's Verification Hierarchy

HUD authorizes *KHA* to use six methods to verify family information and specifies the circumstances in which each method will be used. In general HUD requires *KHA* to use the most reliable form of verification that is available and to document the reasons when *KHA* uses a lesser form of verification.

- ***KHA Policy***: *In order of priority, the forms of verification that KHA will use are:*
  1. *Up-front Income Verification (UIV) using HUD's Enterprise Income Verification (EIV) system;*
  2. *Up-front Income Verification (UIV) using a non-HUD system;*
  3. *Written Third-Party Verification (may be provided by applicant or participant);*
  4. *Written Third-party Verification Form;*
  5. *Oral Third-party Verification; then*
  6. *Self-Certification*

Each of the verification methods is discussed in subsequent sections below.

Requirements for Acceptable Documents

- ***KHA Policy***: *Any documents used for verification must be the original (not photocopies) and generally must be dated within 60 days of the date they are provided to KHA. The documents must not be damaged, altered or in any way illegible.*
  - *Print-outs from Web pages are considered original documents.*
  - *KHA staff member who views the original document must make a photocopy, annotate the copy with the name of the person who provided the document and the date the original was viewed, and sign the copy.*
  - *Any family self-certifications must be made in a format acceptable to KHA and must be signed in the presence of a KHA representative*.

File Documentation

KHA must document in the file how the figures used in income and rent calculations were determined. All verification attempts, information obtained, and decisions reached during the verification process will be recorded in the family's file in sufficient detail to demonstrate

that *KHA* has followed all of the verification policies set forth in this plan. The record should be sufficient to enable a staff member or HUD reviewer to understand the process followed and conclusions reached.

➢ ***KHA Policy***: *KHA will document, in the family file, the following:*
- *Reported family annual income*
- *Value of assets*
- *Expenses related to deductions from annual income*
- *Other factors influencing adjusted income*

When *KHA* is unable to obtain third-party verification, *KHA* will document in the family file the reason that third-party verification was not available [*24 CFR 982.516(a)(2)*]; [*Notice PIH 2010-19*].

7-I.C. UP-FRONT INCOME VERIFICATION (UIV)

Up-front income verification (UIV) refers to *KHA*'s use of the verification tools available from independent sources that maintain computerized information about earnings and benefits. UIV will be used to the extent that these systems are available to *KHA*.

There may be legitimate differences between the information provided by the family and UIV-generated information. If the family disputes the accuracy of UIV data, no adverse action can be taken until *KHA* has independently verified the UIV information and the family has been granted an opportunity to contest any adverse findings through the Informal Review or hearing process of *KHA*.

See [*KHA Plan: Chapter 6, Income and Subsidy Determinations*] for *KHA*'s policy on the use of UIV/EIV to project annual income.

Upfront Income Verification Using HUD's Enterprise Income Verification (EIV) System (Mandatory)

PHAs must use HUD's EIV system in its entirety as a third-party source to verify tenant employment and income information during mandatory reexamination or recertification of family composition and income in accordance with [*24 CFR 5.236*] and administrative guidance issued by HUD. The EIV system contains data showing earned income, unemployment benefits, social security benefits, and SSI benefits for participant families. The following policies apply to the use of HUD's EIV system.

EIV Income Reports

The data shown on income reports is updated quarterly. Data may be between 3 and 6 months old at the time reports are generated.

➢ ***KHA Policy***: *KHA will obtain income reports for annual reexaminations on a monthly basis. Reports will be generated as part of the regular reexamination process.*

- *Income reports will be compared to family-provided information as part of the annual reexamination process. Income reports may be used in the calculation of annual income, as described in* [*KHA Plan: 6-I.C.*] *Income reports may also be used to meet the regulatory requirement for third party verification, as described above. Policies for resolving discrepancies between income reports and family-provided information will be resolved as described in* [*KHA Plan: 6-I.B.*] *and in this chapter.*
- *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. KHA may also require the family to complete the IRS 4506T-EZ form to provide KHA with 1040 Series tax return transcripts for the family.*
- *Income reports will be retained in participant files with the applicable annual or interim reexamination documents.*

When *KHA* determines through income reports and third-party verification that a family has concealed or under-reported income, corrective action will be taken pursuant to the policies in [*KHA Plan:* Chapter 14, Program Integrity].

EIV Identity Verification

The EIV system verifies tenant identities against SSA records. These records are compared to PIC data for a match on social security number, name, and date of birth.

PHAs are required to use EIV's Identity Verification Report on a monthly basis to improve the availability of income information in EIV [*Notice PIH 2012-10*].

When identity verification for a participant fails, a message will be displayed within the EIV system and no income information will be displayed.

➢ ***KHA Policy***: *KHA will identify participants whose identity verification has failed by reviewing EIV's Identity Verification Report on a monthly basis.*
- *KHA will attempt to resolve PIC/SSA discrepancies by obtaining appropriate documentation from the participant. When KHA determines that discrepancies exist due to KHA errors such as spelling errors or incorrect birth dates, the errors will be corrected promptly.*

Upfront Income Verification Using Non-HUD Systems (Optional)

In addition to mandatory use of the EIV system, HUD encourages PHAs to utilize other upfront verification sources.

➢ ***KHA Policy***: *KHA will inform all applicants and participants of its use of UIV resources during the admission and reexamination process. The specific resources used will vary from time to time and KHA will update their resource list as needed. The following are examples of Income Verification Systems and resources that may be used by KHA:*

- *HUD's EIV system;*
- *The Work Number/Equifax; and*
- *Illinois Department of Human Services*

7-I.D. THIRD-PARTY WRITTEN AND ORAL VERIFICATION

HUD's current verification hierarchy defines two types of written third-party verification. The more preferable form, "written third-party verification," consists of an original document generated by a third-party source, which may be received directly from a third-party source or provided to *KHA* by the family. If written third-party verification is not available, *KHA* must attempt to obtain a "written third-party verification form." This is a standardized form used to collect information from a third party.

Written Third-Party Verification

[*Notice PIH 2010-19*]
Written third-party verification documents must be original and authentic and may be supplied by the family or received from a third-party source.

Examples of acceptable tenant-provided documents include, but are not limited to: pay stubs, payroll summary reports, employer notice or letters of hire and termination, SSA benefit verification letters, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices.

KHA is required to obtain, at minimum, two current and consecutive pay stubs for determining annual income from wages.

KHA may reject documentation provided by the family if the document is not an original, if the document appears to be forged, or if the document is altered, mutilated, or illegible.

➢ ***KHA Policy***: *Third-party documents provided by the family must be dated within 60 days of KHA request date.*
- *If KHA determines that third-party documents provided by the family are not acceptable, KHA will explain the reason to the family and request additional documentation.*
- *As verification of earned income, KHA will request pay stubs covering the 60-day period prior to KHA's request.*

Written Third-Party Verification Form

When upfront verification is not available, and the family is unable to provide written third-party documents, *KHA* must request a written third-party verification form. HUD's position is that this traditional third-party verification method presents administrative burdens and risks which may be reduced using family-provided third-party documents. PHAs may mail, fax, or e-mail third-party written verification form requests to third-party sources.

➢ ***KHA Policy***: *KHA will send third-party verification forms directly to the third party.*

- *Third-party verification forms will be sent when third-party verification documents are unavailable or are rejected by KHA*.

Oral Third-Party Verification

[*Notice PIH 2010-19*]
For third-party oral verification, PHAs contact sources, identified by UIV techniques or by the family, by telephone or in person. Oral third-party verification is mandatory if neither form of written third-party verification is available.

Third-party oral verification may be used when requests for written third-party verification forms have not been returned within a reasonable time—e.g., 10 business days.

PHAs should document in the file the date and time of the telephone call or visit, the name of the person contacted, the telephone number, as well as the information confirmed.

➢ ***KHA Policy***: *In collecting third-party oral verification, KHA staff will record in the family's file the name and title of the person contacted, the date and time of the conversation (or attempt), the telephone number used, and the facts provided.*

When any source responds verbally to the initial written request for verification KHA will accept the verbal response as oral verification but will also request that the source complete and return any verification forms that were provided.

When Third-Party Verification is Not Required

[*Notice PIH 2010-19*]
Third-party verification may not be available in all situations. HUD has acknowledged that it may not be cost-effective or reasonable to obtain third-party verification of income, assets, or expenses when these items would have a minimal impact on the family's total tenant payment.

➢ ***KHA Policy***: *If the family cannot provide original documents, KHA will pay the service charge required to obtain third-party verification, unless it is not cost effective in which case a self-certification will be acceptable as the only means of verification. The cost of verification will not be passed on to the family.*

The cost of postage and envelopes to obtain third-party verification of income, assets, and expenses is not considered an unreasonable cost [HCV Guide Book, p. 18].

Primary Documents

Third-party verification is not required when legal documents are the primary source, such as a birth certificate or other legal documentation of birth.

Imputed Assets

[*HCV Guide Book, p. 5-28*]

HUD permits PHAs to accept a self-certification from a family as verification of assets disposed of for less than fair market value.

- ***KHA Policy***: *KHA will accept a self-certification from a family as verification of assets disposed of for less than fair market value*.

Value of Assets and Asset Income

[*24 CFR 982.516(a)*]
For families with net assets totaling $5,000 or less, *KHA* may accept the family's declaration of asset value and anticipated asset income. However, *KHA* is required to obtain third-party verification of all assets regardless of the amount during the intake process and at least every three years thereafter.

- ***KHA Policy***: *For families with net assets totaling $5,000 or less, KHA will accept the family's self-certification of the value of family assets and anticipated asset income when applicable*.

7-I.E. SELF-CERTIFICATION

Self-certification, or "tenant declaration," is used as a last resort when *KHA* is unable to obtain third-party verification. When *KHA* relies on a tenant declaration for verification of income, assets, or expenses, the family's file must be documented to explain why third-party verification was not available.

7-I.F. UNSWORN DECLARATIONS UNDER PENALTY OF PERJURY

[*28 U.S. Code 1746*]
Wherever, under any law of the United States or under any rule, regulation, order, or requirement made pursuant to law, any matter is required or permitted to be supported, evidenced, established, or proved by the sworn declaration, verification, certificate, statement, oath, or affidavit, in writing of the person making the same (other than a deposition, or an oath of office, or an oath required to be taken before a specified official other than a notary public), such matter may, with like force and effect, be supported, evidenced, established, or proved by the unsworn declaration, certificate, verification, or statement, in writing of such person which is subscribed by him, as true under penalty of perjury, and dated, in substantially the following form:

1. If executed without the United States: "I declare (or certify, verify, or state) under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on (date). (Signature).
2. If executed within the United States, its territories, possessions, or commonwealths: "I declare (or certify, verify, or state) under penalty of perjury that the foregoing is true and correct. Executed on (date). (Signature).

- ***KHA Policy***: *When information cannot be verified by a third party or by review of documents, family members will be required to submit "unsworn declarations" called*

self-certifications, attesting to the accuracy of the information they have provided to KHA as outlined in 7-I.F of this Plan.

- *KHA may require a family to certify that a family member does not receive a particular type of income or benefit.*
- *The self-certification must be made in a format acceptable to KHA under 7-I.F of this Plan, and must be signed by the family member whose information or status is being verified. All self-certifications must be signed in the presence of a KHA representative or a notary public.*
- *Statements made by any member of the household by self-certification and determined by KHA to be false, are grounds for program termination described in [KHA Plan: Chapter 12, Termination of Assistance and Tenancy].*

PART II: VERIFYING FAMILY INFORMATION

7-II.A. VERIFICATION OF LEGAL IDENTITY

➢ ***KHA Policy***: *KHA will require families to furnish verification of legal identity for each household member.*

Verification of Legal Identity for Adults

- Certificate of birth, naturalization papers;
- Church issued baptismal certificate;
- Picture identification card;
- U.S. military discharge (DD 214);
- Current U.S. passport; or
- Employer identification card.

Verification of Legal Identity for Children

- Certificate of birth;
- Adoption papers;
- Custody agreement (through the courts);
- Health and Human Services ID;
- Delegation of Parental Authority (D.O.P.A.); or
- Verifiable school records.

➢ ***KHA Policy***: *If a document submitted by a family is illegible or otherwise questionable, more than one of these documents may be required. If none of these documents can be provided and at KHA's discretion, a third party who knows the person may attest to the person's identity. The certification must be provided in a format acceptable to KHA and be signed in the presence of a KHA representative. Legal identity will be verified on an as needed basis.*

7-II.B. SOCIAL SECURITY NUMBERS

[*24 CFR 5.216*], [*Notice PIH 2012-10*]

The family must provide documentation of a valid social security number (SSN) for each member of the household, with the exception of individuals who do not contend eligible immigration status.

NOTE: *An individual who previously declared to have eligible immigration status may not change his or her declaration for the purpose of avoiding compliance with the SSN disclosure and documentation requirements or penalties associated with noncompliance with these requirements. Nor may the head of household opt to remove a household member from the family composition for this purpose*.

KHA must accept the following documentation as acceptable evidence of the social security number:

- An original SSN card issued by the Social Security Administration (SSA);
- An original SSA-issued document, which contains the name and SSN of the individual; or
- An original document issued by a federal, state, or local government agency, which contains the name and SSN of the individual

KHA may only reject documentation of an SSN provided by an applicant or participant if the document is not an original document or if the original document has been altered, mutilated, is illegible, or appears to be forged.

➢ ***KHA Policy***: *KHA will explain to the applicant or participant the reasons the document is not acceptable and request that the individual obtain and submit acceptable documentation of the SSN to KHA within 90 days*.

When participants request to add a new household member who is at least 6 years of age, or who is under the age of 6 and has an SSN, the participant must provide the complete and accurate SSN assigned to each new member at the time of reexamination or recertification, in addition to the documentation required to verify it. *KHA* may not add the new household member until such documentation is provided.

When participants request to add a new household member who is under the age of 6 and has not been assigned an SSN, the participant must provide the SSN assigned to each new child and the required documentation within 90 calendar days of the child being added to the household. A 90-day extension will be granted if *KHA* determines that the participant's failure to comply was due to unforeseen circumstances and was outside of the participant's control. During the period *KHA* is awaiting documentation of the SSN, the child will be counted as part of the assisted household.

➢ ***KHA Policy***: *KHA will grant one additional 90-day extension if needed for reasons beyond the participant's control such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency*.

Social security numbers must be verified only once during continuously-assisted occupancy.

- ***KHA Policy***: *KHA* will verify each disclosed SSN by:
  - Obtaining documentation from applicants and participants that is acceptable as evidence of social security numbers; and
  - Making a copy of the original documentation submitted, returning it to the individual, and retaining a copy in the file folder

Once the individual's verification status is classified as "verified," *KHA* may, at its discretion, remove and destroy copies of documentation accepted as evidence of social security numbers. The retention of the EIV Summary Report or Income Report is adequate documentation of an individual's SSN.

- ***KHA Policy***: *Once an individual's status is classified as "verified" in HUD's EIV system, KHA will remove and destroy copies of documentation accepted as evidence of social security numbers*.

7-II.C. DOCUMENTATION OF AGE

A birth certificate or other official record of birth is the preferred form of age verification for all family members. For elderly family members, an original document that provides evidence of the receipt of social security retirement benefits is acceptable.

- ***KHA Policy***: *If an official record of birth or evidence of social security retirement benefits cannot be provided, KHA will require the family to submit other documents that support the reported age of the family member (e.g., school records, driver's license if birth year is recorded) and to provide a self-certification*.
  - *Age must be verified only once during continuously-assisted occupancy*.

7-II.D. FAMILY RELATIONSHIPS

Applicants and program participants are required to identify the relationship of each household member to the head of household. Definitions of the primary household relationships are provided in the Eligibility chapter.

- ***KHA Policy***: *Family relationships are verified only to the extent necessary to determine a family's eligibility and level of assistance. Certification by the head of household normally is sufficient verification of family relationships*.

Marriage

- ***KHA Policy***: Certification by the head of household is normally sufficient verification. If *KHA* has reasonable doubts about a marital relationship, *KHA* will require the family to document the marriage.
  - A marriage certificate generally is required to verify that a couple is married.

Separation or Divorce

- ***KHA Policy***: *Certification by the head of household is normally sufficient verification. If KHA has reasonable doubts about a separation or divorce, KHA will require the family to provide documentation of the divorce, or separation.*
  - *A certified copy of a divorce decree, signed by a court officer, is required to document that a couple is divorced.*
  - *A copy of a court-ordered maintenance or other court record is required to document a separation.*
  - *If no court document is available, documentation from a community-based agency may be accepted*.

Absence of Adult Member

- ***KHA 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 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 KHA. If documentation is not available, a self-certification under penalty of perjury may be acceptable*.

Foster Children and Foster Adults

- ***KHA Policy*****:** *Third-party verification from the state or local government agency responsible for the placement of the individual with the family is required*.

7-II.E. VERIFICATION OF STUDENT STATUS

General Requirements

- ***KHA Policy***: *KHA requires families to provide information about the student status of all students who are 18 years of age or older. This information will be verified only if:*
  - *The family claims full-time student status for an adult other than the head, spouse, or cohead, or*
  - *The family reports child care expenses to enable a family member to further his or her education.*
  - *The family includes a student enrolled in an institution of higher education*.

Restrictions on Assistance to Students Enrolled in Institutions of Higher Education

This section applies only to students who are seeking assistance on their own, separately from their parents. It does not apply to students residing with parents who are seeking or receiving HCV assistance.

- ***KHA Policy***: *In accordance with the verification hierarchy described in* [*KHA Plan: 7-1.B.*], *KHA will determine whether the student is exempt from the restrictions in [24 CFR 5.612] by verifying any one of the following exemption criteria:*
  - *The student is enrolled at an educational institution that does not meet the definition of institution of higher education in the Higher Education Act of 1965. See [KHA Plan: Exhibit 3-2];*
  - *The student is at least 24 years old.*
  - *The student is a veteran, as defined in* [*KHA Plan: 3-II.E*]*;*
  - *The student is married;*
  - *The student has at least one dependent child, as defined in* [*KHA Plan: 3-II.E*]*; or*
  - *The student is a person with disabilities, as defined in* [*KHA Plan: 3-II.E*]*, and was receiving assistance prior to November 30, 2005.*

  If KHA cannot verify at least one of these exemption criteria, KHA will conclude that the student is subject to the restrictions on assistance at [24 CFR 5.612]. In addition to verifying the student's income eligibility, KHA will then proceed to verify either the student's parents' income eligibility (see Section 7-III.J) or the student's independence from his/her parents (see below).

Independent Student

- ***KHA Policy***: *KHA will verify a student's independence from their parents to determine that the student's parents' income is not relevant for determining the student's eligibility by doing all of the following:*
  - *Either reviewing and verifying previous address information to determine whether the student has established a household separate from his/her parents for at least one year or reviewing and verifying documentation relevant to determining whether the student meets the U.S. Department of Education's definition of independent student (see Section 3-II.E);*
  - *Reviewing prior year income tax returns to verify whether a parent has claimed the student as a dependent; or*
  - *Requesting and obtaining written certification directly from the student's parents identifying the amount of support they will be providing to the student, even if the amount of support is $0*.

7-II.F. DOCUMENTATION OF DISABILITY

KHA must verify the existence of a disability in order to allow certain income disallowances and deductions from income. *KHA* is not permitted to inquire about the nature or extent of a person's disability [*24 CFR 100.202(c)*]. *KHA* may not inquire about a person's diagnosis or details of treatment for a disability or medical condition. If *KHA* receives a verification

document that provides such information, *KHA* will not place this information in the tenant file. Under no circumstances will *KHA* request a participant's medical record(s). For more information on health care privacy laws, see the *Department of Health and Human Services'* website at. http://www.hhs.gov/ocr/privacy.

The above cited regulation does not prohibit the following inquiries, provided these inquiries are made of all applicants, whether or not they are persons with disabilities [*HCV Guide Book, p. 24*]:

- Inquiry into an applicant's ability to meet the requirements of ownership or tenancy;
- Inquiry to determine whether an applicant is qualified for a dwelling available only to persons with disabilities or to persons with a particular type of disability;
- Inquiry to determine whether an applicant for a dwelling is qualified for a priority available to persons with disabilities or to persons with a particular type of disability;
- Inquiring whether an applicant for a dwelling is a current illegal abuser or addict of a controlled substance; or
- Inquiring whether an applicant has been convicted of the illegal manufacture or distribution of a controlled substance

Family Members Receiving SSA Disability Benefits

[*HCV Guide Book, p. 23*]
Verification of the receipt of disability benefits from the Social Security Administration (SSA) is sufficient verification of disability for the purpose of qualifying for waiting list preferences (if applicable) or certain income disallowances and deductions.

➢ ***KHA Policy***: *For family members claiming disability who receive disability benefits from the SSA, KHA will attempt to obtain information about disability benefits through the HUD Enterprise Income Verification (EIV) system. If documentation from HUD's EIV System is not available, KHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member claiming disability status. If the family is unable to provide the document(s), KHA will ask the family to request a benefit verification letter by either calling SSA, or by requesting it from www.ssa.gov. Once the applicant or participant receives the benefit verification letter they will be required to provide it to KHA.*

Family Members Not Receiving SSA Disability Benefits

[*24 CFR 5.603*]
Receipt of veteran's disability benefits, worker's compensation, or other non-SSA benefits based on the individuals claimed disability are not sufficient verification that the individual meets HUD's definition of disability.

➢ ***KHA Policy***: *For family members claiming disability who do not receive disability benefits from the SSA, a knowledgeable professional must provide third-party verification that the family member meets the HUD definition of disability. See the Eligibility chapter for the HUD definition of disability. The knowledgeable professional will verify whether the family member does or does not meet the HUD definition.*

7-II.G. CITIZENSHIP OR ELIGIBLE IMMIGRATION STATUS

[*24 CFR 5.508*]

Overview

Housing assistance is not available to persons who are not citizens, nationals, or eligible immigrants. Prorated assistance is provided for "mixed families" containing both eligible and ineligible persons. A detailed discussion of eligibility requirements is in the Eligibility chapter. This verifications chapter discusses HUD and *KHA* verification requirements related to citizenship status.

The family must provide a certification that identifies each family member as a U.S. citizen, a U.S. national, an eligible noncitizen or an ineligible noncitizen and submit the documents discussed below for each family member. Once eligibility to receive assistance has been verified for an individual it need not be collected or verified again during continuously-assisted occupancy [*24 CFR 5.508(g)(5)*].

U.S. Citizens and Nationals

HUD requires a declaration for each family member who claims to be a U.S. citizen or national. The declaration must be signed personally by any family member 18 or older and by a guardian for minors.

KHA may request verification of the declaration by requiring presentation of a birth certificate, United States passport or other appropriate documentation.

- ***KHA Policy***: *Family members who claim U.S. citizenship or national status will not be required to provide additional documentation unless KHA receives information indicating that an individual's declaration may not be accurate*.

Eligible Immigrants

Documents Required

All family members claiming eligible immigration status must declare their status in the same manner as U.S. citizens and nationals.

The documentation required for eligible non-citizens varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, age, and the date on which the family began receiving HUD-funded assistance. [*KHA Plan: Exhibit 7-2*] summarizes documents family members must provide.

KHA Verification

[*HCV Guide Book, pp. 5-3 and 5-7*]

For family members age 62 or older who claim to be eligible immigrants, proof of age is required in the manner described in [*KHA Plan: 7-II.C.*]. No further verification of eligible immigration status is required.

For family members under the age of 62 who claim to be eligible immigrants, *KHA* must verify immigration status with the *United States Citizenship and Immigration Services* (USCIS).

KHA will follow all USCIS protocols for verification of eligible immigration status.

7-II.H. VERIFICATION OF PREFERENCE STATUS

KHA must verify any preferences claimed by an applicant that determined placement on the waiting list. Preferences are covered in detail in [*KHA Plan: 4-III.*].

PART III. VERIFYING INCOME AND ASSETS

[*KHA Plan: 6-I*] describes in detail the types of income that are included and excluded and how assets and income from assets are handled. Any assets and income reported by the family must be verified. This part provides *KHA* policies that supplement the general verification procedures specified in [*KHA Plan:* 7-I].

7-III.A. EARNED INCOME

Tips

- ***KHA Policy***: *Unless tip income is included in a family member's W-2 by the employer, persons who work in industries where tips are standard will be required to sign a certified estimate of tips received for the prior year and tips anticipated to be received in the coming year*.

7-III.B. BUSINESS AND SELF-EMPLOYMENT INCOME

- ***KHA Policy***: *Business owners and self-employed persons will be required to provide:*
  - *An audited financial statement for the previous fiscal year if an audit was conducted. KHA will require any person who is unable to provide such a statement to submit a record of income and expenses;*
  - *All schedules completed for filing federal and local taxes in the preceding year; and*
  - *If accelerated depreciation was used on the tax return or financial statement, an accountant's calculation of depreciation expense, computed using straight-line depreciation rules*.

KHA will require any person who is unable to provide such a statement to submit a record of income and expenses for the coming year. The business owner/self-employed person will be required to submit the information requested and to certify to its accuracy at all future reexaminations.

At any reexamination, *KHA* may request documents that support submitted financial statements such as manifests, appointment books, cash books, or bank statements.

If a family member has been self-employed or started a business less than three (3) months prior, *KHA* will accept the family member's certified estimate of income. If the family member has been self-employed for three (3) to twelve (12) months *KHA* will require the family to provide documentation of income and expenses for this period and use that information to project income.

7-III.C. PERIODIC PAYMENTS AND PAYMENTS IN LIEU OF EARNINGS

Social Security/SSI Benefits

- ***KHA Policy***: *To verify the SS/SSI benefits of applicants, KHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s), KHA will ask the family to request a benefit verification letter by either calling SSA, or by requesting it from www.ssa.gov. Once the applicant has received the benefit verification letter they will be required to provide it to KHA.*

  To verify the SS/SSI benefits of participants, KHA will obtain information about social security/SSI benefits through the HUD UIV System or the Tenant Assessment Subsystem (TASS). If benefit information is not available in HUD systems, KHA will request a current SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s) KHA will ask the family to request a benefit verification letter by either calling SSA, or by requesting it from www.ssa.gov. Once the participant has received the benefit verification letter they will be required to provide it to KHA.

7-III.D. ALIMONY OR CHILD SUPPORT

- ***KHA Policy***: *KHA will seek verification for alimony and child support based on the verification hierarchy.*

7-III.E. ASSETS AND INCOME FROM ASSETS

Assets Disposed of for Less than Fair Market Value

[*HCV Guide Book, p. 5-28*]

The family must certify whether any assets have been disposed of for less than fair market value in the preceding two years. *KHA* needs to verify only those certifications that warrant documentation.

- ***KHA Policy***: *KHA will verify the value of assets disposed of only if:*

- *KHA does not already have a reasonable estimation of its value from previously collected information, or*
- *The amount reported by the family in the certification appears obviously in error*.

7-III.F. NET INCOME FROM RENTAL PROPERTY

➢ ***KHA Policy***: *The family must provide:*
- *A current executed lease for the property that shows the rental amount or certification from the current tenant; and*
- *A self-certification from the family members engaged in the rental of property providing an estimate of expenses for the coming year and the most recent IRS Form 1040 with Schedule E (Rental Income). If schedule E was not prepared, KHA will require the family members involved in the rental of property to provide a self-certification of income and expenses for the previous year and may request documentation to support the statement including: tax statements, insurance invoices, bills for reasonable maintenance and utilities, and bank statements or amortization schedules showing monthly interest expense*.

7-III.G. RETIREMENT ACCOUNTS

➢ ***KHA Policy***: *When third-party verification is not available the type of original document that will be accepted depends upon the family member's retirement status.*

Before retirement. *KHA will accept an original document from the entity holding the account with a date that shows it is the most recently scheduled statement for the account but in no case earlier than 6 months from the effective date of the examination.*

Upon retirement. *KHA will accept an original document from the entity holding the account that reflects any distributions of the account balance, any lump sums taken and any regular payments.*

After retirement. *KHA will accept an original document from the entity holding the account dated no earlier than 12 months before that reflects any distributions of the account balance, any lump sums taken and any regular payments*.

7-III.H. INCOME FROM EXCLUDED SOURCES

A detailed discussion of excluded income is provided in [*KHA Plan: 6-I*].

HUD guidance on verification of excluded income draws a distinction between income which is fully excluded and income which is only partially excluded.

- *For fully excluded income*, *KHA* is not required to follow the verification hierarchy, document why third-party verification is not available, or report the income on the Form HUD 50058. Fully excluded income is defined as income that is entirely excluded from the annual income determination (for example, food stamps, earned income of a minor, or foster care funds) [*Notice PIH 2013-04*].

- PHAs may accept a family's signed application or reexamination form as self-certification of fully excluded income. They do not have to require additional documentation. However, if there is any doubt that a source of income qualifies for full exclusion, PHAs have the option of requiring additional verification.
- *For partially excluded income*, *KHA* is required to follow the verification hierarchy and all applicable regulations, and to report the income on the Form HUD 50058. Partially excluded income is defined as income where only a certain portion of what is reported by the family qualifies to be excluded and the remainder is included in annual income (for example, the income of an adult full-time student, or income excluded under the earned income disallowance).

➢ ***KHA Policy***: *KHA will reconcile differences in amounts reported by the third party and the family only when the excluded amount is used to calculate the family share (as is the case with the earned income disallowance). In all other cases, KHA will report the amount to be excluded as indicated on documents provided by the family*.

7-III.I. ZERO ANNUAL INCOME STATUS

➢ ***KHA Policy***: *KHA 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 KHA with 1040 Series tax return transcripts for the family.*

7-III.J. STUDENT FINANCIAL ASSISTANCE

Any financial assistance, in excess of amounts received for tuition, that a person attending an institution of higher education receives under the *Higher Education Act* of 1965, from private sources, or from an institution of higher education must be considered income unless the student is over the age of 23 with dependent children or is residing with parents who are seeking or receiving HCV assistance [*24 CFR 5.609(b)(9)*] and [*Federal Register 4/10/06*].

For students over the age of 23 with dependent children or students residing with parents who are seeking or receiving HCV assistance, the full amount of student financial assistance is excluded from annual income [*24 CFR 5.609(c)(6)*]. The full amount of student financial assistance is also excluded for students attending schools that do not qualify as institutions of higher education [*KHA Plan: Exhibit 3-2*]. Excluded amounts are verified only if, without verification, *KHA* would not be able to determine whether or to what extent the income is to be excluded. [*KHA Plan: 7-III.H*].

➢ ***KHA Policy***: *For a student subject to having a portion of his/her student financial assistance included in annual income in accordance with [24 CFR 5.609(b)(9)], KHA will request third-party written verification of both the source and the amount from the educational institution attended by the student as well as from any other person or entity providing such assistance, as reported by the student.*

In addition, KHA will request written verification from the institution of higher education regarding the student's tuition amount.

If KHA is unable to obtain third-party written verification of the requested information, KHA will pursue other forms of verification following the verification hierarchy in [*KHA Plan: 7-I.B.*].

7-III.K. PARENTAL INCOME OF STUDENTS SUBJECT TO ELIGIBILITY RESTRICTIONS

If a student enrolled at an institution of higher education is under the age of 24, is not a veteran, is not married, does not have a dependent child, and is not a person with disabilities receiving HCV assistance as of November 30, 2005, the income of the student's parents must be considered when determining income eligibility, unless the student is determined independent from his or her parents in accordance with *KHA* policy [*24 CFR 5.612*] and [*Federal Register 4/10/06*].

This provision does not apply to students residing with parents who are seeking or receiving HCV assistance. It is limited to students who are seeking or receiving assistance on their own, separately from their parents.

- ***KHA Policy***: *If KHA is required to determine the income eligibility of a student's parents, KHA will request an income declaration and certification of income from the appropriate parent(s) as determined in* [*KHA Plan: 3-II.E.*]. *KHA will send the request directly to the parents, who will be required to certify to their income under penalty of perjury. The parents will be required to submit the information directly to KHA. The required information must be submitted (postmarked) within 10 business days of the date of KHA's request or within any extended timeframe approved by KHA.*

  KHA reserves the right to request and review supporting documentation at any time if it questions the declaration or certification. Supporting documentation may include, but is not limited to, Internal Revenue Service (IRS) tax returns, consecutive and original pay stubs, bank statements, pension benefit statements, benefit award letters, and other official and authentic documents from a federal, state, or local agency.

PART IV. VERIFYING MANDATORY DEDUCTIONS

7-IV.A. DEPENDENT AND ELDERLY/DISABLED HOUSEHOLD DEDUCTIONS

The dependent and elderly/disabled family deductions require only that *KHA* verify that the family members identified as dependents or elderly/disabled persons meet the statutory definitions. No further verifications are required.

Dependent Deduction

See [*KHA Plan: 6-II.A.*] for a full discussion of this deduction. *KHA* will verify that:

- Any person under the age of 18 for whom the dependent deduction is claimed is not the head, spouse, or cohead of the family and is not a foster child; and
- Any person age 18 or older for whom the dependent deduction is claimed is not a foster adult or live-in aide, and is a person with a disability or a full-time student.

Elderly/Disabled Family Deduction

See [*KHA Plan: Chapter 3,* Program *Eligibility*] for a definition of elderly and disabled families and [*KHA Plan: 6-II.B.*] for a discussion of the deduction. *KHA* will verify that the head, spouse, or co-head is 62 years of age or older or a person with disabilities.

7-IV.B. MEDICAL EXPENSE DEDUCTION

Policies related to medical expenses are found in [*KHA Plan: 6-II.C.*]. The amount of the deduction will be verified following the standard verification procedures described in [*KHA Plan: Chapter 7-I*].

Amount of Expense

➢ ***KHA Policy***: *Medical expenses will be verified through:*

- *Written third-party documents provided by the family, such as pharmacy printouts or receipts;*
- *KHA's best efforts to determine what expenses from the past are likely to continue to occur in the future. KHA will also accept evidence of monthly payments or total payments that will be due for medical expenses during the upcoming 12 months; and*
- *Written third-party verification forms, if the family is unable to provide acceptable documentation.*

In addition, KHA must verify that:

- *The household is eligible for the deduction.*
- *The costs to be deducted are qualified medical expenses.*
- *The expenses are not paid for or reimbursed by any other source.*
- *Costs incurred in past years are counted only once*.

Eligible Household

The medical expense deduction is permitted only for households in which the head, spouse, or cohead is at least 62, or a person with disabilities. *KHA* will verify that the family meets the definition of an elderly or disabled family provided in [*KHA Plan: Chapter 3, Program Eligibility*] and as described in [*KHA Plan: Chapter 7-IV.A.*].

Qualified Expenses

To be eligible for the medical expenses deduction, the costs must qualify as medical expenses. See [*KHA Plan: Chapter 6-II.C.*] for *KHA*'s policy on what counts as a medical expense.

Unreimbursed Expenses

To be eligible for the medical expenses deduction, the costs must not be reimbursed by another source.

- ***KHA Policy***: *The family will be required to certify that the medical expenses are not paid or reimbursed to the family from any source. If expenses are verified through a third party, the third party must certify that the expenses are not paid or reimbursed from any other source*.

Expenses Incurred in Past Years

- ***KHA Policy***: *When anticipated costs are related to on-going payment of medical bills incurred in past years, KHA will verify:*
  - *The anticipated repayment schedule;*
  - *The amounts paid in the past, and*
  - *Whether the amounts to be repaid have been deducted from the family's annual income in past years*.

7-IV.C. DISABILITY ALLOWANCE EXPENSES

Policies related to disability assistance expenses are found in [*KHA Plan: 6-II.D.*]. The amount of the deduction will be verified following the standard verification procedures described in [*KHA Plan 7-I*].

Amount of Expense

Attendant Care

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 *KHA* determines are not reasonable in comparison to the total household income, *KHA* can request for the family to provide additional documentation to support the claimed allowance.

- ***KHA Policy***: *If KHA determines that permitted allowances claimed are not reasonable when compared to the family's total household income, KHA 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:*

a. *filed tax returns reflecting the amounts claimed;*
b. *completion of IRS Form 4506T-EZ by the household;*
c. *banks statements from the past 12 months that verify receipt of caregiver funds by the family;*
d. *insurance or other healthcare related documents that verify caregiver benefits are not being paid; or*
e. *any other documents determined by KHA*

Auxiliary Apparatus

➢ ***KHA Policy***: *Expenses for auxiliary apparatus will be verified through:*
- *Third-party verification of anticipated purchase costs of auxiliary apparatus.*
- *If third-party is not possible, billing statements for purchase of auxiliary apparatus, or other evidence of monthly payments or total payments that will be due for the apparatus during the upcoming 12 months; or*
- *If third-party or document review is not possible, written family certification of estimated apparatus costs for the upcoming 12 months.*

In addition, *KHA* must verify that:
- The family member for whom the expense is incurred is a person with disabilities as described in [*KHA Plan: 7-II.F*];
- The expense permits a family member, or members, to work [*KHA Plan: 6-II.E.*]; and
- The expense is not reimbursed from another source [*KHA Plan: 6-II.E.*].

Family Member is a Person with Disabilities

To be eligible for the disability assistance expense deduction, the costs must be incurred for attendant care or auxiliary apparatus expense associated with a person with disabilities. *KHA* will verify that the expense is incurred for a person with disabilities. [*KHA Plan: 7-II.F.*].

Family Member(s) Permitted to Work

KHA must verify that the expenses claimed actually enable a family member, or members, (including the person with disabilities) to work.

➢ ***KHA Policy***: *KHA will seek third-party verification from a Rehabilitation Agency or knowledgeable medical professional indicating that the person with disabilities requires attendant care or an auxiliary apparatus to be employed, or that the attendant care or auxiliary apparatus enables another family member, or members, to work [KHA Plan: 6-II.E.*].

If third-party and document review verification has been attempted and is either unavailable or proves unsuccessful, the family must certify that the disability assistance expense frees a family member, or members (possibly including the family member receiving the assistance), to work.

Unreimbursed Expenses

To be eligible for the disability expenses deduction, the costs must not be reimbursed by another source.

7-IV.D. CHILD CARE EXPENSES

Policies related to child care expenses are found in [*KHA Plan: 6-II.E.*]. The amount of the deduction will be verified following the standard verification procedures described in [*KHA Plan: 7- I*]. In addition, *KHA* must verify that:

- The child is eligible for care (12 or younger);
- The costs claimed are not reimbursed;
- The costs enable a family member to work, actively seek work, or further their education;
- The costs are for an allowable type of child care; and
- The costs are reasonable.

Eligible Child

To be eligible for the child care deduction, the costs must be incurred for the care of a child under the age of 13. *KHA* will verify that the child being cared for (including foster children) is under the age of 13 [*KHA Plan: 7-II.C.*].

Unreimbursed Expense

To be eligible for the child care deduction, the costs must not be reimbursed by another source.

➢ ***KHA Policy***: *The child care provider will be asked to certify that, to the best of the provider's knowledge, the child care expenses are not paid by or reimbursed to the family from any source. The family will be required to certify that the child care expenses are not paid by or reimbursed to the family from any source*.

Pursuing an Eligible Activity

KHA must verify that the family member(s) that the family has identified as being enabled to seek work, pursue education, or be gainfully employed, are actually pursuing those activities.

➢ ***KHA Policy***:

Information to be gathered:

- *KHA will verify information about how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the time required for study (for students), the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.*

- ***Seeking Work**. Whenever possible KHA will use documentation from a state or local agency that monitors work-related requirements (e.g., welfare or unemployment). In such cases KHA will request verification from the agency of the member's job seeking efforts to date and require the family to submit to KHA any reports provided to the other agency.*
- *In the event third-party verification is not available, KHA will provide the family with a form on which the family member must record job search efforts. KHA will review this information at each subsequent reexamination for which this deduction is claimed.*
- ***Furthering Education**. KHA will ask that the academic or vocational educational institution verify that the person permitted to further his or her education by the child care is enrolled and provide information about the timing of classes for which the person is registered.*
- ***Gainful Employment**. KHA will seek verification from the employer of the work schedule of the person who is permitted to work by the child care. In cases in which two or more family members could be permitted to work, the work schedules for all relevant family members may be verified.*

Allowable Type of Child Care

The type of care to be provided is determined by the family, but must fall within certain guidelines, as discussed in [*KHA Plan: Chapter 6, Income and Subsidy Determinations*].

➢ ***KHA Policy**: KHA will verify that the type of child care selected by the family is allowable, as described in* [*KHA Plan: 6-II.E.*].

- *KHA will verify that the fees paid to the child care provider cover only child care costs (e.g., no housekeeping services or personal services) and are paid only for the care of an eligible child (e.g., prorate costs if some of the care is provided for ineligible family members).*
- *KHA will verify that the child care provider is not an assisted family member. Verification will be made through the head of household's declaration of family members who are expected to reside in the unit.*

Reasonableness of Expenses

Only reasonable child care costs can be deducted.

➢ ***KHA Policy**: The actual costs the family incurs will be compared with KHA's established standards of reasonableness based on the schedule of child care costs from the local welfare agency.*

- *If the family presents a justification for costs that exceed typical costs in the area, KHA will request additional documentation, as required, to support a determination that the higher cost is appropriate.*

EXHIBITS 7-1: SUMMARY OF DOCUMENTATION REQUIREMENTS FOR NON-CITIZENS [HCV Guide Book, p. 5-9 and 5-10]

All non-citizens claiming eligible status must sign a declaration of eligible immigrant status on a form acceptable to *KHA*.

- Except for persons 62 or older, all non-citizens must sign a verification consent form
- Additional documents are required based upon the person's status

Elderly Non-citizens

- A person 62 years of age or older who claims eligible immigration status also must provide proof of age such as birth certificate, passport, or documents showing receipt of SS old-age benefits

All other Non-citizens

Non-citizens that claim eligible immigration status also must present the applicable USCIS document. Acceptable USCIS documents are listed below

- Form I-551 Alien Registration Receipt Card (for permanent resident aliens)
- Form I-94 Arrival-Departure Record annotated with one of the following:
  - "Admitted as a Refugee Pursuant to Section 207"
  - "Section 208" or "Asylum"
  - "Section 243(h)" or "Deportation stayed by Attorney General"
  - "Paroled Pursuant to Section 221 (d)(5) of the USCIS"
- Form I-94 Arrival-Departure Record with no annotation accompanied by:
  - A final court decision granting asylum (but only if no appeal is taken);
  - A letter from a USCIS asylum officer granting asylum (if application is filed on or after 10/1/90) or from a USCIS district director granting asylum (application filed before 10/1/90);
  - A court decision granting withholding of deportation; or
  - A letter from an asylum officer granting withholding or deportation (if application filed on or after 10/1/90).
- Form I-688 Temporary Resident Card annotated "Section 245A" or Section 210".
- Form I-688B Employment Authorization Card annotated "Provision of Law 274a. 12(11)" or "Provision of Law 274a.12".

- A receipt issued by the USCIS indicating that an application for issuance of a replacement document in one of the above listed categories has been made and the applicant's entitlement to the document has been verified; or
- Other acceptable evidence. If other documents are determined by the USCIS to constitute acceptable evidence of eligible immigration status, they will be announced by notice published in the *Federal Register*

CHAPTER 8 HOUSING QUALITY STANDARDS AND RENT REASONABLENESS DETERMINATIONS

[*24 CFR 982 Subpart I*]; [*24 CFR 982.507*]

Introduction

HUD requires that all units occupied by families receiving Housing Choice Voucher (HCV) assistance meet HUD's Housing Quality Standards (HQS) and permits *KHA* to establish additional requirements. The use of the term "HQS" in this plan refers to the combination of both HUD and *KHA*-established requirements.

All units must pass an HQS inspection prior to the approval of a lease and at least once every 24 months during the term of the HAP Contract, and at other times as needed, to determine that the unit meets HQS. Effective July 1, 2014, PHAs may establish a policy for performing unit inspections biennially rather than annually. This policy could apply to some or all assisted units. PHAs still have the option to inspect every unit annually. See [*KHA Plan: 8-II.C.*] for further details.

HUD also requires PHAs to determine rent for units under the program are reasonable when compared to comparable unassisted units in the market area.

This chapter explains HUD and *KHA* requirements related to housing quality and rent reasonableness as follows:

Part I. Physical Standards. This part discusses the physical standards required of units occupied by HCV-assisted families and identifies decisions about the acceptability of the unit that may be made by the family based upon the family's preference. It also identifies life-threatening conditions that must be addressed on an expedited basis.

Part II. The Inspection Process. This part describes the types of inspections *KHA* will make and the steps that will be taken when units do not meet HQS.

Part III. Rent Reasonableness Determinations. This part discusses the policies *KHA* will use to make rent reasonableness determinations.

Special HQS requirements for homeownership, manufactured homes, and other special housing types are discussed in [*KHA Plan: Chapter 15, Special Housing Types; Targeted Voucher/Other Program Types*] to the extent that they apply in this jurisdiction.

PART I: PHYSICAL STANDARDS

8-I.A. GENERAL INSPECTION GUIDELINES

[*24 CFR 982.401*]

HUD Performance and Acceptance Standards

HUD's performance and acceptability standards for HCV-assisted housing are provided in [*24 CFR 982.401]*. These standards cover the following areas:

- Sanitary facilities
- Food preparation and refuse disposal
- Space and Security
- Thermal Environment
- Illumination and electricity
- Structure and materials
- Interior Air Quality
- Water Supply
- Lead-based paint
- Access
- Site and neighborhood
- Sanitary condition
- Smoke Detectors

A summary of HUD performance criteria is provided in [*KHA Plan: Exhibit 8-1*]. Additional guidance on these requirements is found in the following HUD resources:

- *Housing Choice Voucher Guidebook*, Chapter 10;
- HUD *Housing Inspection Manual for Section 8 Housing;*
- HUD *Inspection Form, form HUD-52580* (4/15) and *Inspection Checklist, form HUD-52580-A (4/15); and*
- HUD [*Notice PIH 2003-31*]*, Accessibility Notic*e: Section 504 of the *Rehabilitation Act* of 1973; the *Americans with Disabilities Act* of 1990; the *Architectural Barriers Act* of 1968 and the *Fair Housing A*ct of 1988.

Tenant Preference Items

HUD requires *KHA* to enforce minimum HQS but also requires that certain judgments about acceptability be left to the family. For example, *KHA* must ensure that the unit contains the required sanitary facilities, but the family decides whether the cosmetic condition of the facilities is acceptable. [*KHA Plan: Exhibit 8-2*] summarizes those items that are considered tenant preferences.

Modifications to Provide Accessibility

Under the *Fair Housing Act* of 1988 an owner must not refuse the request of a family that contains a person with a disability to make necessary and reasonable modifications to the unit. Such modifications are at the family's expense. The owner may require restoration of the unit to its original condition if the modification would interfere with the owner or next occupant's full enjoyment of the premises. The owner may not increase a customarily required security deposit. However, the landlord may negotiate a restoration agreement

that requires the family to restore the unit and, if necessary to ensure the likelihood of restoration, may require the tenant to pay a reasonable amount into an interest-bearing escrow account over a reasonable period of time. The interest in any such account accrues to the benefit of the tenant. The owner may also require reasonable assurances that the quality of the work will be acceptable and that any required building permits will be obtained. [*24 CFR 100.203*]; [*Notice PIH 2003-31*].

Modifications to units to provide access for a person with a disability must meet all applicable HQS requirements and conform to the design, construction, or alteration of facilities contained in the *UFAS* and the *ADA Accessibility Guidelines* (ADAAG) [*28 CFR 35.151(c)*] *and* [*Notice PIH 2003-31*]. See [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity*] for additional information on Reasonable Accommodations for persons with disabilities.

8-I.B. ADDITIONAL LOCAL REQUIREMENTS

[*24 CFR 982.401(a)(4)*]
KHA may impose additional quality standards as long as the additional criteria are not likely to adversely affect the health or safety of participant families or severely restrict housing choice. HUD approval is required if more stringent standards are imposed. HUD approval is not required if *KHA* additions are clarifications of HUD's acceptability criteria or performance standards [*24 CFR 982.401(a)(4)*].

At the inspector's discretion, local municipal code may be enforced.

Thermal Environment

[*HCV Guide Book p.10-7*]
KHA must define a "healthy living environment" for the local climate. This may be done by establishing a temperature that the heating system must be capable of maintaining, that is appropriate for the local climate.

- ***KHA Policy***: *KHA defines "healthy living environment" by requiring units to meet the minimum standards set forth in the various village/municipality/building/housing codes*.

8-I.C. CLARIFICATIONS OF HUD REQUIREMENTS

- ***KHA Policy***: *As permitted by HUD, KHA has adopted the following specific requirements that elaborate on HUD standards.*
  - ***Walls***. *In areas where plaster or drywall is sagging, severely cracked, or otherwise damaged, it must be repaired or replaced. Any exterior or interior surfaces with peeling or chipping paint must be scraped and painted with two coats of unleaded paint or other suitable material.*
  - ***Windows***. *Window sashes must be in good condition, solid and intact, and properly fitted to the window frame. Damaged or deteriorated sashes must be replaced.*
    - *Windows must be weather-stripped as needed to ensure a weather-tight seal.*

- *At inspector's discretion, replacement or removal of damaged screens may be required based on site conditions.*
- *Any room for sleeping must have a window.*
- *All windows designed to have screens must have screens present at time of initial inspection.*

- ***Doors**. All exterior doors must be weather-tight to avoid any air or water infiltration, be lockable, have no holes, have all trim intact, and have a threshold.*
  - *All interior doors must have no holes, have all trim intact, and be able to be opened without the use of a key.*
- ***Floors**. All wood floors must be sanded to a smooth surface and sealed. Any loose or warped boards must be re-secured and made level. If they cannot be leveled, they must be replaced.*
  - *All floors must be in a finished state. Raw wood or unsealed concrete is not permitted.*
  - *All floors should have some type of base shoe, trim, or sealing for a "finished look." Vinyl base shoe is permitted.*
- ***Sinks**. All sinks and commode water lines must have shut off valves, unless faucets are wall mounted.*
  - *All worn or cracked toilet seats and tank lids must be replaced, and toilet tank lid must fit properly.*
- ***Security**. If window security bars or security screens are present on emergency exit windows, they must be equipped with a quick release system. The owner is responsible for ensuring that the family is instructed on the use of the quick release system.*
  - *Security, as of January 1, 2013, KHA, in accordance with the International Property Maintenance Code (2003 and later), requires that in addition to having a smoke detector in a common area on each floor, there must be installed a working smoke detector inside each room used for sleeping. At initial inspection, smoke detectors must have good batteries and be operable. At annual and special inspections, a lack of working batteries in smoke detectors constitutes a tenant caused fail item.*
  - *Effective January 1st, 2007, every non-exempt dwelling must have at least one carbon monoxide (CO2) alarm within 15 feet of each room used for sleeping. Carbon Monoxide Alarms must be located and installed in accordance with local codes and HQS. Exempt units meet all three of the following criteria:*
    - *Building does not use fuel for heat, water heating or ventilation;*
    - *It is not connected to a garage; and*
    - *It is not near or close enough to any source of CO2 to be a risk of receiving CO2 from that source, as determined by the local building commissioner. At initial inspection of non-exempt units, CO2 detectors must have good batteries and be operable.*
  - *At annual and special inspections of non-exempt units, a lack of working batteries in CO2 detectors constitutes a tenant caused fail item.*
  - *Owners are responsible for providing and replacing old batteries for battery powered security/smoke detector/carbon monoxide detector units that are linked*

to the fire department. Tenants will be instructed not to tamper with smoke detector/carbon monoxide detectors or remove batteries.

- ***Bedrooms**. Bedrooms in basements or attics are not allowed unless they meet local code requirements and must have adequate ventilation and emergency exit capability. All bedrooms must have doors; exceptions can be made for Reasonable Accommodations.*
- ***Infestation**. If the presence of cockroaches is discovered in a low-rise, high-rise or townhouse unit, the inspector will decide whether the tenant or landlord is responsible for hiring a professional exterminator. The party that is deemed responsible will have 20 days to comply and must send in a receipt of purchase to KHA. The tenant must comply with extermination requests. Reoccurrence of infestation may result in the tenant being responsible for future exterminations. If the presence of cockroaches is discovered in a single-family home, the tenant will be responsible and will have 20 days to hire a professional exterminator. The tenant must then provide KHA with a receipt of purchase.*
  - *If the presence of bedbugs is discovered in a low-rise, high-rise or townhouse, the landlord will be responsible for and have 20 days to hire a professional exterminator to treat the unit. The landlord must then provide KHA with a receipt of purchase. The tenant must comply with extermination requests. Reoccurrence of infestation may result in the tenant being responsible for future exterminations.*
  - *If the presence of bedbugs is discovered in a single-family home, the tenant will be held responsible and have 20 days to hire a professional exterminator. The tenant must then provide KHA with a receipt of purchase.*
- ***Mold Complaints – Detection and Repair**. KHA inspectors are required to visually assess each reported / alleged mold violation. If during the inspection the mold-like substance is visible to the naked eye, the landlord is responsible for treating and/or removing the affected area within the given timeframe allowed by KHA (not to exceed 30 days). If, in the opinion of the Inspector a serious mold-like condition exists, the time allowed for remediation of the condition may be reduced to 24 hours. If, after being visually inspected by a KHA inspector no mold-like is seen, the tenant has the option of ordering mold tests through the local municipality. It is the responsibility of the tenant to pay the cost of the additional tests. If mold is found as a result of such tests, the landlord is responsible for treating and/or removing the mold from the affected area and reimbursing the tenant for mold-test cost. If the landlord does not treat the affected area and/or remove the mold, the presence of mold will be considered a violation of HQS and HAP may be abated or terminated.*

8-I.D. LIFE THREATENING CONDITIONS

[*24 CFR 982.404(a)(3) and (b)(2)*]

KHA will define life threatening conditions and notify the owner or the family (whichever is responsible) of the corrections required. The responsible party must correct life threatening conditions within 24 hours of the notification date.

➢ ***KHA Policy**. The following are considered emergency fail items because of life threatening conditions:*

- *Any condition that jeopardizes the security of the unit and there is not a temporary locking mechanism in place;*
- *Major plumbing leaks or flooding, waterlogged ceiling or floor in imminent danger of falling;*
- *Natural or LP gas or fuel oil leaks;*
- *Any electrical problem or condition that could result in severe shock or fire;*
- *Absence of a working heating system when outside temperature is below 60 degrees Fahrenheit;*
- *Utilities not in service (Exception if utility is not working due to uncontrollable circumstance);*
- *Obstacles that prevent safe entrance or exit from the unit;*
- *Absence of a functioning toilet in the unit;*
- *When the floor is without a working smoke detector (To clarify: On January 1, 2013, KHA adopted the Illinois Property Maintenance Code, which requires working smoke detectors in all sleeping rooms. The lack of a working smoke detector will be considered a life-threatening violation only if there is no working smoke detector on the floor.);*
- *Presence of a serious and significant amount of mold like substance that may affect the health of the occupants of the dwelling unit;*
- *Such poor and inadequate household cleanliness and housekeeping that a serious threat to the safety and welfare of the family and / or the neighbors exists (threat of fire, threat of significant rodent infestation, significantly toxic environment to occupants, especially children; and*
- *If unit is deemed uninhabitable by local code enforcement, fire department or law enforcement agency.*

If an owner fails to correct life threatening conditions as required by *KHA*, the housing assistance payment will be abated, and the HAP Contract will be terminated. See [*KHA Plan: 8-II-K.*]. If a family fails to correct a family caused life threatening condition as required by *KHA*, *KHA* may terminate the family's assistance. See [*KHA Plan: 8-II.M.*].

The owner will be required to repair an inoperable smoke detector unless *KHA* determines that the family has intentionally disconnected it (by removing batteries or other means). In this case, the family will be required to repair the smoke detector within 24 hours, only if there are no other functioning smoke detectors on the floor; otherwise it will constitute a 20-day violation.

8-I.E. OWNER AND FAMILY RESPONSIBILITIES

[24 CFR 982.404]

Family Responsibilities

The family is responsible for correcting the following HQS deficiencies:

- Tenant-paid utilities not in service;
- Failure to provide or maintain family-supplied appliances;

- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear. "Normal wear and tear" is defined as items which could not be charged against the tenant's security deposit under state law or court practice; and
- Maintaining the dwelling with respect to general household cleaning, organization and housekeeping.

Owner Responsibilities

The owner is responsible for all HQS violations not listed as a family responsibility. If the family's actions constitute a serious or repeated lease violation the owner may take legal action to evict the family.

At inspector's discretion, it may be required for landlord/owner to provide verifiable documentation from local municipality as proof that modifications to unit have been approved.

8-I.F. CHILDREN WITH ENVIRONMENTAL INTERVENTION BLOOD LEAD LEVEL

[**24 CFR 35.1225**]

If *KHA* is notified by a public health department or other medical health care provider, or verifies information from a source other than a public health department or medical health care provider, that a child of less than 6 years of age, living in an HCV-assisted unit has been identified as having an environmental intervention blood lead level, *KHA* must complete a risk assessment of the dwelling unit. The risk assessment must be completed in accordance with program requirements, and the result of the risk assessment must be immediately provided to the owner of the dwelling unit. In cases where the public health department has already completed an evaluation of the unit, this information must be provided to the owner.

Within 30 days after receiving the risk assessment report from *KHA*, or the evaluation from the public health department, the owner is required to complete the reduction of identified lead-based paint hazards in accordance with the lead-based paint regulations [*24 CFR 35.1325*] *and* [*24 CFR 35.1330*]. If the owner does not complete the "hazard reduction" as required, the dwelling unit is in violation of HQS standards and *KHA* will take action to enforce owner compliance in accordance with [*KHA Plan: 8-II.K.*].

KHA reporting requirements, and data collection and record keeping responsibilities related to children with an environmental intervention blood lead level are discussed in [*KHA Plan: Chapter 16, Program Administration*].

8-I.G. MUNICIPALITY OR TOWNSHIP BUILDING CODE

If *KHA* is notified by the municipality or township that a property leased under the HCV program does not meet local building code, it will be treated as failing HQS. In such cases, the owner will be notified to make the necessary repairs. Owner failure to make the necessary repairs will result in abatement of subsidy and termination of the HAP Contract.

8-I.H. VIOLATION OF HQS SPACE STANDARDS

[*24 CFR 982.401*], [*24 CFR 982.403*]

A dwelling unit must:

- Provide adequate space and security for the family; and
- Have at least one bedroom or living/sleeping room for each two persons. A unit that does not meet these HQS space standards is defined as overcrowded.

A living room may be used as sleeping (bedroom) space, but no more than two persons may occupy the space [*HCV Guide Book p. 10-6*]. A bedroom or living/sleeping room must have at least:

- One window
- Two electrical outlets in proper operating condition (permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets).

If *KHA* determines that a unit is overcrowded because of an increase in family size or a change in family composition, *KHA* must issue the family a new voucher, and the family must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, *KHA* must terminate the HAP Contract in accordance with its terms.

PART II: THE INSPECTION PROCESS

[*24 CFR 982.405*]

8-II.A. TYPES OF INSPECTIONS

KHA conducts the following types of inspections as needed. Each type of inspection is discussed in the paragraphs that follow.

Initial Inspections. *KHA* conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program. The unit must pass the HQS inspection before the effective date of the HAP Contract.

Annual /Biennial Inspections. HUD requires *KHA* to inspect each unit under lease at least annually or biennially, depending on *KHA* policy, to confirm that the unit still meets HQS. The inspection may be conducted in conjunction with the family's annual reexamination but also may be conducted separately. The inspection file and/or electronic file will contain the current pass/fail letter and a Deficiency Summary with a comments form. The complete Inspection Booklet, HUD- 52580, is electronically stored and can be retrieved upon request.

Special Inspections. A special inspection may be requested by the owner, the family, or a third party because of problems identified with a unit between annual inspections.

Quality Control Inspections. HUD requires that a sample of units be re-inspected by a supervisor or other qualified individual to ensure that HQS are being enforced correctly and uniformly by all inspectors.

Inspection of KHA-owned Units

[*24 CFR 982.352(b)*]

KHA must obtain the services of an independent entity to perform all HQS inspections in cases where an HCV family is receiving assistance in a *KHA*-owned unit. A *KHA*-owned unit is defined as a unit that is owned by *KHA* that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by *KHA*). The independent agency must communicate the results of each inspection to the family and *KHA*. The independent agency must be approved by HUD, and may be the unit of general local government for *KHA* jurisdiction (unless *KHA* is itself the unit of general local government or an agency of such government).

Inspection Costs

[*24 CFR.982.352(b)*]
KHA may not charge the family or owner for unit inspections [*24 CFR 982.405(e)*]. In the case of inspections of *KHA*-owned units, *KHA* may compensate the independent agency from ongoing administrative fee for inspections performed. *KHA* and the independent agency may not charge the family any fee or charge for the inspection.

Notice and Scheduling

[*24 CFR 982.551(d)*]
The family must allow *KHA* to inspect the unit at reasonable times with reasonable notice.

- ***KHA Policy***: *Both the family and the owner will be given reasonable notice of all inspections. Except in the case of a life-threatening emergency, reasonable notice may be less than 2 business days. Inspections may be scheduled between 8:30 a.m. and 4:30 p.m. Generally, inspections will be conducted on business days only. In the case of a life-threatening emergency, KHA will give as much notice as possible, given the nature of the emergency*.

Owner and Family Inspection Attendance

[*HCV Guide Book p. 10-27*]
HUD permits *KHA* to set policy regarding family and owner presence at the time of inspection.

- ***KHA Policy***: *Any household member (18 years of age or older) must be present for the annual inspection, any special inspection, any quality control inspection and any re-inspection.*
  - *The presence of the owner or the owner's representative is required for the initial inspection and any initial re-inspection unless the tenant obtaining unit is already residing in unit.*

8-II.B. INITIAL HQS INSPECTION

[*24 CFR 982.401(a)*]

Timing of Initial Inspections

[*24 CFR 982.305(b)(2)*]

HUD requires the unit to pass an inspection to ensure compliance with *Housing Quality Standards* (HQS) before the effective date of the lease and *HAP Contract*. HUD requires PHA's with fewer than 1,250 budgeted units to complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within fifteen (15) calendar days of submission of the *Request for Tenancy Approval* (RFTA). For PHA's with 1,250 or more budgeted units, to the extent practicable such inspection and determination must be completed within fifteen (15) calendar days. The 15-day period is suspended for any period during which the unit is not available for inspection.

- ***KHA Policy***: *After determining the landlord is not debarred from program participation, that the contract rent for the unit is reasonable for the area and affordable for the tenant based on household income, KHA will complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination, usually within ten (10) business days of the date the RFTA packet was received by KHA. This period may be suspended due to incomplete RFTA packet or unit not available for inspection.*

Inspection Results and Re-inspections

- ***KHA Policy***: *If any HQS violations are identified, the owner will be forwarded written notification of the deficiencies and be given a time frame to correct them (no less than 20 days unless it is a life-threatening violation, not to exceed 30 days unless an extension has been granted). If requested by the owner, the time frame for correcting the deficiencies may be extended by KHA for good cause. KHA may re-inspect the unit or approve documentation of completed repairs in lieu of in-person physical re-inspection.*

  If the time period for correcting the deficiencies (or any KHA-approved extension) has elapsed, or the unit fails HQS at the time of the re-inspection, KHA will forward the owner and the family written notification that the unit has failed inspection and advise the family to search for another unit. KHA may agree to conduct a second re-inspection, for good cause, at the written request from the family or owner, or through a request confirmed by the inspector.

  If the voucher has more time, KHA will issue a new RFTA to the family. Initial inspection- after 2 failed inspections of a potential unit, the RFTA may be cancelled. The landlord/owner will have 7 days from initial inspection to correct deficiencies, failure to do so may result in RFTA being cancelled. Inspector may approve an extension based on ordered parts, contracted repair or at inspector's discretion based on extent of repairs.

  As it is the family's responsibility to secure housing before the expiration of their voucher, KHA recommends that families continually assess their need to begin to seek other housing options if the unit they have chosen continues to fail the HQS inspection.

Re-inspection Policies and Procedures

- ***KHA Policy***: *It is very important to complete scheduled inspections in a timely manner which complies with the HUD rules and regulations. When one of the following conditions occurs, KHA has implemented a re-inspection policy that can require a $15 fee to be charged to the HCV tenant:*
  - *Failure of the HCV tenant to have an authorized household member present at the unit to allow for entry when either an Annual/Biennial Inspection or Special Inspection has been scheduled; or*
  - *Failure of the household member present at the unit to allow entry when either an Annual/Biennial Inspection or Special Inspection has been scheduled.*

  Any re-inspection fee must:
  - *Be paid in full before the next inspection is scheduled; or*
  - *Be paid by either a Money Order or Cashier's check. Cash payments are not accepted.*
  - *KHA Inspector may not accept any re-inspections fee payment from any HCV tenant. Payments must be mailed to KHA or brought to KHA administrative offices during regular business hours*.

Utilities

Generally, at initial lease-up the owner is responsible for demonstrating that all utilities are in working order including those utilities that the family will be responsible for paying.

- ***KHA Policy***: *All utilities must be on at the time of initial inspection*.

Appliances

- ***KHA Policy***: *If the family is responsible for supplying the stove and/or refrigerator, KHA will allow the stove and refrigerator to be placed in the unit after the unit has met all other HQS requirements. The required appliances must be in place before the HAP Contract is executed by KHA. KHA will execute the HAP Contract based upon a certification from the family that the appliances have been installed and are working*.

8-II.C. ANNUAL/BIENNIAL HQS INSPECTION

[*24 CFR 982.405(a)*]

HUD requires *KHA* to regularly inspect each unit under lease to confirm that the unit still meets HQS. *KHA* conducts an inspection for compliance with HQS before the end of the calendar month in which the initial or last annual inspection was completed.

Notice PIH 2016-05 authorizes PHAs to conduct unit inspections every other year instead of annually. Permitting biennial inspections for HCV units reduce the administrative and financial burden on PHAs and high-performing landlords and enables PHAs to concentrate inspection resources on the more marginal and higher-risk units. Additionally, this provision

assists PHAs in avoiding duplicative inspections at properties where there are other program inspections, such as under the LIHTC program.

PHA's that move to biennial inspections for all units in their portfolio do not need to update their administrative plan to reflect the change. By contrast, a PHA that continues to perform inspections annually across its portfolio must update its Plan because the new requirement is that inspections take place at least biennially, and the PHA is exercising the discretion to continue with annual inspections. Likewise, a PHA that employs both annual and biennial inspections must adopt policies in its Plan that specify the circumstances under which biennial inspections will be employed and the circumstances under which annual inspections will be employed.

- ***KHA Policy***: *KHA reserves the right to conduct annual inspections as needed or determined by KHA for:*
  - *Units for families with a Reasonable Accommodation for an additional bedroom, typically approved by KHA to be used for medical equipment;*
  - *units that had any health and safety deficiency during its previous HQS inspection; or*
  - *units with multiple non-health and safety deficiencies for two or more consecutive years, that are identified by KHA to be prudent to inspect annually*.
  - *Beginning with inspections completed after March 1, 2019, KHA will conduct biennial inspections for units in properties that, (**1**) are identified as already inspected annually under a HUD approved local housing code enforcement program; (**2**) units that are part of a Project-based Voucher project and (**3**) units that receive a "Pass" score under HQS for two or more consecutive years. KHA reserves the right to adjust the start date of the two-year period from March 1, 2019.*

Scheduling the Inspection

- ***KHA Policy***: *A household member (18 years or older) must be present at any scheduled inspection. It is the responsibility of the family to arrange for a household member to be present (unless it is initial inspection; then it is the landlord's responsibility). If a household member cannot be present, the family is expected to provide a written request for a reschedule inspection and/ or receive verbal confirmation of same from the inspector or inspection supervisor. This request must be submitted and confirmed at least 2 business days prior to inspection date. Once the request is submitted and confirmed, KHA may choose to reschedule the inspection for a new date.*
  - *If the family misses a scheduled inspection, KHA will consider this an inconclusive "no entry" inspection and provide the family with written notice that a new inspection has been scheduled. KHA will also provide notice of the consequences of failing to make the unit accessible by an adult if an additional inspection attempt is missed in the same inspection cycle.*
  - *If the family misses two inspections during the same cycle KHA will consider the family to have violated its obligations and it may result in termination of the family's assistance in accordance with* [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*].

- *An inspection cycle consists of all the inspections starting from the first inspection, and all inspections that may follow, until the unit is either in a passing status or the HAP Contract has been terminated for that unit.*

8-II.D. SPECIAL INSPECTIONS

[*HCV Guide Book, p. 10-30*]

Special inspections include inspections in response to complaints registered with *KHA* by families, owners or other sources regarding the unit's condition, quality control inspections, or any other inspection the *KHA* may deem appropriate to conduct. *KHA* is obligated to investigate complaints which may indicate non-compliance with HQS requirements. When repeated complaints about an assisted property are received, *KHA* may conduct regular or routine inspections more often than annually/biennially. Special inspections resulting in a fail or inconclusive HQS determination require the same notification actions and enforcement processes described above for annual inspections.

➢ ***KHA Policy***: *KHA will conduct a special inspection if the owner, family, or another source reports HQS violations in the unit. If the reported condition is not life-threatening (i.e., KHA would require the owner to make the repair within no more than twenty (20) calendar days), then KHA will inspect the unit, usually within ten (10) calendar days of when KHA received the complaint.*

During a special inspection, KHA generally will inspect only those deficiencies that were reported. However, the inspector will record any additional HQS deficiencies that are observed and will require the responsible party to make the necessary repairs. If the annual/biennial inspection has been scheduled or is due within ninety (90) calendar days of the date the special inspection is scheduled, KHA may elect to conduct a full annual/biennial inspection.

8-II.E. QUALITY CONTROL INSPECTIONS

[*24 CFR 982.405(b); HCV Guide Book, p. 10-32*]

HUD requires a *KHA* supervisor or other qualified person to conduct quality control inspections of a sample of units to ensure that each inspector is conducting accurate and complete inspections and that there is consistency in the application of the HQS. The unit sample will include units from the Tenant-Based Voucher program and the Project-based Voucher program. At a minimum, *KHA* will inspect the number of units required by SEMAP.

The unit sample must include only units that have been inspected within the preceding 3 months. The selected sample will include: (1) each type of inspection (initial, annual, and special), (2) inspections completed by each inspector, and (3) units from a cross-section of municipalities throughout the county.

8-II.F. FAILED INSPECTIONS - EMERGENCIES

The following items are considered of an emergency nature and must be corrected by the owner or household (whoever is responsible) within twenty-four (24) hours of notice by *KHA*:

- *Any condition that jeopardizes the security of the unit and there is not a temporary locking mechanism in place;*
- *Major plumbing leaks or flooding, waterlogged ceiling or floor in imminent danger of falling;*
- *Natural or LP gas or fuel oil leaks;*
- *Any electrical problem or condition that could result in severe shock or fire;*
- *Absence of a working heating system when outside temperature is below 60 degrees Fahrenheit;*
- *Utilities not in service (Exception if utility is not working due to uncontrollable circumstance);*
- *Obstacles that prevent safe entrance or exit from the unit;*
- *Absence of a functioning toilet in the unit;*
- *When the floor is without a working smoke detector (To clarify: On January 1, 2013, KHA adopted the Illinois Property Maintenance Code, which requires working smoke detectors in all sleeping rooms. The lack of a working smoke detector will be considered a life-threatening violation only if there is no working smoke detector on the floor.);*
- *Presence of a serious and significant amount of mold like substance that may affect the health of the occupants of the dwelling unit;*
- *Such poor and inadequate household cleanliness and housekeeping that a serious threat to the safety and welfare of the family and / or the neighbors exists (threat of fire, threat of significant rodent infestation, significantly toxic environment to occupants, especially children; and*
- *If unit is deemed uninhabitable by local code enforcement, fire department or law enforcement agency.*

If the 24-hour violation requires professional remediation (such as a mold removal company, professional cleaning company or extermination company), evidence that scheduled appointment has been made and will occur within 7 calendar days is acceptable. In those cases where *KHA* believes that emergency conditions exist, the owner or household may also be referred to the local Board of Health or Inspectional Services Department for assistance.

8-II.G. DETERMINATION OF RESPONSIBILITY FOR INSPECTION DEFICIENCIES

Certain HQS deficiencies are considered the responsibility of the household. They *include*:

- Tenant-paid utilities not in service; or
- Failure to provide or maintain household-supplied appliances; or
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear.

a. "Normal wear and tear" is defined as items that could not be charged against the tenant's security deposit under state law or court practice.

- The owner is responsible for all other HQS violations.
- The owner is responsible for vermin infestation. At the inspector's discretion household's living habits may result in a tenant caused fail and may be tenants responsibility. If such infestation is serious and repeated, it may be considered a lease violation and the owner may evict for serious or repeated violation of the lease. *KHA* may terminate the household's assistance on that basis.
- The inspector will make a determination of owner or household responsibility during the inspection.

8-II.H. HOUSEHOLD-CAUSED INSPECTION VIOLATIONS

If an emergency HQS violation is determined to be the responsibility of the household, *KHA* will require that the household either make repairs or corrections within 24-hours or make arrangements with the owner to have the repairs or corrections completed within 24 hours.

- Once the repairs or corrections are made, it is the responsibility of the household to notify *KHA*.
- If the emergency repairs are not made within five (5) business days from the date of the inspection, *KHA* will move to terminate the household's participation.
- Extensions for good cause may be granted in accordance with this Plan.

If a non-emergency violation of HQS is determined to be the responsibility of the household, *KHA* will require that the household either make repairs or corrections within twenty (20) calendar days or make arrangements with the owner to have the repairs or corrections completed within twenty (20) calendar days.

- Once the repairs or corrections are made, it is the responsibility of the household to notify *KHA*.
- If household-caused non-emergency repairs are not made within twenty (20) calendar days, *KHA* will move to terminate the household's participation.
- *KHA* will not abate the subsidy solely for non-emergency HQS violations determined to be the responsibility of the household.

1. If the household arranges with the owner to make the repairs or corrections, the household is responsible to reimburse the owner for the reasonable cost associated with the repair or correction.
2. When emergency or non-emergency violations of HQS are determined to be the responsibility of the household, *KHA* will take prompt and vigorous actions against the household to enforce HQS standards and to correct household caused violations.
3. Extensions in these cases may be granted on a case by case basis at the sole discretion of *KHA*. Any extension that is granted must be in writing. Household-caused HQS violations remedied within the allotted timeframe (including extensions) will not result in termination of assistance, provided the remedy satisfies HQS. Participants are permitted to appeal *KHA* determination(s) regarding HQS violations deemed to be household-caused.

Extensions

[*24 CFR 982.404*]

For conditions that are life-threatening, *KHA* cannot grant an extension to the 24-hour corrective action period. For conditions that are not life-threatening, *KHA* may grant an exception to the required time frames for correcting the violation if *KHA* determines that an extension is appropriate.

- ***KHA Policy***: *Extensions will be granted in cases where KHA has determined that the owner has made a good faith effort to correct the deficiencies and is unable to for reasons beyond the owner's control. Reasons may include, but are not limited to:*
  - *A repair cannot be completed because required parts or services are not available;*
  - *A repair cannot be completed because of weather conditions; or*
  - *A Reasonable Accommodation is needed because the family includes a person with disabilities.*

  The length of the extension will be determined on a case by case basis but will not exceed sixty (60) calendar days, except in the case of delays caused by weather conditions. In the case of weather conditions, extensions may be continued until the weather has improved sufficiently to make repairs possible. The necessary repairs must be made within fifteen (15) calendar days once the weather conditions have subsided.

Re-inspections

- ***KHA Policy***: *KHA will conduct a re-inspection immediately following the end of the corrective period, or any KHA approved extension. However, KHA may allow a work-order, receipt for repairs, and / or photos to document repairs in lieu of a physical re-inspection. At KHA Inspector's discretion, the Inspector may require that the documentation of repair or correction be submitted by a licensed contractor.*

8-II.I. TIME STANDARDS FOR REPAIRS

Emergency items, which endanger the family's health or safety, must be corrected by the owner (or the household in cases of tenant-caused emergency failures), within twenty-four (24) hours of notification. For non-emergency items, repairs must be made within twenty (20) calendar days of notification. At its discretion, *KHA* may approve an extension beyond twenty (20) calendar days.

The family and owner will be given reasonable notice of the re-inspection appointment. If the deficiencies have not been corrected by the time of the re-inspection, *KHA* will send a Notice of Abatement to the owner, or in the case of family caused violations, a Notice of Intent to Terminate to the family, in accordance with *KHA* policies. If *KHA* is unable to gain entry to the unit to conduct the scheduled re-inspection, *KHA* will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance or abatement of landlord subsidies in accordance with [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*].

- ***KHA Policy***: *KHA may grant an extension in lieu of abatement (See Section K of this Chapter) on non-emergency items in the following cases:*
  - *The owner has a good history of HQS compliance; or*
  - *The failed items are minor in nature; or*
  - *There is an unavoidable delay in completing repairs due to difficulties in obtaining parts or contracting for services; or*
  - *The owner makes a good faith effort to make the repairs; or*
  - *The repairs are expensive (such as exterior painting or roof repair) and the owner needs time to obtain the funds; or*
  - *The repairs must be delayed due to climate conditions.*
  - *The extension must be in writing and signed by KHA and it must reference an agreed upon period. At the end of that time, if the work is not completed, KHA will begin abatement of rent retro-active to original abatement effective date.*

8-II.J. ALTERNATIVE INSPECTION METHODS

The purpose of this provision is to authorize inspection by methods other than HQS. Inspection by such alternative methods is limited to:

***REAC/HOME/LIHTC Inspections*.** Inspections covered by REAC, HOME, and LIHTC employ unit sampling. The regulation requires HCV and PBV units be included in the universe of units forming the basis of the sample. For example, if a 100-unit property includes 20 units that are occupied by HCV-assisted families or are under a PBV HAP Contract, then those 20 units must be included in the universe of units from which the sample is pulled. This requirement does not mean that the 20 units must be included in the actual sample; it means only that the units must have the potential to be selected for the sample by being included in the universe of sampled units.

***Other Inspection Methods*.** To rely on inspections other than those covered by REAC, HOME, or LIHTC, a PHA must submit to HUD the inspection method and an analysis showing that the method meets or exceeds HQS. A PHA may not rely upon such a method unless and until HUD has reviewed and approved use of the method. Once HUD has approved the inspection method, then the PHA must amend its Admin. Plan, making clear the specific properties or types of properties for which the inspection method will be employed. If the inspection method relies upon sampling, then the HCV/PBV units must be included in the population of units forming the basis of the sample, as described above.

- ***KHA Policy***: *KHA will rely upon two different categories of alternative inspections: (1) inspections conducted by HUD's Real Estate Assessment Center (REAC) or under the HOME or LIHTC program; or (2) other inspection methods that meet or exceed HQS and have been approved by HUD's Real Estate Assessment Center*.

HUD will not approve a method that fails to assess the performance requirements and acceptability criteria of unit inspection standards outlined at [*24 CFR 982.401*], or any successor standard. As with HQS, HUD may approve variations to alternate inspection

methods only for the purposes outlined at [*24 CFR 982.401(a)(4)(ii)*], and then only if the variations meet the standard for approval at [*24 CFR 982.401(a)(4)(iii)*]. If a method fails to meet these requirements, then HUD will not approve its use.

Inspection Reports

As with all other inspection reports required under [*24 CFR 982.158(f)(4)*], reports for alternative inspection methods must be obtained by *KHA* from the entity inspecting the units. Such reports must be available for HUD inspection for at least three years from the date of the latest inspection.

KHA must receive inspection reports and other data from any entity conducting an inspection using an alternative method within 5 business days of the inspection. Prompt analysis of inspection results enable *KHA* to determine if any identified deficiencies would result in HQS failure. *Memorandums of Understanding* or other agreements could be used by *KHA* and other entities to ensure timely data submission.

➢ ***KHA Policy***: *Where possible, KHA will enter agreements to receive inspection reports within 5 business days of the inspection*.

KHA will continue to submit the *Form HUD-50058* into the PIC system in the same manner, which includes providing the date of last inspection, and the date the unit last passed inspection. For methods that employ sampling, the date of the inspection will be used for all units in the universe, even if those units were not selected for inspection.

Limitations on the Use of Alternative Inspection Methods

KHA will rely upon an alternative inspection method to demonstrate compliance with the inspection requirement of [*24 CFR 982.405(a)*] in two circumstances:

- In the case of an alternative method that employs a "Pass/Fail" scoring system, the property inspected pursuant to such alternative method receives a "Pass" score. *KHA* may rely on an alternative method if the property receives a "Pass" score, even if deficiencies are identified.
- In the case of an alternative method that results in a list of deficiencies (without a "Pass/Fail" designation), where *KHA* determines that none of the cited deficiencies would have resulted in a "Fail" score under HQS.

➢ ***KHA Policy***: *Under any circumstance in which KHA is prohibited from relying on an alternative inspection method for a property, KHA will promptly conduct an HQS inspection of all units occupied by voucher program participants, and follow HQS procedures to remedy any identified deficiencies, as required under the HQS inspection method*.

8-II.K. ENFORCING OWNER COMPLIANCE: ABATEMENT

[*24 CFR 985.3(f)*]

If an owner fails to correct HQS deficiencies in the time specified by *KHA*, including any extensions, HUD requires *KHA* to abate housing assistance payments no later than the first

of the month following the specified correction period (including any approved extension). No retroactive payments will be made to the owner for the period the rent was abated. Owner rents are not abated because of HQS failures that are the family's responsibility.

- ***KHA Policy***: *KHA will make all HAP abatements effective the day after the failed re-inspection, but no later than the first of the month following the expiration of KHA specified correction period (including any extension).*

  *KHA will complete a maximum of 2 inspections to determine unit suitability and HQS compliance prior to HAP Contract termination. A third inspection may only be scheduled in 2 circumstances: (**1**) by the Hearing Officer as a condition of reinstating the HCV subsidy on behalf of the tenant, or (**2**) by the HCV Program Manager as a condition of reinstating the Housing Assistance Payment (HAP) for the landlord.*

  Once the unit passes re-inspection payment will resume effective on the day the unit passes inspection.

When *KHA* fails a unit for emergency HQS deficiencies that are determined to be the responsibility of the owner, and the owner fails to correct the emergency conditions as required by *KHA*, the housing assistance payment will be abated for the balance of the month following the initial twenty-four (24) hour grace period. Abatement will continue until:

- the date in which the deficiencies have been verified as corrected; or
- the family vacates the unit; or
- *KHA* terminates the HAP Contract.

When *KHA* fails a unit for non-emergency HQS deficiencies that are determined to be the responsibility of the owner, and the owner fails to correct the conditions within twenty (20) calendar days as required by *KHA*, the housing assistance payment will be abated starting the first of the month following the initial twenty (20) calendar day grace period. Abatement will continue until:

- the date in which the deficiencies have been verified as corrected; or
- the household vacates the unit; or
- *KHA* terminates the HAP Contract.
- Funds abated due to deficiencies determined to be the responsibility of the owner are not returned.

When *KHA* fails a unit for HQS deficiencies that are determined to be the responsibility of the owner, it is the responsibility of the owner to notify *KHA* that the deficiencies have been corrected.

- Once notified that the deficiencies have been corrected, *KHA* will have five (5) business days to verify that the work has been completed. Only one re-inspection will be allowed per month.
- If *KHA* inspects the unit to verify that the deficiencies have been corrected, any new deficiencies noted cannot be used to extend the current abatement period.

- Funds abated because of HQS deficiencies that are determined to be the responsibility of the owner cannot be collected from the household.

NOTE: *During any abatement period, the family continues to be responsible for their tenant rent portion if they have one. As is stipulated in the HAP Contract, the owner may not seek payment from the family for abated amounts and may not use the abatement as cause for eviction*.

8-II.L. ABATEMENTS DURING AN APPROVED EXTENSION PERIOD

While abatements are not enforced on a unit in fail status during any approved extension period, *KHA* can abate HAP for any days during the approved extension period the tenant did not occupy the unit.

➢ ***KHA Policy***: *KHA may abate HAP during any approved extension period for any days a unit in fail status was not occupied by the tenant:*
1. *because the unit was uninhabitable, and directly or indirectly caused by the deficiency; or*
2. *at the instruction of the property owner in conjunction with any requirements to vacate the unit to effect a cure of the deficiency.*

KHA can review any vacancy period on a case basis and consider any mitigating circumstances before abating HAP, (i.e. the owner paid the cost of shelter for the tenant during the vacancy period, or due to a decision by the tenant to vacate the unit and shelter elsewhere).

8-II.M. TERMINATION OF THE HAP CONTRACT AND LEASE

KHA must decide how long any abatement period will continue before the HAP Contract will be terminated. *KHA* should not terminate the HAP Contract until the family finds another unit, provided the family does so in a reasonable time [*HCV Guide Book p. 10-29*] and must give the owner reasonable notice of the termination. *KHA* will issue a voucher to permit the family to move to another unit as described in [*KHA Plan: Chapter 10, Moving With Continued Assistance and Portability*].

➢ ***KHA Policy***: *The maximum length of time that a HAP Contract may be abated is ninety (90) calendar days. However, if the owner completes corrections and notifies KHA before the termination date of the HAP Contract, KHA may rescind the termination notice if the family still resides in the unit and wishes to remain in the unit, and the unit passes inspection.*

KHA will forward notification of HAP Contract termination to the landlord and tenant at least sixty (60) calendar days prior to the termination (including any approved extension).

If repairs are completed and unit is in a "Pass" status prior to new RFTA packet being completely processed, the tenant must honor the terms of the existing lease. The tenant will not be allowed to vacate unit without a new RFTA packet being completely finalized and the new unit must pass initial inspection.

Should the tenant choose to port to another housing authority, the portability packet must be completely processed and received by the Receiving HA prior to current unit returning to a "Pass" status and the tenant must have vacated unit with notice. Should the tenant choose to remain in the unit after the HAP Contract termination date, the tenant will be responsible for the full contract rent.

8-II.N. ENFORCING FAMILY COMPLIANCE WITH HQS

[**24 CFR 982.404(b)**]

Families are responsible for correcting any HQS violations listed in [*KHA Plan: 8-I.E.*] If the family fails to correct a violation within the period allowed by *KHA* (and any extensions), *KHA* will terminate the family's assistance according to the policies described in [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*]. If the owner carries out a repair for which the family is responsible under the lease, the owner may bill the family for the cost of the repair.

PART III: RENT REASONABLENESS

[**24 CFR 982.507; [24 CFR 982.352(b)] and Notice PIH 2009-51**]

Housing Choice Voucher Guidebook Resource.

The purpose of the *Housing Choice Voucher (HCV) Guidebook* is to provide an easy-to-use, one-stop resource to assist public housing agencies (PHAs), families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates into one document the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, *PIH Notices*, *Federal Register* Notices, and other forms of guidance issued by HUD.

KHA will provide a link to *HCV Guidebook* sections that assisted in the development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *HCV Guidebook* chapters will be living documents on HUD's website. Individual chapters will be amended as policies are refined. The *HCV Guidebook* chapter on *Rent Reasonableness* can be found here: https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Rent_Reasonableness.pdf

Overview

Except in the case of certain LIHTC- and HOME-assisted units, no HAP Contract can be approved until *KHA* has determined that the rent for the unit is reasonable. The purpose of the rent reasonableness test is to ensure that a fair rent is paid for each unit rented under the HCV program.

HUD regulations define a reasonable rent as one that does not exceed the rent charged for comparable unassisted units in the same market area. In cases where an HCV family is receiving assistance in a *KHA*-owned unit, an independent entity is required to determine rent reasonableness and assist the family to negotiate the contract rent if the family requests.

8-III.A. KHA OWNED UNIT EXCEPTIONS

[24 CFR 982.352(b)]

In cases where an HCV family is receiving assistance in a *KHA*-owned unit, *KHA* must obtain the services of an independent entity to determine rent reasonableness in accordance with program requirements, and to assist the family in negotiating the contract rent when the family requests assistance.

A *KHA*-owned unit is defined as a unit that is owned by *KHA* that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by *KHA*). The independent agency must communicate the results of the rent reasonableness determination to the family and *KHA*. The independent agency must be approved by HUD, and may be the unit of general local government for *KHA* jurisdiction (unless *KHA* is itself the unit of general local government or an agency of such government).

8-III.B. WHEN RENT REASONABLENESS DETERMINATIONS ARE REQUIRED

KHA will determine rent reasonableness in accordance with HUD requirements:

- At initial move-in;
- Before any increase in rent;
- Before the contract anniversary date; or;
- At any other time at the discretion of *KHA*.

KHA will not automatically re-determine rent reasonableness based on a decrease in the published SAFMR.

1. At all times during the initial and continued assisted tenancy, the rent to owner may not exceed the reasonable rent as most recently determined or re-determined by *KHA*. By the owner accepting each monthly housing assistance payment he or she is certifying that the rent to owner is not more than rent collected by the owner for comparable unassisted units in the same property. If requested, the owner must provide *KHA* with data on rents collected for other units unassisted within the property and/or comparable units in the private unassisted market.
2. Rent Reasonableness Methodology: *KHA* establishes its rent reasonableness standards based on an ongoing and updated current market analysis provided by an independent third-party. In addition, *KHA* may obtain information from other sources listed below such as:
   - State, City, real estate agents, banks
   - Classified ads, multiple listings, etc.

- GoSection8, Craig's List, Zillow or other similar real estate applications that provide rental market information
- Owner-provided rent rolls of comparable units confirmed by *KHA*.

8-III.C. OWNER-INITIATED RENT DETERMINATIONS

KHA must make a rent reasonableness determination at initial occupancy and whenever the owner requests a rent adjustment. After the initial occupancy period, the owner may request a rent adjustment in accordance with the owner's lease once in a 365-day period.

➢ ***KHA Policy***: *All rent adjustments will become effective the* ***later*** *of: (1) the first of the month that begins sixty (60) or more calendar days after KHA receives the owner's request with all KHA required documents properly completed and signed, or (2) on the date specified by the owner in the request*.

KHA will make 2 attempts to communicate with owner of any missing required documents. After a period of 60 days of no response from owner from date of first attempt to contact, the request is not retained. The rent adjustment request will be cancelled, and the action documented electronically.

The process begins when the owner and family negotiate the rent for a unit. *KHA* (or independent agency in the case of *KHA*-owned units) will assist the family with the negotiations upon request. At initial occupancy, *KHA* must determine whether the proposed rent is reasonable before a HAP Contract is signed. The owner cannot change the rent during the initial lease term. Subsequent requests for rent adjustments must be consistent with the lease between the owner and the family. Rent increases will not be approved unless any failed items identified by the most recent HQS inspection have been corrected.

➢ ***KHA Policy****: After the initial occupancy period, the owner may request a rent adjustment in accordance with the owner's lease. For rent increase requests after initial lease-up, KHA may request owners to provide information about the rents charged for other units on the premises, if the premises include more than 4 units. In evaluating the proposed rents in comparison to other units on the premises, KHA will consider unit size and length of tenancy in the other units.*

- *KHA will determine whether the requested increase is reasonable and will notify the owner in writing.*
- *KHA is not required to approve a rent increase if the rent is determined to be unreasonable, or if KHA has insufficient funding to provide for general increases.*
- *KHA may approve a requested rent increase on a case-by-case basis*.

8-III.D. KHA AND HUD-INITIATED RENT REASONABLENESS DETERMINATIONS

HUD requires *KHA* to make a determination of rent reasonableness if there is a five percent decrease in the HUD-published *Fair Market Rent* (FMR) that goes into effect at least sixty (60) calendar days before the contract anniversary date.

- ***KHA Policy***: *In addition to the instance described above, KHA will make a determination of rent reasonableness at any time after the initial occupancy period if: (**1**) KHA determines that the initial rent reasonableness determination was in error or (**2**) KHA determines that the information provided by the owner about the unit or other units on the same premises was incorrect*.

LIHTC- and HOME-Assisted Units

[*24 CFR 982.507(c)*]
For units receiving *low-income housing tax credits* (LIHTCs) or units assisted under HUD's *HOME Investment Partnerships* (HOME) Program, a rent comparison with unassisted units is not required if the voucher rent does not exceed the rent for other LIHTC- or HOME-assisted units in the project that are not occupied by families with tenant-based assistance.

For LIHTC's, if the rent requested by the owner does exceed the LIHTC rents for non-voucher families, *KHA* must perform a rent comparability study in accordance with program regulations. In such cases, the rent shall not exceed the lesser of: (**1**) the reasonable rent as determined from the rent comparability study; or (**2**) the subsidy standard established by *KHA* for the unit size involved.

8-III.E. HOW COMPARABILITY IS ESTABLISHED

Factors to Consider

HUD requires PHA's to take into consideration the factors listed below when determining rent comparability. *KHA* may use these factors to make upward or downward adjustments to the rents of comparison units when the units are not identical to the HCV-assisted unit:

- Location and age;
- Unit size including the number of rooms;
- The type of unit including construction type (e.g., single family, duplex, garden, low-rise, high-rise);
- The quality of the units including the quality of the original construction, maintenance and improvements made; and
- Amenities, services, and utilities included in the rent.

- ***KHA Policy***: *Comparable units must represent unrestricted market rents. Therefore, units that receive some form of federal, state, or local assistance that imposes rent restrictions cannot be considered comparable units. These include units assisted by HUD through any of the following programs: Section 8 project-based assistance (PBA), Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR) projects, HOME or Community Development Block Grant (CDBG) program assisted units in which the rents are subsidized; units subsidized through federal, state, or local tax credits; units subsidized by the Department of Agriculture Rural Housing Programs, and units that are rent-controlled by local ordinance*.

NOTE: *Notice PIH 2011-46, issued August 17, 2011, provides further guidance on the issue of what constitutes an assisted unit*.

8-III.F. UNITS THAT MUST NOT BE USED AS COMPARABLES

Comparable units must represent unrestricted market rents. Therefore, units that receive some form of federal, state, or local assistance that imposes rent restrictions cannot be considered comparable units. These include units assisted by HUD through any of the following programs: Section 8 project-based assistance, Section 236 and Section 221(d)(3) *Below Market Interest Rate* (BMIR) projects, *HOME* or *Community Development Block Grant* (CDBG) program-assisted units in which the rents are subsidized; units subsidized through federal, state, or local tax credits; units subsidized by the Department of Agriculture rural housing programs, and units that are rent-controlled by local ordinance.

NOTE: [*Notice PIH 2011-46*]*, issued August 17, 2011, provides further guidance on the issue of what constitutes an assisted unit*.

8-III.G. RENTS CHARGED FOR OTHER UNITS ON THE PREMISES

Units for which an owner has decided to charge rents that are below what other tenants are charged and what the market might bear are not "assisted" units for the purposes of rent reasonableness determinations. Per HUD guidance, these units must be taken into consideration as unassisted comparable units on the premises.

- Units assisted by *Low-Income Housing Tax Credits* (LIHTC) or assistance under HUD's *HOME Program* are not required to determine rent reasonableness if the rent does not exceed the rent for other LIHTC- or HOME-assisted units in the project that are not occupied by families with tenant-based assistance. If the rent requested exceeds rent for non-voucher families, then a rent reasonableness determination is required. [*24 CFR 982.507(c)(2)*].
- In the case of a family moving into a multi-family property, *KHA* will only consider units leased within the past year in determining comparable unassisted units.

➢ ***KHA Policy***: *The Request for Tenancy Approval (HUD-52517) requires owners to provide information, on the form itself, about the rent charged for other unassisted comparable units on the premises if the premises includes more than 4 units.*

By accepting KHA payment each month the owner certifies that the rent is not more than the rent charged for comparable unassisted units on the premises. If asked to do so, the owner must give KHA information regarding rents charged for other units on the premises.

8-III.H. KHA RENT REASONABLENESS METHODOLOGY

How Market Data is Collected

➢ ***KHA Policy***: *KHA utilizes a HUD-compliant online comparability tool that contains data on market rents in KHA's jurisdiction. The data is maintained by bedroom size and*

market areas. Market areas may be defined by zip codes, census tract, neighborhood, and identifiable natural or man-made boundaries. The data is updated on an ongoing basis and rent information that is more than 12 months old is eliminated from the comparison.

For any KHA-owned units in the Project-based Voucher Program, an independent entity conducts rent reasonableness. The methodology used by the independent entity is in alignment with rent reasonableness regulations. For units not owned by KHA, KHA may apply an adjustment factor of up to 5% to the independent entity's determination, if the proposed rent does not exceed KHA Payment Standards.

How Rents are Determined

- ***KHA Policy**: The rent for a unit proposed for HCV assistance will be compared to the rent charged for comparable units in the same market area. KHA will develop a range of prices for comparable units by bedroom size within defined market areas. Units proposed for HCV assistance will be compared to the units within this rent range. Because units may be similar, but not exactly like the unit proposed for HCV assistance, KHA may adjust the range of prices to account for these differences.*

  The adjustment must reflect the local market. Not all differences in units require adjustments (e.g., the presence or absence of a garbage disposal may not affect the rent in some market areas).

  Adjustments may vary by unit type (e.g., a second bathroom may be more valuable in a three-bedroom unit than in a two-bedroom).

  The adjustment must reflect the rental value of the difference—not its construction costs (e.g., it might cost $20,000 to put on a new roof, but the new roof might not make any difference in what a tenant would be willing to pay because rental units are presumed to have functioning roofs).

  KHA will notify the owner of the rent KHA can approve based upon its analysis of rents for comparable units. The owner may submit information about other comparable units in the market area. KHA will confirm the accuracy of the information provided and consider this additional information when making rent determinations. The owner must submit any additional information within 7 business days of KHA's request for information or the owner's request to submit information.

EXHIBITS 8-1: OVERVIEW OF HUD HOUSING QUALITY STANDARDS

Note: This document provides an overview of HQS. For more detailed information see the following documents:

- 24 CFR 982.401, Housing Quality Standards (HQS)
- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (4/15) and Inspection Checklist, form HUD-52580-A (4/15)

Sanitary Facilities

The dwelling unit must include sanitary facilities within the unit. The sanitary facilities must be usable in privacy and must be in proper operating condition and adequate for personal cleanliness and disposal of human waste.

Food Preparation and Refuse Disposal

The dwelling unit must have space and equipment suitable for the family to store, prepare, and serve food in a sanitary manner.

Space and Security

The dwelling unit must provide adequate space and security for the family. This includes having at least one bedroom or living/sleeping room for each two persons.

Thermal Environment

The unit must have a safe system for heating the dwelling unit. Air conditioning is not required but if provided must be in proper operating condition. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Portable electric room heaters or kitchen stoves with built-in heating units are not acceptable as a primary source of heat for units located in climatic areas where permanent heat systems are required.

Illumination and Electricity

Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. The dwelling unit must have sufficient electrical sources, so occupants can use essential electrical appliances. Minimum standards are set for different types of rooms. Once the minimum standards are met, the number, type and location of electrical sources are a matter of tenant preference.

Structure and Materials

The dwelling unit must be structurally sound. Handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches or more off the ground. The elevator servicing the unit must be working [if there is

one]. Manufactured homes must have proper tie-down devices capable of surviving wind loads common to the area.

Interior Air Quality

The dwelling unit must be free of air pollutant levels that threaten the occupants' health. There must be adequate air circulation in the dwelling unit. Bathroom areas must have one openable window or other adequate ventilation. Any sleeping room must have at least one window. If a window was designed to be opened, it must be in proper working order.

Water Supply

The dwelling unit must be served by an approved public or private water supply that is sanitary and free from contamination. Plumbing fixtures and pipes must be free of leaks and threats to health and safety.

Lead-Based Paint

Lead-based paint requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children under six years of age, excluding zero-bedroom dwellings. Owners must:

- Disclose known lead-based paint hazards to prospective tenants before the lease is signed,
- provide all prospective families with "Protect Your Family from Lead in Your Home",
- Stabilize deteriorated painted surfaces and conduct hazard reduction activities when identified by *KHA*
- Notify tenants each time such an activity is performed
- Conduct all work in accordance with HUD safe practices
- As part of ongoing maintenance ask each family to report deteriorated paint.

For units occupied by environmental intervention blood lead level (lead poisoned) children under six years of age, a risk assessment must be conducted (paid for by *KHA*). If lead hazards are identified during the risk assessment, the owner must complete hazard reduction activities.

See HCV Guide Book p. 10-15 for a detailed description of these requirements. For additional information on lead-based paint requirements see 24 CFR 35, Subparts A, B, M, and R.

Access

Use and maintenance of the unit must be possible without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire.

Site and Neighborhood

The site and neighborhood must be reasonably free from disturbing noises and reverberations, excessive trash or vermin, or other dangers to the health, safety, and general welfare of the occupants.

Sanitary Condition

The dwelling unit and its equipment must be in sanitary condition and free of vermin and rodent infestation. The unit must have adequate barriers to prevent infestation.

Smoke Detectors

Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any person with a hearing impairment, smoke detectors must have an appropriate alarm system as specified in NFPA 74 (or successor standards).

Hazards and Heath/Safety

The unit, interior and exterior common areas accessible to the family, the site, and the surrounding neighborhood must be free of hazards to the family's health and safety.

EXHIBIT 8-2: SUMMARY OF TENANT PREFERENCE AREAS RELATED TO HOUSING QUALITY

Note: This document provides an overview of unit and site characteristics and conditions for which the family determines acceptability. For more detailed information see the following documents:

- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (4/15) and Inspection Checklist, form HUD-52580-A (4/15)

Provided the minimum housing quality standards have been met, HUD permits the family to determine whether the unit is acceptable with regard to the following characteristics.

- *Sanitary Facilities*. The family may determine the adequacy of the cosmetic condition and quality of the sanitary facilities, including the size of the lavatory, tub, or shower; and the adequacy of the water heater.
- *Food Preparation and Refuse Disposal*. The family selects size and type of equipment it finds acceptable. When the family is responsible for supplying cooking appliances, the family may choose to use a microwave oven in place of a conventional oven, stove, or range. When the owner is responsible for providing cooking appliances, the owner may offer a microwave oven in place of an oven, stove, or range only if other subsidized and unsubsidized units on the premises are furnished with microwave ovens only. The adequacy of the amount and type of storage space, the cosmetic conditions of all equipment, and the size and location of the kitchen are all determined by the family.
- *Illumination and Electricity*. The family may determine whether the location and the number of outlets and fixtures (over and above those required to meet HQS standards) are acceptable or if

the amount of electrical service is adequate for the use of appliances, computers, or stereo equipment.

- *Indoor Air*. Screens must be provided on all windows. Storm windows must be installed on all windows that are not double paned.
- *Neighborhood conditions*. Families may determine whether neighborhood conditions such as the presence of drug activity, commercial enterprises, and convenience to shopping will affect the livability of the unit.
- *Energy Conservation items*: The family may determine whether the amount of insulation, absence of storm doors and other energy conservation items are acceptable. Families have no discretion with respect to lead-based paint standards and smoke detectors.

CHAPTER 9 : GENERAL LEASING POLICIES

Housing Choice Voucher Guidebook Resource.

The purpose of the *Housing Choice Voucher (HCV) Guidebook* is to provide an easy-to-use, one-stop resource to assist public housing agencies (PHAs), families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates into one document the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, *PIH Notices*, *Federal Register* Notices, and other forms of guidance issued by HUD.

KHA will provide a link to *HCV Guidebook* sections that assisted in the development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *HCV Guidebook* chapters will be living documents on HUD's website. Individual chapters will be amended as policies are refined. The *HCV Guidebook* chapter on *Housing Search and Leasing* can be found here: https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Housing_Search_and_Leasing.pdf

Introduction

This chapter covers the lease-up process from the family's submission of a *Request for Tenancy Approval* to execution of the *HAP Contract*.

For *KHA* to assist a family in a particular dwelling unit, or execute a *Housing Assistance Payments* (HAP) Contract with the owner of a dwelling unit, *KHA* must determine that all the following program requirements are met:

- The unit itself must qualify as an eligible unit [*24 CFR 982.305(a)*];
- The unit must be inspected by *KHA* and meet the Housing Quality Standards (HQS) [*24 CFR 982.305(a)*];
- The lease offered by the owner must be approvable and must include the required Tenancy Addendum [*24 CFR 982.305(a)*];
- The rent to be charged by the owner for the unit must be reasonable [*24 CFR 982.305(a)*];
- The owner must be an eligible owner, approvable by *KHA*, with no conflicts of interest [*24 CFR 982.306*]; and
- Where the gross rent of the unit *at move-in* exceeds the applicable subsidy standard for the family, the share of rent to be paid by the family cannot exceed 40 percent of the family's monthly adjusted income [*24 CFR 982.305(a)*].

PART I: GENERAL LEASING REQUIREMENTS

9-I.A. TENANT SCREENING

KHA has no liability or responsibility to the owner or other persons for the family's behavior or suitability for tenancy [*24 CFR 982.307(a)(1)*].

KHA has elected not to screen ant applicants for family behavior or suitability for tenancy. See [*KHA Plan: Chapter 3, Program Eligibility*] for a discussion of *KHA*'s policies with regard to screening applicant families for program eligibility [*24 CFR 982.307(a)(1)*].

The owner is responsible for screening and selection of the family to occupy the owner's unit. At or before *KHA* approval of the tenancy, *KHA* must inform the owner that screening and selection for tenancy is the responsibility of the owner [*24 CFR 982.307(a)(2)*].

KHA must provide the owner with the family's current and prior address (as shown in *KHA* records); and the name and address (if known to *KHA*) of the landlord at the family's current and prior address. [*24 CFR 982.307 (b)(1)*].

KHA is permitted, but not required, to offer the owner other information in *KHA*'s possession about the tenancy history or drug trafficking of family members [*24 CFR 982.307(b)(2)*]. *KHA*'s policy on providing information to the owner must be included in the family's briefing packet [*24 CFR 982.307(b)(3)*].

Please see *KHA*'s *VAWA Policy* in [*KHA Plan: Chapter 16, Part IX*] regarding disclosure of confidential information provided under that Policy.

- ***KHA Policy***: *KHA will not screen applicants for family behavior or suitability for tenancy and KHA will not provide additional screening information to the owner*.

9-I.B. REQUESTING TENANCY APPROVAL

[*Form HUD-52517*]

After the family is issued a voucher, the family must locate an eligible unit, with an owner or landlord willing to participate in the voucher program. Once a family finds a suitable unit and the owner is willing to lease the unit under the program, the owner and the family must request *KHA* to approve the assisted tenancy in the selected unit.

The owner and the family must submit four (4) documents to *KHA*:

- Completed *Request for Tenancy Approval* (RFTA) – Form HUD-52517;
- Completed *KHA* form *Unit Characteristics;*
- IRS W-9 or similar tax information to confirm property ownership; and
- Banking information for direct deposit of HAP.

KHA may request additional documents such as: Lead-based Pain form, other proof of ownership, Owner Declaration and rental license/ village permit.

The RFTA contains important information about the rental unit selected by the family, including the unit address, number of bedrooms, structure type, year constructed, utilities

included in the rent, and the requested beginning date of the lease, necessary for *KHA* to determine whether to approve the assisted tenancy in this unit.

- Owners must certify to the most recent amount of rent charged for the unit and provide an explanation for any difference between the prior rent and the proposed rent.
- Owners must certify that they are not the parent, child, grandparent, grandchild, or sibling of any member of the family, unless *KHA* has granted a request for Reasonable Accommodation for a person with disabilities who is a member of the tenant household.
- For units constructed prior to 1978, owners must either (**1**) certify that the unit, common areas, and exterior have been found to be free of lead-based paint by a certified inspector; or (**2**) attach a lead-based paint disclosure statement.
- Both the RFTA and the proposed lease must be submitted no later than the expiration date stated on the voucher. [*HCV Guide Book p.8-15*].

➢ ***KHA Policy***: *The RFTA must be signed by both the family and the owner. Completed RFTA* must *be submitted to KHA's offices.*

The family may not submit, and KHA will not process, more than one (1) RFTA at a time. When the family submits the RFTA KHA will review the RFTA for completeness.

- *If the RFTA is incomplete (including lack of signature by family, owner, or both) KHA will not accept the RFTA.*
- *Missing information and/or missing documents will only be accepted as hard copies, email, or by fax. KHA will not accept missing information over the phone.*

Because of the time sensitive nature of the tenancy approval process, *KHA* will attempt to communicate with the owner and family by phone, fax, or email. *KHA* will use mail when the parties cannot be reached by phone, fax, or email.

9-I.C. OWNER PARTICIPATION

KHA does not formally approve an owner to participate in the HCV program. However, there are a number of criteria where *KHA* may deny approval of an assisted tenancy based on past owner behavior, conflict of interest, or other owner-related issues. There are also criteria for which *KHA* must disapprove an owner. No owner has a right to participate in the HCV program [*24 CFR 982.306(e)*].

See [*KHA Plan: Chapter 13, Owners*] for a full discussion of owner qualification to participate in the HCV program.

9-I.D. ELIGIBLE UNITS

There are a number of criteria that a dwelling unit must meet in order to be eligible for assistance under the voucher program. Generally, a voucher-holder family may choose any

available rental dwelling unit on the market in *KHA*'s jurisdiction. This includes the dwelling unit they are currently occupying.

Ineligible Units

[*24 CFR 982.352(a)*]
KHA may not assist a unit under the voucher program if the unit is a public housing or Indian housing unit; a unit receiving project-based assistance under Section 8 of the 1937 Act (*42 U.S.C. 1437f*); nursing homes, board and care homes, or facilities providing continual psychiatric, medical, or nursing services; college or other school dormitories; units on the grounds of penal, reformatory, medical, mental, and similar public or private institutions; a unit occupied by its owner or by a person with any interest in the unit.

KHA-Owned Units

[*24 CFR 982.352(b)*]
Otherwise eligible units that are owned or substantially controlled by *KHA* issuing the voucher may also be leased in the voucher program. In order for a *KHA*-owned unit to be leased under the voucher program, the unit must not be ineligible housing and *KHA* must inform the family, both orally and in writing, that the family has the right to select any eligible unit available for lease and that the family is free to select a *KHA*-owned unit without any pressure or steering by *KHA*.

- ***KHA Policy***: *KHA does not have any eligible KHA-owned units available for leasing under the voucher program*.

Special Housing Types

[*24 CFR 982 Subpart M*]
HUD regulations permit, but do not generally require, *KHA* to permit families to use voucher assistance in a number of special housing types in accordance with the specific requirements applicable to those programs. These special housing types include single room occupancy (SRO) housing, congregate housing, group home, shared housing, manufactured home space (where the family owns the manufactured home and leases only the space), cooperative housing and homeownership option. See [*KHA Plan: Chapter 15, Special Housing Types; Targeted Voucher/Other Program Types*] for specific information and policies on any of these housing types that *KHA* has chosen to allow.

The regulations do require *KHA* to permit use of any special housing type if needed as a Reasonable Accommodation so that the program is readily accessible to and usable by persons with disabilities.

Duplicative Assistance

[*24 CFR 982.352(c)*]
A family may not receive the benefit of HCV tenant-based assistance while receiving the benefit of any of the following forms of other housing subsidy, for the same unit or for a different unit:

- Public or Indian housing assistance;

- Other Section 8 assistance (including other tenant-based assistance);
- Assistance under former Section 23 of the *United States Housing Act* of 1937 (before amendment by the *Housing and Community Development Act* of 1974);
- Section 101 rent supplements;
- Section 236 rental assistance payments;
- Tenant-based assistance under the HOME Program;
- Rental assistance payments under Section 521 of the *Housing Act* of 1949 (a program of the Rural Development Administration);
- Any local or State rent subsidy;
- Section 202 supportive housing for the elderly;
- Section 811 supportive housing for persons with disabilities;
- Section 202 projects for non-elderly persons with disabilities (Section 162 assistance); or
- Any other duplicative federal, State, or local housing subsidy, as determined by HUD. For this purpose, 'housing subsidy' does not include the housing component of a welfare payment, a social security payment received by the family, or a rent reduction because of a tax credit.

Housing Quality Standards (HQS)

[*24 CFR 982.305*] and [*24 CFR 982.401*]
In order to be eligible, the dwelling unit must be in decent, safe and sanitary condition. This determination is made using HUD's Housing Quality Standards (HQS) and/or equivalent state or local standards approved by HUD. See [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*] for a full discussion of the HQS standards, as well as the process for HQS inspection at initial lease-up.

Unit Size

In order to be eligible, the dwelling unit must be appropriate for the number of persons in the household. A family must be allowed to lease an otherwise acceptable dwelling unit with fewer bedrooms than the number of bedrooms stated on the voucher issued to the family, provided the unit meets the applicable HQS space requirements [*24 CFR 982.402(d)*]. The family must be allowed to lease an otherwise acceptable dwelling unit with more bedrooms than the number of bedrooms stated on the voucher issued to the family. See [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*] for a full discussion of subsidy standards.

Rent Reasonableness

[*24 CFR 982.305*] and [*24 CFR 982.507*]
In order to be eligible, the dwelling unit must have a reasonable rent. The rent must be reasonable in relation to comparable unassisted units in the area and must not be in excess of rents charged by the owner for comparable, unassisted units on the premises. See [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*] for a full discussion of rent reasonableness and the rent reasonableness determination process.

Rent Burden

[*24 CFR 982.508*]
Where a family is initially leasing a unit and the gross rent of the unit exceeds the applicable subsidy standard for the family, the family share cannot exceed forty (40) percent of the family's adjusted monthly income. The term "family share" refers to the amount the family pays toward rent and utilities. The gross rent for the unit minus the total housing assistance payment (HAP) for the units equals the family share. See [*KHA Plan: Chapter 6, Income and Subsidy Determinations*] for a discussion of calculation of gross rent, the use of subsidy standards, and calculation of family income, family share of rent and HAP.

9-I.E. LEASE AND TENANCY ADDENDUM

The family and the owner must execute a written dwelling lease agreement for the assisted unit. This written lease is a contract between the tenant family and the owner; *KHA* is not a party to this contract.

The tenant must have legal capacity to enter a lease under State and local law. 'Legal capacity' means that the tenant is bound by the terms of the lease and may enforce the terms of the lease against the owner [*24 CFR 982.308(a)*]

Co-signer For Lease

The use of a co-signer on a lease is permitted by program guidelines, *but strongly discouraged*. A co-signer is someone utilized by the landlord during the application and tenant screening process to help the applicant secure the unit and be financially responsible for any tenant rent portion not paid by the tenant, tenant paid utilities or tenant caused damages above normal wear and tear not paid by the tenant, or any other violation of the lease of a financial nature not paid by the tenant – but who is not a permitted occupant in the unit and has no survivorship rights to the subsidy.

The income of a co-signer is not counted towards the total household income of the family, but any amounts paid by the co-signer on behalf of the tenant under the terms of the lease as the co-signer must be reported to *KHA* and will be counted as income. [*24 CFR 5.609(b)(7)*] and [*KHA Plan: 6-I.J. Periodic and Determinable Allowances*].

Lease Form and Tenancy Addendum

[*24 CFR 982.308*]
If the owner uses a standard lease form for rental to unassisted tenants in the locality or the premises, the lease must be in such standard form. If the owner does not use a standard lease form for rental to unassisted tenants, the owner may use another form of lease. The HAP Contract prescribed by HUD contains the owner's certification that if the owner uses a standard lease form for rental to unassisted tenants, the lease for the assisted tenants is in such standard form.

All provisions in the HUD-required Tenancy Addendum must be added word-for-word to the owner's standard lease form. The Tenancy Addendum includes the HUD requirements for the tenancy. Because it is a part of the lease, the tenant shall have the right to enforce the Tenancy Addendum against the owner. If there is a conflict between the owner's lease and the Tenancy Addendum the terms of the Tenancy Addendum shall prevail over any other provisions of the lease.

➢ ***KHA Policy***: *KHA does not provide a model or standard dwelling lease for owners to use in the HCV program*.

Lease Information

[*24 CFR 982.308(d)*]

The assisted dwelling lease must contain all of the required information as listed below:

- The names of the owner and the tenant and all family members;
- The unit rented (address, apartment number, and any other information needed to identify the contract unit);
- The term of the lease (initial term and any provisions for renewal);
- The amount of the monthly rent to owner; and
- A specification of what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the family

Term of Assisted Tenancy

The initial term of the assisted dwelling lease must be for at least one year [*24 CFR 982.309*]. The initial lease term is also stated in the HAP Contract. The HUD program regulations permit *KHA* to approve a shorter initial lease term if certain conditions are met.

➢ ***KHA Policy***: *KHA may approve an initial lease term of less than one (1) year only where KHA determines and can clearly document that: (i) Such shorter term would improve housing opportunities for the tenant; and (ii) Such shorter term is the prevailing local market practice*.

During the initial term of the lease, the owner may not raise the rent to owner [*24 CFR 982.309*].

Any provisions for renewal of the dwelling lease will be stated in the dwelling lease [*HCV Guidebook, pg. 8-22*]. There are no HUD requirements regarding any renewal extension terms, except that they must be stated in the dwelling lease if they exist.

KHA may execute the HAP Contract even if there is less than one year remaining from the beginning of the initial lease term to the end of the last expiring funding increment under the consolidated ACC. [*24 CFR 982.309(b)*].

Security Deposit

[*24 CFR 982.313 (a) and (b)*]

The owner may collect a security deposit from the tenant. *KHA* may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted tenants. However, if *KHA* chooses to do so, language to this effect must be added to Part A of the HAP Contract [*Form HUD-52641*].

- ***KHA Policy***: *KHA will allow the owner to collect any security deposit amount in accordance with state law. Therefore, no modifications to the HAP Contract will be necessary*.

Separate Non-Lease Agreements between Owner and Tenant

Owners may not demand or accept any rent payment from the family in excess of the rent to the owner as approved by *KHA* minus *KHA*'s housing assistance payments to the owner [*24 CFR 982.451(b)(4)*].

The owner may not charge the tenant extra amounts for items customarily included in rent in the locality or provided at no additional cost to unsubsidized tenants in the premises [*24 CFR 982.510(c)*].

- ***KHA Policy***: *KHA permits owners and families to execute separate, non-lease agreements for services, appliances (other than range and refrigerator) and other items that are not included in the lease.*

  Any items, appliances, or other services that are customarily provided to unassisted families as part of the dwelling lease with those families or are permanently installed in the dwelling unit must be included in the dwelling lease for the assisted family. These items, appliances or services cannot be placed under a separate non-lease agreement between the owner and family. Side payments for additional rent, or for items, appliances or services customarily provided to unassisted families as part of the dwelling lease for those families, are prohibited.

  Any items, appliances, or other services that are not customarily provided to unassisted families as part of the dwelling lease with those families, are not permanently installed in the dwelling unit and where the family has the sole option of not utilizing the item, appliance or service, may be included in a separate non-lease agreement between the owner and the family.

  The family is not liable and cannot be held responsible under the terms of the assisted dwelling lease for any charges pursuant to a separate non-lease agreement between the owner and the family. Non-payment of any charges pursuant to a separate non-lease agreement between the owner and the family cannot be a cause for eviction or termination of tenancy under the terms of the assisted dwelling lease.

  Separate non-lease agreements that involve additional items, appliances or other services may be considered amenities offered by the owner and may be taken into consideration when determining the reasonableness of the rent for the property.

KHA Review of Lease

KHA will review the dwelling lease for compliance with all applicable requirements.

- ***KHA Policy***: *If the dwelling lease is incomplete or incorrect, KHA will notify the family and the owner of the deficiencies. Missing and corrected lease information will only be accepted as hard copies, by scheduling an appointment or by fax or email. KHA will not accept missing and corrected information over the phone.*

  Because the initial leasing process is time-sensitive, KHA will attempt to communicate with the owner and family by phone, fax, or email. KHA will use mail when the parties can't be reached by phone, fax, or email.

KHA is permitted, but is not required, to review the lease to determine if the lease complies with State and local law and is permitted to decline to approve the tenancy if *KHA* determines that the lease does not comply with State or local law [*24 CFR 982.308(c)*].

- ***KHA Policy***: *KHA may review the owner's lease for compliance with state and local law*.

9-I.F. TENANCY APPROVAL

[*24 CFR 982.305*]
After receiving the family's *Request for Tenancy Approval*, with proposed dwelling lease, *KHA* must promptly notify the family and owner whether the assisted tenancy is approved.

Prior to approving the assisted tenancy and execution of a HAP Contract, *KHA* must ensure that all required actions and determinations, discussed in Part I of this chapter have been completed.

These actions include ensuring that the unit is eligible; the unit has been inspected by *KHA* and meets the Housing Quality Standards (HQS); the lease offered by the owner is approvable and includes the required Tenancy Addendum; the rent to be charged by the owner for the unit must is reasonable; where a family is initially leasing a unit and the gross rent of the unit exceeds the applicable subsidy standard for the family, the share of rent to be paid by the family does not exceed 40 percent of the family's monthly adjusted income [*24 CFR 982.305(a)*]; the owner is an eligible owner, not disapproved by *KHA*, with no conflicts of interest [*24 CFR 982.306*]; the family and the owner have executed the lease, including the Tenancy Addendum, and the lead-based paint disclosure information [*24 CFR 982.305(b)*].

Non-approved Tenancy at Move-in Due to Affordability

- ***KHA Policy***: *To ensure that KHA correctly calculates the housing assistance payment (HAP) and total tenant payment (TTP) of the rent, and to determine if the unit meets program guidelines for affordability for the family, every applicant and participant family must provide their current total household income information – defined as no older than*

60 days of the date of their voucher issuance – before a voucher, RFTA (Request for Tenancy Approval) and other "moving papers" can be issued by KHA. If KHA then determines that the requested rent for the unit is not affordable for the family under program guidelines because the share of rent to be paid by the family exceeds forty percent of the family's monthly adjusted income, KHA will cancel the RFTA, and any remaining search time on the voucher will be issued to the family.

If the family has submitted a completed RFTA for processing and the unit they selected has been determined by KHA not to be affordable for the family under program guidelines, but the family then requests an interim reexamination due to their stated increase in total household income, the income resulting from the increase will not be processed with the move, and with exceptions the increase will become effective the first day of the month after a 30- day notice of the increase to the parties. Decreases in total household income reported at any timeframe during a move will be processed with the move.

Exceptions to this policy will be made at KHA's discretion on a case by case basis.

Initial Lease Term

- ***KHA Policy**: Owners must agree to an initial lease term of **at least** one (1) year. During the initial lease term, KHA will not issue the household another subsidy to move unless:*
  - *It is done as a Reasonable Accommodation after the owner has agreed in writing to break the lease;*
  - *The need to move is VAWA related;*
  - *It is for verified education, training, or employment opportunities with landlord/owner approval; or*
  - *It is for another reason at the sole discretion of KHA. In this case, a household is not entitled to appeal the decision.*

Subsequent Lease Terms

- ***KHA Policy**: After the initial lease term, any subsequent lease term proposed by an owner must be for **at least** one (1) year, **unless a different term is specifically stated otherwise in the initial executed lease**. The term of any hold-over tenancy lease will be month-to-month with no changes to the terms of the lease.*

9-I.G. HAP CONTRACT EXECUTION

[*24 CFR 982.305*]

The HAP Contract is a written agreement between *KHA* and the owner of the dwelling unit. Under the HAP Contract, *KHA* agrees to make housing assistance payments to the owner on behalf of the family, and the owner agrees to comply with all program requirements as stated in the HAP Contract.

The HAP Contract form is prescribed by HUD.

If *KHA* has given approval for the family of the assisted tenancy, the owner and *KHA* must execute the HAP Contract.

The term of the HAP Contract must be the same as the term of the lease [*24 CFR 982.451(a)(2)*].

KHA is permitted to execute a HAP Contract even if the funding currently available does not extend for the full term of the HAP Contract.

KHA must make a best effort to ensure that the HAP Contract is executed before the beginning of the lease term. Regardless, the HAP Contract must be executed no later than 60 calendar days from the beginning of the lease term.

KHA may not pay any housing assistance payment to the owner until the HAP Contract has been executed. If the HAP Contract is executed during the period of 60 calendar days from the beginning of the lease term, *KHA* will pay housing assistance payments after execution of the HAP Contract (in accordance with the terms of the HAP Contract), to cover the portion of the lease term before execution of the HAP Contract (a maximum of 60 days).

Any HAP Contract executed after the 60-day period is void, and *KHA* may not pay any housing assistance payment to the owner.

➢ ***KHA Policy***: *Owners who have not previously participated in the HCV program are encouraged to attend a meeting with KHA in which the terms of the Tenancy Addendum and the HAP Contract will be explained.*
- *The owner and the assisted family will execute the dwelling lease and the owner or participant must provide a copy to KHA.*
- *The owner and KHA will execute the HAP Contract. KHA will not execute the HAP Contract until the owner has submitted any and all documentation requested by KHA. KHA will ensure that the owner receives a copy of the executed HAP Contract.*

9-I.H. CHANGES IN LEASE OR RENT

[*24 CFR 982.308*]

If the tenant and the owner agree to any changes in the lease, such changes must be in writing, and the owner must immediately give *KHA* a copy of such changes. The lease, including any changes, must remain in accordance with the requirements of this chapter.

Generally, *KHA* approval of tenancy and execution of a new HAP Contract are not required for changes in the lease. However, under certain circumstances, the execution of a new lease and HAP Contract are required. These circumstances include:
- Changes in lease requirements governing tenant or owner responsibilities for utilities or appliances;
- Changes in lease provisions governing the term of the lease; or
- The family moves to a new unit, even if the unit is in the same building or complex.

In these cases, if the HCV assistance is to continue, the family must submit a new RFTA along with a new dwelling lease containing the proposed changes. A new tenancy must then be approved in accordance with this chapter.

Where the owner is changing the amount of the rent to the owner, the owner must notify *KHA* ***at least*** 60 days before any such change goes into effect [*24 CFR 982.308(g)(4)*]. *KHA* will agree to such an increase only if the amount of the rent to owner is considered reasonable according to the rent reasonableness standards discussed in [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*]. If the requested rent is not found to be reasonable, the owner must either reduce the requested rent increase to the reasonable amount, or terminate the tenancy in accordance with the terms of the lease.

The tenant retains the right to decline to agree to or pay any rent increase proposed by the owner and approved by *KHA*, in which case the owner and tenant must terminate the tenancy in accordance with the terms of the lease.

No rent increase is permitted during the initial term of the lease [*24 CFR 982.309(a)(3)*].

- ***KHA Policy***: *After the initial lease term, KHA 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 KHA at least 60 days before any such change goes into effect; and*
  - *the new Contract Rent is reasonable for the area.*

NOTE: *Any rent increase request received with less than 60 days before any such change goes into effect, will become effective the first of the month at least 60 days from the date the accurate and complete rent increase request was received.*

CHAPTER 10 : MOVING WITH CONTINUED ASSISTANCE AND PORTABILITY

Housing Choice Voucher Guidebook Resource.

The purpose of the *Housing Choice Voucher (HCV) Guidebook* is to provide an easy-to-use, one-stop resource to assist public housing agencies (PHAs), families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates into one document the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, *PIH Notices*, *Federal Register* Notices, and other forms of guidance issued by HUD.

KHA will provide a link to *HCV Guidebook* sections that assisted in the development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *HCV Guidebook* chapters will be living documents on HUD's website. Individual chapters will be amended as policies are refined.

The *HCV Guidebook* chapter on *Moves and Portability* can be found here: https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Moves_and_Portability.pdf

Introduction

Freedom of housing choice is a hallmark of the Housing Choice Voucher (HCV) program. In general, HUD regulations impose few restrictions on where families may live or move with HCV assistance. This chapter sets forth HUD regulations and *KHA* policies governing moves within or outside *KHA*'s jurisdiction in two parts:

Part I: Moving with Continued Assistance. This part covers the general rules that apply to all moves by a family assisted under *KHA*'s HCV program, whether the family moves to another unit within *KHA*'s jurisdiction or to a unit outside *KHA*'s jurisdiction under portability.

Part II: Portability. This part covers the special rules that apply to moves by a family under portability, whether the family moves out of or into *KHA*'s jurisdiction. This part also covers the special responsibilities that *KHA* has under portability regulations and procedures.

PART I MOVING WITH CONTINUED ASSISTANCE

Freedom of choice is a hallmark of the HCV program. In general, HUD regulations impose few restrictions on where families may live or move with HCV assistance.

10-I.A. ALLOWABLE MOVES

[24 CFR 982.354]

1. A household may move with continued assistance:

- By providing a written notice to the owner (as required by the lease) with a copy to *KHA*, after the initial one-year period.
  - The lease dictates the timing of the notice but at the very minimum, the household must provide notice one (1) calendar month prior to the end of the lease to *KHA*.
  - Under no conditions may a lease require more than 60 calendar day notice.
- The owner and the participating household may mutually agree to break the lease. In these cases, the parties can create their own agreement that specifies the date of release and is signed by both parties.
- Upon or after owner action to remove household: At any time after the owner has provided a written notice to vacate; has commenced an action to evict the household; or has obtained a court judgment or other process allowing the owner to evict the household, so long as the owner's action was not the result of an action or inaction of the household in violation of the lease.
  - Once the owner has initiated the process, the household has no obligation to provide further notice to the owner.
  - Participating households must supply a copy of the notice to *KHA*.
- Once the unit has been terminated from the program based on uncorrected HQS violations not caused by the participant household in accordance with protocol in [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*].
- After the owner has breached their HAP Contract with *KHA* and *KHA* has acted to terminate the contract.
- At any time if the household must move to another community to protect the health and safety of an individual who is or has been the victim of witness intimidation, domestic violence, dating violence, or stalking and who reasonably believes he or she is or was imminently threatened by harm from further violence if he or she remained in the assisted unit.

2. Prior to any move (with exceptions noted above), the participant household must have a valid voucher in their possession or be eligible to receive an updated voucher to move to another unit.
   - A valid voucher means:
     - A hard-copy voucher signed by a designated *KHA* employee within the past ninety (90) calendar days; or
     - A voucher that was issued approximately ninety (90) calendar days ago has been extended through the tolling process or as a Reasonable Accommodation.
   - A household is considered eligible to receive an updated voucher if:
     - The household has resided in their current subsidized unit for more than one year, unless they meet an exception as described in [*KHA Plan: Chapter 11, Reexaminations and Continued Program Participation*]; and
     - The household is eligible for continued participation in accordance with [*KHA Plan: 15-VII.I.*] ; and
     - The household has provided one calendar month notice in writing with a copy to *KHA*; or has obtained a release from the owner; or has received a notice from the landlord to vacate, which is not related to any action or inaction of the household.

- Participating households that are issued a new voucher for a move do not undergo another briefing session, but at its discretion *KHA* may adopt procedures requiring a briefing. It is the responsibility of *KHA* to summarize any changes that may have occurred since the household last leased up.

3. The responsibility to provide adequate notice or obtain a written release from the landlord belongs to the participant household. *KHA* will not advocate on a household's behalf with respect to this matter. It is the participant's responsibility to provide to *KHA* proof of notice to the landlord or a copy of a release at the time that the household submits a *Request for Tenancy Approval*. Proof of notice is not needed for issuance of a voucher.
4. Once a voucher to move is issued, the voucher is subject to all the rules regarding term, extensions, tolling and expiration. As in the case of HAP terminations for owner-caused HQS violation(s) [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*], the participant search period for a new unit will not commence until sixty (60) calendar days post termination of HAP in the current unit.
5. The owner or the head of household may terminate the lease at any time in accordance with the lease terms.

➢ ***KHA Policy***: *Families will not be denied permission to move due to an Intent to Terminate (ITT) being issued. However, a family's continued participation in the HCV Program is subject to the outcome of any termination notice issued regardless of the timing of the termination notice. Any further processing or granting of participant requests, including but not limited to a request for moving papers, shall not void, restrict or waive KHA's right to terminate the family's participation based on any violations whether known or unknown at the time of the request*.

NOTE: *In general, the moving process follows the policies on briefings and voucher issuance in* [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*].

10-I.B. FUNDING RESTRICTIONS ON MOVES

KHA will deny a family permission to move on grounds that *KHA* does not have sufficient funding for continued assistance. Families will be notified of this policy at the time the move is requested. This policy applies to moves within *KHA*'s jurisdiction as well as portability.

10-I.C. RESTRICTIONS ON ELECTIVE MOVES

[*24 CFR 982.354(c)*]

➢ ***KHA Policy***: *KHA will restrict the number of moves by a participant to once per year. KHA's policies regarding moves during the initial lease term and the number of allowable moves in a one-year period apply to moves within KHA's jurisdiction*.

1. *KHA will deny permission to move if:*
   - *The head of household or a member of the household currently owes money to KHA including if an active Tenant Payment Agreement is in place;*
   - *The household is not current with any agreement for repayment with KHA;*

2. *KHA* *may* *deny permission to move if:*
   - *The head of household or a member of the household currently owes money to another housing authority, including if an active Tenant Payment Agreement is in place;*
   - *The household is not current with any agreement for repayment with another housing authority;*
   - *The requested move is within the initial term of the lease;*
   - *The household has had a prior move within the past twelve-month period or was issued a voucher for a move and it expired without moving in the past twelve-month period;*
   - *The household has violated any of its Family Obligations under the HCV Program; or*
   - *The household claims zero income and cannot demonstrate adequate financial resources to afford the move and related expenses.*
3. *KHA will, in appropriate instances, vary the above criteria in accordance with its Reasonable Accommodation procedures or VAWA Emergency Transfer Policy.*

10-I.D. WRITTEN NOTIFICATION

[*24 CFR 982.354(d)*] If a family wishes to move to a new unit, the family must notify *KHA* 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 *KHA*'s jurisdiction under portability, the notice to *KHA* must specify the area where the family wishes to move. All notices must be in writing.

10-I.E. HOUSING ASSISTANCE PAYMENTS (HAP)

HAP from *KHA* to owners on behalf of their tenant is authorized by the HAP Contract between *KHA* and the owner. The HAP Contract exists only 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.

➢ ***KHA Policy***: *KHA 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.*

10-I.F. HAP EXCEPTIONS

Program regulations under [*24 CFR 982.311(d)*] require when a family moves out of an assisted unit, the PHA may not make any housing assistance payment to the owner for any month after the month the family moves out. If a family moves from an assisted unit with continued tenant-based assistance, the term of the assisted lease for the new assisted unit may begin during the month the family moves out of the first assisted unit. Overlap of the last housing assistance payment (for the month when the family moves out of the old unit)

and the first assistance payment for the new unit, is not considered to constitute a duplicative housing subsidy.

The PHA should stipulate, and under what conditions, if an owner can keep the housing assistance payment for any days during the move out month after the day the family moves out of the unit, as well as the earliest effective date the term of the assisted lease for the new assisted unit can begin.

➢ ***KHA Policy*****:** *If current program funding allows, and without advanced notice, KHA retains the discretion to adjust its policy at any time under 10-I.E. to allow or not allow owners to keep the housing assistance payment for any day(s) during the move out month after the date indicated by the household in any written "notice to vacate" and move from the assisted unit.*

Earliest Lease Effective Date - Different Property Owner Move

- Whether or not the *current* property owner is allowed to keep the HAP for any day(s) during the move out month after the household moves from the assisted unit to a unit of a *different* property owner, the earliest effective date of the assisted lease for the new assisted unit and property owner is the day after the move-out date the household indicated in the "written notice to vacate" and moved from the previous assisted unit.

Earliest Lease Effective Date - Same Property Owner Move

- If the *current* property owner is *allowed* to keep the HAP for any day(s) during the move out month after the household moves from one assisted unit to another assisted unit of that *same property owner*, the earliest effective date of the assisted lease for the new assisted unit is the first day of the month following the move-out date the household indicated in the "written notice to vacate" and moved from the previous assisted unit.
- If the *current* property owner is *not allowed* to keep the HAP for any day(s) during the move out month after the household moves from one assisted unit to another assisted unit of that *same property owner*, the earliest effective date of the assisted lease for the new assisted unit and property owner is the day after the move-out date the household indicated in the "written notice to vacate" and moved from the previous assisted unit.

PART II PORTABILITY

[*24 CFR 982.353-355*]

Introduction

The term "portability" refers to the process of leasing a dwelling unit with Tenant-Based voucher assistance outside of the jurisdiction of the PHA that initially issues the family its voucher (the Initial PHA), by moving to the jurisdiction of the Receiving PHA.

On August 20, 2015, HUD published the final portability rule "*Public Housing and Section 8 Programs: Housing Choice Voucher Program: Streamlining the Portability Process*." The rule revised portability regulations and provisions relating to family briefings [*24 CFR 982.301*] and suspension of the term of the voucher [*24 CFR 982.303*]. Technical changes were also made to other sections of [*24 CFR Part 982*]. The final rule makes certain changes to the regulations proposed in the March 28, 2012, rule.

- ***KHA Policy***: *KHA appends this Plan, as specified with the Federal Register guidance for the statutory provisions under the Final Portability Rule, and the actions that may or should be taken to comply with those changes.*

Overview

Within the limitations of the regulations and this plan, a participant family or an applicant family that has been issued a voucher has the right to use tenant-based voucher assistance to lease a unit anywhere in the United States providing that the unit is located within the jurisdiction of a PHA administering a tenant-based voucher program [*24 CFR 982.353(b)*]. The process by which a family obtains a voucher from one PHA and uses it to lease a unit in the jurisdiction of another PHA is known as portability. The PHA that issues the voucher is called the initial PHA. The PHA that has jurisdiction in the area to which the family wants to move is called the receiving PHA.

The receiving PHA has the option of administering the family's voucher for the initial PHA or absorbing the family into its own program. Under the first option, the receiving PHA provides all housing services for the family and bills the initial PHA for the family's housing assistance payments and the fees for administering the family's voucher. Under the second option, the receiving PHA pays for the family's assistance with its own program funds, and the initial PHA has no further relationship with the family. The initial PHA must contact the receiving PHA via email or other confirmed delivery method to determine whether the receiving PHA will administer or absorb the initial PHA's voucher. Based on the receiving PHA's response, the initial PHA must determine whether they will approve or deny the portability request [*Notice PIH 2012-42*].

PHAs commonly act as both the initial and receiving PHA because families may move into or out of the same jurisdiction under portability. Each role involves different responsibilities. *KHA* will follow the rules and policies in section 10-II.B. when acting as the initial PHA for a family. *KHA* will follow the rules and policies in section 10-II.C. when acting as the receiving PHA for a family.

10-II.A. SUMMARY OF KEY CHANGES

- The initial PHA must determine the family's eligibility to move in accordance with [*24 CFR 982.353*]; [*24 CFR 982.354*]; [*24 CFR 982.355(c)(2)*].
- The initial PHA must contact the receiving PHA prior to approving the family's request to move to determine if the receiving PHA will bill or absorb. The receiving PHA must respond to the initial PHA's request in writing. [*24 CFR 982.355(c)(3)*].

- If the receiving PHA notifies the initial PHA that it will absorb the voucher, it cannot reverse its decision at a later date without consent of the initial PHA. [*24 CFR 982.355(c)(4)*].
- The initial PHA must include form HUD-52665 as part of the documents that the initial PHA sends the receiving PHA for a ported family. [*24 CFR 982.355(c)(7)*].
- Administration of the ported voucher must be in accordance with the receiving PHA's policies. This requirement also applies to policies of Moving to Work agencies. [*24 CFR 982.355(c)(10)*].
- The receiving PHA must issue a voucher to the ported family that does not expire before 30 calendar days from the expiration date of the initial PHA's voucher. The receiving PHA must contact the initial PHA if the family's voucher expires before the family arrives at the receiving PHA, to determine whether the initial PHA will extend the voucher. [*24 CFR 982.355(c)(13)*].
- The receiving PHA must notify the initial PHA of any extensions granted to the term of the voucher. [*24 CFR 982.355(c)(14)*].
- The initial PHA must reimburse the receiving PHA for the lesser of 80% of the initial PHA's administrative fee or 100% of the receiving PHA's administrative fee. If administrative fees are prorated for the HCV program due to insufficient administrative fee funding, the proration will apply to the amount of the administrative fee for which the receiving PHA may bill the initial PHA. [*24 CFR 982.355(e)(3)*].
- The initial PHA must submit any *Special Purpose Voucher* (SPV) codes for the *Family Report HUD- 50058*. The receiving PHA must maintain such codes as long as it is billing for the ported voucher. [*24 CFR 982.355(g)*].
- Initial and receiving PHAs must administer SPVs in accordance with HUD established policy in cases where HUD has established alternative program requirements of such SPVs. [*24 CFR 982.355(g)*].

10-II.B. KHA IN INITIAL PHA ROLE

Allowable Moves under Portability

A family may move with voucher assistance only to an area where there is at least one PHA administering a voucher program [*24 CFR 982.353(b)*] The initial PHA provides the family with the contact information for the receiving PHA. If more than one PHA serves the same jurisdiction, the family chooses the receiving PHA. The family may request the initial PHA to choose the receiving PHA if that is the family's preference. [*24 CFR 982.355(b)*].

Applicant families that have been issued vouchers as well as participant families may qualify to lease a unit outside *KHA*'s jurisdiction under portability. HUD regulations and *KHA* policy determine whether a family qualifies.

Applicant Families

Under HUD regulations, most applicant families qualify to lease a unit outside *KHA*'s jurisdiction under portability. However, HUD gives *KHA* discretion to deny a portability

move by an applicant family for the same two reasons that it may deny any move by a participant family: insufficient funding and grounds for denial or termination of assistance.

- ***KHA Policy***: *In determining whether or not to deny an applicant family permission to move under portability because KHA lacks sufficient funding or has grounds for denying assistance to the family, as the initial PHA, KHA will follow the policies established in section 10-I.B. of this chapter*.

10-II.C. INITIAL MOVE FOR APPLICANT FAMILIES

[*24 CFR 982.353*]

In addition, *KHA* may establish a policy denying the right to portability to nonresident applicants during the first 12 months after they are admitted to the program.

(a) *Assistance in the initial PHA jurisdiction.* The family may receive tenant-based assistance to lease a unit located anywhere in the jurisdiction (as determined by State and local law) of the initial PHA. HUD may nevertheless restrict the family's right to lease such a unit anywhere in such jurisdiction if HUD determines that limitations on a family's opportunity to select among available units in that jurisdiction are appropriate to achieve desegregation goals in accordance with obligations generated by a court order or consent decree.

(b) *Portability: Assistance outside the initial PHA jurisdiction.* Subject to paragraph (c) of this section, and to [*24 CFR 982.552 and 982.553*], a voucher-holder or participant family has the right to receive tenant-based voucher assistance, in accordance with requirements of this part, to lease a unit outside the initial PHA jurisdiction, anywhere in the United States, in the jurisdiction of a PHA with a tenant-based program under this part. The initial PHA must not provide such portable assistance for a participant if the family has moved out of the assisted unit in violation of the lease except as provided for in this subsection. If the family moves out in violation of the lease in order to protect the health or safety of a person who is or has been the victim of domestic violence, dating violence, sexual assault, or stalking and who reasonably believes him- or herself to be threatened with imminent harm from further violence by remaining in the dwelling unit (or any family member has been the victim of a sexual assault that occurred on the premises during the 90-calendar-day period preceding the family's move or request to move), and has otherwise complied with all other obligations under the HCV program, the family may receive a voucher from the initial PHA and move to another jurisdiction under the Housing Choice Voucher Program.

(c) *Nonresident applicants.*

(1) This paragraph (c) applies if neither the head of household or spouse of an assisted family already had a “domicile” (legal residence) in the jurisdiction of the initial PHA at the time when the family first submitted an application for participation in the program to the initial PHA.

(2) The following apply during the 12-month period from the time when a family described in paragraph (c)(1) of this section is admitted to the program:

(i) The family may lease a unit anywhere in the jurisdiction of the initial PHA;

(ii) The family does not have any right to portability;

(iii) The initial PHA may choose to allow portability during this period.

(3) If the initial PHA approves, the family may lease a unit outside the PHA jurisdiction under portability procedures.

➢ ***KHA Policy**: If neither the head of household nor the spouse/cohead of an applicant family had a domicile (legal residence) in KHA's jurisdiction at the time that the family's initial application for assistance was selected, the family must lease a unit within KHA's jurisdiction for at least 12 months before requesting portability.*

Exceptions to Initial Moves for Nonresident Applicants Outside of KHA's Jurisdiction Under Portability Procedures

When necessary for any nonresident applicants, *KHA* will comply with:

- ***Regulations*** under [*24 CFR Part 5, Subpart L*] (*Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking*), when the family or a member of the family is or has been the victim of domestic violence, dating violence, sexual assault, or stalking, and the move is needed to protect the health or safety of the family or family member, or any family member who has been the victim of a sexual assault that occurred on the premises during the 90-calendar-day period preceding the family's request to move;
- ***VAWA*** policies under [*KHA Plan*: *Chapter 16, Part IX*]; and
- ***Reasonable Accommodation*** policies under [*KHA Plan: Chapter 2-II.A.*] for nonresident persons who are ill, elderly, disabled, or otherwise who have extraordinary, extenuating circumstances as determined by *KHA*.

Participant Families

As the Initial PHA, *KHA* must not provide portable assistance for a participant if a family has moved out of its assisted unit in violation of the lease. [*24 CFR 982.353(b)*] As regards to VAWA, see the VAWA policy [*KHA Plan: Chapter 16, Part IX*].

➢ ***KHA Policy**: KHA will determine whether a participant family may move out of KHA's jurisdiction with continued assistance in accordance with the regulations and policies set forth here and in sections 10-I.A. and 10-I.B. of this chapter. KHA will notify the family of its determination in accordance with the approval policy set forth in section 10-I.C. of this chapter.*

Determining Income Eligibility

Applicant Families

An applicant family may lease a unit in a particular area under portability only if the family is income eligible for admission to the voucher program in that area [*24 CFR 982.353(d)*]. The family must specify the area to which the family wishes to move [*Notice PIH 2012-42*].

As the initial PHA, *KHA* is responsible for determining whether the family is income eligible in the area to which the family wishes to move [*24 CFR 982.355(c)(1)*]. If the applicant

family is not income eligible in that area, *KHA* must inform the family that it may not move there and receive voucher assistance [*Notice PIH 2012-42*].

Participant Families

The income eligibility of a participant family is not redetermined if the family moves to a new jurisdiction under portability [*24 CFR 982.353(d)(2)*], [*24 CFR 982.355(c)(9)*].

Reexamination of Family Income and Composition

No new reexamination of family income and composition is required for an applicant family.

- ***KHA Policy***: *For a participant family approved to move out of its jurisdiction under portability, KHA generally will conduct a reexamination of family income and composition. KHA will make any exceptions to this policy as necessary to remain in compliance with HUD regulations*.

Briefing

The regulations and policies on briefings set forth in [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*] require *KHA* to provide information on portability to all applicant families that qualify to lease a unit outside *KHA*'s jurisdiction under the portability procedures. Therefore, no special briefing is required for these families.

- ***KHA Policy***: *No formal briefing will be required for a participant family wishing to move outside KHA's jurisdiction under portability. At its discretion, KHA may adopt procedures requiring a briefing, however, KHA will provide the family with the same oral and written explanation of portability that it provides to applicant families selected for admission to the program* [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*]. *KHA will provide the name, address, and phone of the contact for the PHA in the jurisdiction to which they wish to move. KHA will advise the family that they will be under the receiving Housing Authority's policies and procedures, including subsidy standards and voucher extension policies.*

  The goal of the Regional Housing Initiative is to encourage and support efforts by HCV participant families to move into "areas of opportunity". As a participant in the Regional Housing Initiative, a collaboration of housing authorities located in the greater Chicago Metropolitan Area, participant families from KHA who desire to port to other participating jurisdictions (Lake County HA, Cook County HA, Chicago HA, Oak Park HA, and / or other RHI members) will be provided briefings and services as agreed upon by the RHI members.

Voucher Issuance and Term

An applicant family has no right to portability until after the family has been issued a voucher [*24 CFR 982.353(b)*]. In issuing vouchers to applicant families, *KHA* will follow the regulations and procedures set forth in [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*].

- ***KHA Policy***: *For families approved to move under portability, KHA will issue a new voucher within a reasonable time frame after KHA's approval to move. The initial term of the voucher will be up to 120 days.*

Voucher Extensions and Expiration

- ***KHA Policy***: *KHA will approve no extensions to a voucher issued to an applicant or participant family porting out of KHA's jurisdiction except under the following circumstances: (**a**) the initial term of the voucher will expire before the portable family will be issued a voucher by the receiving PHA, (**b**) the family decides to return to the initial PHA's jurisdiction and search for a unit there, or (**c**) the family decides to search for a unit in a third PHA's jurisdiction. In such cases, the policies on voucher extensions set forth in [KHA Plan: 5-II.E will apply, including the requirement that the family apply for an extension in writing prior to the expiration of the initial voucher term.*

  To receive or continue receiving assistance under the initial PHA's voucher program, a family that moves to another PHA's jurisdiction under portability must be under HAP Contract in the receiving PHA's jurisdiction within 60 days following the expiration date of the initial PHA's voucher term (including any extensions). (See below under "Initial Billing Deadline" for one exception to this policy.)

Preapproval Contact with the Receiving PHA

Prior to approving a family's request to move under portability, the initial PHA must contact the receiving PHA via e-mail or other confirmed delivery method to determine whether the receiving PHA will administer or absorb the family's voucher. Based on the receiving PHA's response, the initial PHA must determine whether it will approve or deny the move [*Notice PIH 2011-3*].

- ***KHA Policy***: *KHA will use e-mail, when possible, to contact the receiving PHA regarding whether the receiving PHA will administer or absorb the family's voucher.*

Initial Notification to the Receiving PHA

After approving a family's request to move under portability, the initial PHA must promptly notify the receiving PHA to expect the family [*24 CFR 982.355(c)(7)*]. This means that the initial PHA must contact the receiving PHA directly on the family's behalf [*Notice PIH 2004-12*]. The initial PHA must also advise the family how to contact and request assistance from the receiving PHA [*24 CFR 982.355(c)(6)*].

- ***KHA Policy***: *Because the portability process is time-sensitive, KHA will notify the receiving PHA by phone, fax, or e-mail to expect the family.*

Sending Documentation to the Receiving PHA

The initial PHA is required to send the receiving PHA the following documents:

- Form HUD-52665, Family Portability Information, with Part I filled out [*Notice PIH 2012-42*];

- A copy of the family's voucher [*Notice PIH 2012-42*];
- A copy of the family's most recent form HUD-50058, *Family Report*, or, if necessary in the case of an applicant family, family and income information in a format similar to that of form HUD-50058 [*24 CFR 982.355(c)(7)*], [*Notice PIH 2012-42*]; and
- Copies of the income verifications supporting the form HUD-50058 [*24 CFR 982.355(c)(7)*], [*Notice PIH 2012-42*]

➢ ***KHA Policy***: *In addition to these documents, KHA will provide the following information, if available, to the receiving PHA:*
- *Social security numbers (SSN);*
- *Documentation of SSN for all nonexempt household members whose SSN have not been verified through the EIV system;*
- *Documentation of legal identity;*
- *Documentation of citizenship or eligible immigration status;*
- *Documentation of participation in the earned income disallowance (EID) benefit; and*
- *Documentation of participation in a family self-sufficiency (FSS) program*.

Initial Billing Deadline

[*Notice PIH 2012-42*]

When the initial PHA sends form *HUD-52665* to the receiving PHA, it specifies in Part I the deadline by which it must receive the initial billing notice from the receiving PHA. This deadline is 60 days following the expiration date of the voucher issued to the family by the initial PHA. If the initial PHA does not receive a billing notice by the deadline and does not intend to honor a late billing submission, it must contact the receiving PHA to determine the status of the family. If the receiving PHA reports that the family is not yet under HAP Contract, the initial PHA may refuse to accept a late billing submission. If the receiving PHA reports that the family is under HAP Contract and the receiving PHA cannot absorb the family, the initial PHA must accept a late billing submission; however, it may report to HUD the receiving PHA's failure to comply with the deadline.

➢ ***KHA Policy***: *If KHA has not received an initial billing notice from the receiving PHA by the deadline specified on form HUD-52665, it will contact the receiving PHA by phone, fax, or e-mail on the next business day. If the receiving PHA reports that the family is not yet under HAP Contract, KHA will inform the receiving PHA that it will not honor a late billing submission and will return any subsequent billings that it receives on behalf of the family.*

KHA will send the receiving PHA a written confirmation of its decision by mail. The PHA will allow an exception to this policy if the family includes a person with disabilities and the late billing is a result of a Reasonable Accommodation granted to the family by the receiving PHA.

Monthly Billing Payments

[*24 CFR 982.355(e), Notice PIH2012-42*]

If the receiving PHA is administering the family's voucher, the initial PHA is responsible for making billing payments in a timely manner. The first billing amount is due within 30 calendar days after the initial PHA receives Part II of form HUD-52665 from the receiving PHA. Subsequent payments must be received by the receiving PHA no later than the fifth business day of each month. The payments must be provided in a form and manner that the receiving PHA is able and willing to accept.

The initial PHA may not terminate or delay making payments under existing portability billing arrangements as a result of over leasing or funding shortfalls. *KHA* must manage its tenant-based program in a manner that ensures that it has the financial ability to provide assistance for families that move out of its jurisdiction under portability and are not absorbed by receiving PHAs as well as for families that remain within its jurisdiction.

Annual Updates of Form HUD-50058

If the initial PHA is being billed on behalf of a portable family, it should receive an updated form HUD-50058 each year from the receiving PHA. If the initial PHA fails to receive an updated 50058 by the family's annual reexamination date, the initial PHA should contact the receiving PHA to verify the status of the family.

Denial or Termination of Assistance

[*24 CFR 982.355(c)(17)*]
If the initial PHA has grounds for denying or terminating assistance for a portable family that has not been absorbed by the receiving PHA, the initial PHA may act on those grounds at any time. (For *KHA* policies on denial and termination, see *KHA Plan*: Chapters 3 and 12, respectively.)

10-II.D. KHA IN RECEIVING PHA ROLE

If a family has a right to lease a unit in the receiving PHA's jurisdiction under portability, the receiving PHA must provide assistance for the family [*24 CFR 982.355(10)*].

As the receiving PHA, *KHA*'s procedures and preferences for selection among eligible applicants do not apply, and as the receiving PHA, *KHA*'s waiting list is not used [*24 CFR 982.355(c)(10)*]. However, the family's unit, or voucher, size is determined in accordance with the subsidy standards of *KHA* as receiving PHA [*24 CFR 982.355(12)*], and the amount of the family's housing assistance payment is determined in the same manner as for other families in *KHA*'s voucher program as the receiving PHA [*24 CFR 982.355(e)(2)*].

Responding to Initial PHA's Request

The receiving PHA must respond via e-mail or other confirmed delivery method to the initial PHA's inquiry to determine whether the family's voucher will be billed or absorbed. If the receiving PHA informs the initial PHA that it will be absorbing the voucher, the receiving PHA cannot reverse its decision at a later date [*Notice PIH 2012-42*].

- ***KHA Policy***: *As receiving PHA, KHA will use e-mail, when possible, to notify the initial PHA whether it will administer or absorb the family's voucher*.

Initial Contact with Family

When a family moves into *KHA*'s jurisdiction under portability, the family is responsible for promptly contacting *KHA* and complying with *KHA*'s procedures for incoming portable families [*24 CFR 982.355(c)(8)*].

If the voucher issued to the family by the initial PHA has expired, the receiving PHA does not process the family's paperwork but instead refers the family back to the initial PHA [*Notice PIH 2012-42*].

If for any reason the receiving PHA refuses to process or provide assistance to a family under the portability procedures, the family must be given the opportunity for an Informal Review or hearing [*Notice PIH 2012-42*]. (For more on this topic, see later under "Denial or Termination of Assistance.").

Briefing

HUD allows the receiving PHA to require a briefing for an incoming portable family as long as the requirement does not unduly delay the family's search [*Notice PIH 2011-3*].

- ***KHA Policy***: *KHA will not require the family to attend a briefing. KHA will provide the family with a briefing packet as described in [KHA Plan: Chapter 5, Briefings and Voucher Issuance] and, in an individual briefing, will orally inform the family about KHA's payment and subsidy standards, procedures for requesting approval of a unit, the unit inspection process, and the leasing process. KHA will suggest that the family attend a full briefing at a later date.*

  As a participant in the Regional Housing Initiative, a collaboration of housing authorities located in the greater Chicago Metropolitan Area, participant families from other participating jurisdictions who desire to port to KHA jurisdiction will be provided briefings and services as agreed upon by the RHI members.

Income Eligibility and Reexamination

HUD allows the receiving PHA to conduct its own income reexamination of a portable family [*24 CFR 982.355(c)(11)*]. However, the receiving PHA may not delay voucher issuance or unit approval until the reexamination process is complete unless the reexamination is necessary to determine that an applicant family is income eligible for admission to the program in the area where the family wishes to lease a unit [*Notice PIH 2012-42*], [*24 CFR 982.201*]. The receiving PHA does not redetermine income eligibility for a portable family that was already receiving assistance in the initial PHA's voucher program [*24 CFR 982.355(c)(9)*].

- ***KHA Policy***: *As receiving PHA, KHA will rely upon the income information provided by the initial PHA and will not conduct a new reexamination of income and composition for incoming portable families*.

- *For any family moving into KHA's jurisdiction under portability requiring an interim reexamination of family income immediately at initial receipt of portability documents due to a decrease directly related to their move to KHA's jurisdiction, the portability documents will be returned to the initial housing authority to be updated to accurately reflect the family's current circumstances.*
- *For any family moving into KHA's jurisdiction under portability requiring an interim reexamination of family income after initial receipt of portability documents due to a decrease not directly related to their move to KHA's jurisdiction, KHA will complete the interim reexamination. At KHA's discretion new information may be verified by documents provided by the family and adjusted, if necessary, when third party verification is received*.

Voucher Issuance

[*24 CFR 982.355(c)(6)*]

When a family moves into its jurisdiction under portability, the receiving PHA is required to issue the family a voucher. A receiving PHA cannot refuse to assist incoming portable families or direct them to another neighboring PHA for assistance. HUD may determine in certain instances that a PHA is not required to accept incoming portable families, such as a PHA in a declared disaster area. However, the PHA must have approval in writing from HUD before refusing any incoming portable families. [*24 CFR 982.355(b)*]. The family must submit a request for tenancy approval to the receiving PHA during the term of the receiving PHA's voucher [*24 CFR 982.355(c)(15)*].

Timing of Voucher Issuance

[*Notice PIH 2012-42*]

HUD expects the receiving PHA to issue the voucher within two weeks after receiving the family's paperwork from the initial PHA if the information is in order, the family has contacted the receiving PHA, and the family complies with the receiving PHA's procedures.

➢ ***KHA Policy***: *When a family ports into its jurisdiction, KHA will issue the family a voucher based on the documents from the initial PHA and documents provided by the family, usually within fourteen calendar days, unless: (**1**) the family's documents or the documents from the initial PHA are incomplete, (**2**) the family's voucher from the initial PHA has expired, or (**3**) the family does not comply with KHA's procedures. In those cases, the family will be returned to the initial PHA*.

Voucher Term

[*24 CFR 982.355(c)(13)*]

The term of the receiving PHA's voucher may not expire before the term of the initial PHA's voucher. The receiving PHA must issue a voucher to the ported family that does not expire before 30 calendar days from the expiration date of the initial PHA's voucher. The receiving PHA must contact the initial PHA if the family's voucher expires before the family arrives at the receiving PHA, to determine whether the initial PHA will extend the voucher.

Voucher Extensions

[*24 CFR 982.355(c)(14)*]; [*Notice PIH 2012-42*]
The receiving PHA may provide additional search time to the family beyond the expiration date of the initial PHA's voucher; however, if it does so, it must inform the initial PHA of the extension. It must also bear in mind the billing deadline provided by the initial PHA. Unless willing and able to absorb the family, the receiving PHA should ensure that any voucher expiration date would leave sufficient time to process a request for tenancy approval, execute a HAP Contract, and deliver the initial billing to the initial PHA.

- ***KHA Policy***: *KHA generally will not extend the term of the voucher that it issues to an incoming portable family unless KHA plans to absorb the family into its own program, in which case it will follow the policies on voucher extension set forth in* [*KHA Plan: 5-II.E.*] *KHA will comply with its VAWA and Reasonable Accommodation policies*.

Notifying the Initial PHA

The receiving PHA must promptly notify the initial PHA if the family has leased an eligible unit under the program or if the family fails to submit a request for tenancy approval for an eligible unit within the term of the receiving PHA's voucher [*24 CFR 982.355(c)(16)*]. The receiving PHA is required to use Part II of form HUD-52665, *Family Portability Information*, for this purpose [*24 CFR 982.355(e)(5)*]; [*Notice PIH 2012-42*]. (For more on this topic and the deadline for notification, see below under "Administering a Portable Family's Voucher").

If an incoming portable family ultimately decides not to lease in the jurisdiction of the receiving PHA but instead wishes to return to the initial PHA's jurisdiction or to search in another jurisdiction, the receiving PHA must refer the family back to the initial PHA. In such a case, the voucher of record for the family is once again the voucher originally issued by the initial PHA. Any extension of search time provided by the receiving PHA's voucher is only valid for the family's search in the receiving PHA's jurisdiction. [*Notice PIH 2012-42*].

Administering a Portable Family's Voucher

Initial Billing Deadline

If a portable family's search for a unit is successful and the receiving PHA intends to administer the family's voucher, the receiving PHA must submit its initial billing notice (Part II of form HUD-52665) (a) no later than 10 business days following the date the receiving PHA executes a HAP Contract on behalf of the family and (b) in time that the notice will be received no later than 90 days following the expiration date of the family's voucher issued by the initial PHA [*Notice PIH 2012-42*]. A copy of the family's form HUD-50058, Family Report, completed by the receiving PHA must be attached to the initial billing notice. The receiving PHA may send these documents by mail, fax, or e-mail.

- ***KHA Policy***: *KHA will send its initial billing notice by fax or e-mail to meet the billing deadline*.

If the receiving PHA fails to send the initial billing within 10 business days following the date the HAP Contract is ***executed***, it is required to absorb the family into its own program unless (a) the initial PHA is willing to accept the late submission or (b) HUD requires the initial PHA to honor the late submission (e.g., because the receiving PHA is over leased) [*Notice PIH 2012-42*].

Ongoing Notification Responsibilities

[*Notice PIH 2012-42, HUD-52665*]

Annual Reexamination

The receiving PHA must send the initial PHA a copy of a portable family's updated form HUD-50058 after each annual reexamination for the duration of time the receiving PHA is billing the initial PHA on behalf of the family, regardless of whether there is a change in the billing amount.

- ***KHA Policy***: *KHA will send a copy of the updated HUD-50058 by email or fax at the same time the tenant and owner are notified of the reexamination results*.

Change in Billing Amount.

The receiving PHA is required to notify the initial PHA, using form HUD-52665, of any change in the billing amount for the family as a result of:

- A change in the HAP amount (because of a reexamination, a change in the applicable subsidy standard, a move to another unit, etc.;
- An abatement or subsequent resumption of the HAP payments;
- Termination of the HAP Contract;
- Payment of a damage/vacancy loss claim for the family; or
- Termination of the family from the program

The timing of the notice of the change in the billing amount should correspond with the notification to the owner and the family in order to provide the initial PHA with advance notice of the change. Under no circumstances should the notification be later than 10 business days following the effective date of the change in the billing amount.

Late Payments

[*Notice PIH 2012-42*]

If the initial PHA fails to make a monthly payment for a portable family by the fifth business day of the month, the receiving PHA must promptly notify the initial PHA in writing of the deficiency. The notice must identify the family, the amount of the billing payment, the date the billing payment was due, and the date the billing payment was received (if it arrived late). The receiving PHA must send a copy of the notification to the *Office of Public Housing* (OPH) in the HUD area office with jurisdiction over the receiving PHA. If the initial PHA fails to correct the problem by the second month following the notification, the receiving PHA may request by memorandum to the director of the OPH with jurisdiction over the receiving PHA that HUD transfer the unit in question. A copy of the initial

notification and any subsequent correspondence between the PHAs on the matter must be attached. The receiving PHA must send a copy of the memorandum to the initial PHA. If the OPH decides to grant the transfer, the billing arrangement on behalf of the family ceases with the transfer, but the initial PHA is still responsible for any outstanding payments due to the receiving PHA.

Overpayments

[*Notice PIH 2012-42*]
In all cases where the receiving PHA has received billing payments for billing arrangements no longer in effect, the receiving PHA is responsible for returning the full amount of the overpayment (including the portion provided for administrative fees) to the initial PHA.

In the event that HUD determines billing payments have continued for at least three months because the receiving PHA failed to notify the initial PHA that the billing arrangement was terminated, the receiving PHA must take the following steps:

- Return the full amount of the overpayment, including the portion provided for administrative fees, to the initial PHA.
- Once full payment has been returned, notify the *Office of Public Housing* in the HUD area office with jurisdiction over the receiving PHA of the date and the amount of reimbursement to the initial PHA.

At HUD's discretion, the receiving PHA will be subject to the sanctions spelled out in [*Notice PIH 2012-42*].

Denial or Termination of Assistance

At any time, the receiving PHA may make a determination to deny or terminate assistance to a portable family for family action or inaction [*24 CFR 982.355(c)(9)*]; [*24 CFR 982.355(c)(17)*].

In the case of a termination, *KHA* should provide adequate notice of the effective date to the initial PHA to avoid having to return a payment. In no event should the receiving PHA fail to notify the initial PHA later than 10 business days following the effective date of the termination of the billing arrangement. [*Notice PIH 2012-42*]

- ***KHA Policy***: *If KHA elects to deny or terminate assistance for a portable family, KHA will notify the initial PHA within 10 business days after the Informal Review or hearing if the denial or termination is upheld. KHA will base its denial or termination decision on the policies set forth in* [*KHA Plan: Chapter 3, Program Eligibility*] *or* [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*], *respectively. The Informal Review or Hearing will be held in accordance with the policies in* [*KHA Plan: Chapter 16, Program Administration*]. *As the receiving PHA, KHA will furnish the initial PHA with a copy of the review or hearing decision*.

Absorbing a Portable Family

The receiving PHA may absorb an incoming portable family into its own program when the PHA executes a HAP Contract on behalf of the family or at any time thereafter providing that (a) the PHA has funding available under its Annual Contributions Contract (ACC) and (b) absorbing the family will not result in over leasing [*24 CFR 982.355(d)(1*]; [*Notice PIH 2012-42*].

If the receiving PHA notifies the initial PHA that it will absorb the voucher, it cannot reverse its decision at a later date without consent of the initial PHA. [*24 CFR 982.355(c)(4)*]
If the receiving PHA absorbs a family from the point of admission, the admission will be counted against the income targeting obligation of the receiving PHA [*24 CFR 982.201(b)(2)(vi)*].

- ***KHA Policy***: *If KHA decides to absorb a portable family upon the execution of a HAP Contract on behalf of the family, KHA will notify the initial PHA upon receipt of the portability documents. The effective date of the HAP Contract will be the effective date of the absorption. Prior to absorbing a family after that, KHA will endeavor to give a 15-day notice to the initial PHA.*

Following the absorption of an incoming portable family, the family is assisted with funds available under the consolidated ACC for the receiving PHA's voucher program [*24 CFR 982.355(d)*], and the receiving PHA becomes the initial PHA in any subsequent moves by the family under portability.

CHAPTER 11 : REEXAMINATIONS AND CONTINUED PROGRAM PARTICIPATION

Housing Choice Voucher Guidebook Resource.

The purpose of the *Housing Choice Voucher (HCV) Guidebook* is to provide an easy-to-use, one-stop resource to assist public housing agencies (PHAs), families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates into one document the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, *PIH Notices*, *Federal Register* Notices, and other forms of guidance issued by HUD.

KHA will provide a link to *HCV Guidebook* sections that assisted in the development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *HCV Guidebook* chapters will be living documents on HUD's website. Individual chapters will be amended as policies are refined.

The *HCV Guidebook* chapter on *Reexaminations* can be found here:
https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Reexaminations.pdf

Introduction

KHA is required to reexamine each family's income and composition at least annually, and to adjust the family's level of assistance accordingly. Interim reexaminations are also needed in certain situations. This chapter discusses both annual and interim reexaminations, and the recalculation of family share and subsidy that occurs as a result. HUD regulations and *KHA* policies concerning reexaminations are presented in three parts:

Part I: Annual Reexaminations. This part discusses the process for conducting annual reexaminations.

Part II: Interim Reexaminations. This part details the requirements for families to report changes in family income and composition between annual reexaminations.

Part III: Recalculating Family Share and Subsidy Amount. This part discusses the recalculation of family share and subsidy amounts based on the results of annual and interim reexaminations.

Policies governing Reasonable Accommodation, family privacy, required family cooperation, and program abuse, as described elsewhere in this plan, apply to both annual and interim reexaminations.

PART I: ANNUAL REEXAMINATIONS

[*24 CFR 982.516*]

Overview

KHA must conduct a reexamination of family income and composition at least annually. This includes gathering and verifying current information about family composition, income, and expenses. Based on this updated information, the family's income and rent must be recalculated. This part discusses the schedule for annual reexaminations, the information to be collected and verified, and annual reexamination effective dates.

11-I.A. SCHEDULING ANNUAL REEXAMINATIONS

KHA must establish a policy to ensure that the annual reexamination for each family is completed within a 12-month period, and may require reexaminations more frequently [*HCV Guide Book p. 12-1*].

- ***KHA Policy***: *KHA will begin the annual reexamination process ninety (90) to one-hundred twenty (120) days in advance of its scheduled effective date. Generally, KHA will schedule annual reexamination effective dates to coincide with the family's anniversary date.*
  - *Anniversary date is defined as 12 months from the effective date of the family's last annual reexamination or, during a family's first year in the program, from the effective date of the family's initial lease-up date (admission).*
  - *If the family moves to a new unit, KHA may perform a new annual reexamination.*
  - *KHA also may schedule an annual reexamination for completion prior to the anniversary date for administrative purposes*.

Notification of and Participation in the Annual Reexamination Process

KHA is required to obtain the information needed to conduct annual reexaminations. How that information will be collected is left to the discretion of *KHA*. However, PHAs should give tenants who were not provided the opportunity the option to complete *Form HUD-92006* at this time [*Notice PIH 2009-36*].

- ***KHA Policy***: *Families generally are required to participate in an annual reexamination interview, which must be attended by the head of household, spouse, or co-head. If participation in an in-person interview poses a hardship because of a family member's disability, the family should contact KHA to request a Reasonable Accommodation.* [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity*].

  Notification of annual reexamination interviews will be sent by electronic mail or US mail with first-class postage, and will contain the date, time, and location of the interview. In addition, it will inform the family of the information and documentation that must be brought to the interview.

  If the family is unable to attend a scheduled interview, the family should contact KHA in advance of the interview to schedule a new appointment. If a family does not attend the scheduled interview, KHA will send a second notification by electronic mail or US mail with first-class postage, with a new interview appointment time. This second letter

includes a Notice of the Intent to Terminate (ITT) the family's participation in the HCV program if they fail to attend their annual reexamination appointment.

If a family fails to attend two scheduled interviews without KHA approval, or if the notice is returned by the post office with no forwarding address or otherwise undeliverable, a notice of final termination [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*] *will be sent to the family's address of record by electronic mail or US mail with first-class postage, and to any alternate address provided in the family's file.*

An advocate, interpreter, or other assistant may assist the family in the interview process. The family and KHA must execute a certification attesting to the role and assistance of any such third party.

11-I.B STREAMLINED ANNUAL REEXAMINATIONS

[*24 CFR 982.516(b)*]

HUD permits PHAs to streamline the income determination process for family members with fixed sources of income. While third-party verification of all income sources must be obtained during the intake process and every three years thereafter, in the intervening years the PHA may determine income from fixed sources by applying a verified cost of living adjustment (COLA) or rate of interest. The PHA may, however, obtain third-party verification of all income, regardless of the source. Further, upon request of the family, the PHA must perform third-party verification of all income sources.

Fixed sources of income include Social Security and SSI benefits, pensions, annuities, disability or death benefits, and other sources of income subject to a COLA or rate of interest. The determination of fixed income may be streamlined even if the family also receives income from other non-fixed sources.

- ***KHA Policy**: KHA will streamline the annual reexamination process by applying the verified COLA or interest rate to fixed-income sources. KHA will document in the file how the determination that a source of income was fixed was made.*
  - *If a family member with a fixed source of income is added, KHA will use third-party verification of all income amounts for that family member.*
  - *If verification of the COLA or rate of interest is not available, KHA will obtain third-party verification of income amounts.*

Third-party verification of fixed sources of income will be obtained during the intake process and at least once every three years thereafter.

11-I.C. CONDUCTING ANNUAL REEXAMINATIONS

[*24 CFR 982.551(b)*]

As part of the annual reexamination process, families are required to provide updated information to *KHA* regarding the family's income, expenses, and composition.

- ***KHA Policy***: *Families will be asked to supply all required information (as described in the reexamination notice) at the time of the appointment. The required information will include a KHA-designated reexamination form, an Authorization for the Release of Information/Privacy Act Notice, as well as supporting documentation related to the family's income, expenses, and family composition.*

  At each annual reexamination the Head of Household and all household members 18 years of age at or before the annual effective date, may also be required to sign Form IRS 4506-T Request for Transcript for Tax Return, and a release to obtain Criminal History Background Check - both at the discretion of KHA.
  - *KHA will obtain tax returns when there is a reasonable belief that total household income or assets may not have been reported, or if there may be reported or alleged unauthorized occupants in the household.*
  - *KHA will obtain criminal history when there is a reasonable belief that reported or alleged criminal or drug activity may be occurring at the assisted unit or being perpetrated by members of an assisted family.*

  Any required documents or information that the family is unable to provide at the time of the interview must be provided within 10 business days of the interview. If the family is unable to obtain the information or materials within the required time frame, the family may request an extension in writing.

  If the family does not provide the required documents or information within the required time frame (plus any extensions), the family will be sent a notice of termination by electronic mail or US mail with first-class postage. [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*].

Additionally, HUD recommends that at annual reexaminations PHAs ask whether the tenant, or any member of the tenant's household, is subject to a lifetime sex offender registration requirement in any state [*Notice PIH 2012-28*].

- ***KHA Policy***: *At the annual reexamination, KHA will inquire whether the tenant, or any member of the tenant's household, is subject to a state lifetime sex offender registration requirement in any state. KHA will use the Dru Sjodin National Sex Offender database and/or other official federal, state and local resources through a third-party vendor to verify the information provided by the tenant*.

If *KHA* proposes to terminate assistance based on lifetime sex offender registration information, *KHA* must notify the household of the proposed action and must provide the subject of the record and the tenant a copy of the record and an opportunity to dispute the accuracy and relevance of the information prior to termination. [*24 CFR 5.903(f)*] *and* [*24 CFR 5.905(d)*]. [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*].

The information provided by the family generally must be verified in accordance with the policies in [*KHA Plan: Chapter 7, Verification*]. Unless the family reports a change, or *KHA* has reason to believe a change has occurred in information previously reported by the

family, certain types of information that are verified at admission typically do not need to be re-verified on an annual basis. These include:

- Legal identity;
- Age;
- Social security numbers;
- A person's disability status; and
- Citizenship or immigration status

If adding a new family member to the unit causes overcrowding according to the Housing Quality Standards (HQS) [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*], *KHA* must issue the family a new voucher, and the family and *KHA* must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, *KHA* must terminate the HAP Contract in accordance with its terms [*24 CFR 982.403*].

11-I.D. DETERMINING ONGOING ELIGIBILITY OF CERTAIN STUDENTS

[*24 CFR 982.552(b)(5)*]
Section 327 of *Public Law 109-115* established new restrictions on the ongoing eligibility of certain students (both part- and full-time) who are enrolled in institutions of higher education.

If a student enrolled in an institution of higher education is under the age of 24, is not a veteran, is not married, does not have a dependent child, and is not a person with disabilities receiving HCV assistance as of November 30, 2005, the student's eligibility must be reexamined along with the income eligibility of the student's parents on an annual basis. In these cases, both the student and the student's parents must be income eligible for the student to continue to receive HCV assistance. If, however, a student in these circumstances is determined independent from his or her parents in accordance with *KHA* policy, the income of the student's parents will not be considered in determining the student's ongoing eligibility.

Students who reside with parents in an HCV assisted unit are not subject to this provision. It is limited to students who are receiving assistance on their own, separately from their parents.

- ***KHA Policy***: *During the annual reexamination process, KHA will determine the ongoing eligibility of each student who is subject to the eligibility restrictions in [24 CFR 5.612] by reviewing the student's individual income as well as the income of the student's parents. If the student has been determined "independent" from his/her parents based on the policies in* [*KHA Plan: 3-II.E.*] *and* [*KHA Plan: 7-II.E.*]*, the parents' income will not be reviewed.*

If the student is no longer income eligible based on his/her own income or the income of his/her parents, the student's assistance will be terminated in accordance with the policies in [*KHA Plan: 12-I.D*].

If the student continues to be income eligible based on his/her own income and the income of his/her parents (if applicable), KHA will process a reexamination in accordance with the policies in this chapter.

11-I.E. EFFECTIVE DATES

[*24 CFR 982.516*]
KHA must establish policies concerning the effective date of changes that result from an annual reexamination.

- ***KHA Policy***: *In general, an increase in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date, and the family will be notified at least 30 days in advance.*
  - *If less than 30 days remain before the scheduled effective date, the increase will take effect on the first of the month following the end of the 30-day notice period.*
  - *If a family moves to a new unit, the increase will take effect on the effective date of the new lease and HAP Contract, and no 30-day notice is required.*
  - *If KHA chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by KHA, but will always allow for the 30-day notice period.*
  - *If the family causes a delay in processing the annual reexamination, increases in the family share of the rent will be applied retroactively, to the scheduled effective date of the annual reexamination. The family will be responsible for any overpaid subsidy and may be offered a Tenant Payment Agreement in accordance with the policies in* [*KHA Plan: Chapter 16, Program Administration*].

  In general, a decrease in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date.
  - *If a family moves to a new unit, the decrease will take effect on the effective date of the new lease and HAP Contract.*
  - *If KHA chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by KHA.*
  - *If the family causes a delay in processing the annual reexamination, decreases in the family share of the rent will be applied prospectively, from the first day of the month following completion of the reexamination processing.*

  Delays in reexamination processing are considered to be caused by the family if the family fails to provide information requested by KHA by the date specified, and this delay prevents KHA from completing the reexamination as scheduled.

PART II: INTERIM REEXAMINATIONS

[*24 CFR 982.516*]

Overview

Family circumstances may change after initial subsidy certification or between annual reexaminations. HUD and *KHA* policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances *KHA* must process interim reexaminations to reflect those changes. HUD regulations also permit *KHA* to conduct interim reexaminations of income or family composition at any time. When an interim reexamination is conducted, only those factors that have changed are verified and adjusted [*HCV Guide Book, p. 12-10*].

In addition to specifying what information the family must report, HUD regulations permit the family to request an interim determination if other aspects of the family's income or composition changes. *KHA* must complete the interim reexamination within a reasonable time after the family's request.

This part includes HUD and *KHA* policies describing what changes families are required to report, what changes families may choose to report, and how *KHA* will process both *KHA*- and family-initiated interim reexaminations.

11-II.A. CHANGES IN FAMILY AND HOUSEHOLD COMPOSITION

The family is required to report all changes in family composition. *KHA* must adopt policies prescribing when and under what conditions the family must report changes in family composition. However, due to *Obligations of the Family* under the program, *KHA* has limited discretion in this area.

- ***KHA Policy***: *KHA will conduct interim reexaminations to account for any changes in household composition that occur between annual reexaminations*.

New Family Members Not Requiring Approval

[*24 CFR 982.551(h)(2)*]

The addition of a new family member is limited to birth, adoption, court-awarded custody, legal guardianship, marriage, civil union, domestic partnership, reasonable accommodation, or elderly parents. The addition of a family member as a result of birth, adoption, court-awarded custody or legal guardianship does not require *KHA* approval. However, the family is required to promptly notify *KHA* of the addition.

- ***KHA Policy***: *The family must inform KHA in writing of the birth, adoption, court-awarded custody or legal guardianship of a minor child within 10 business days.*
  - *To prevent the occurrence of a multiple subsidy household in the HUD EIV System, KHA will approve the addition of a child to the household upon receipt of (**1**) a birth certificate; (**2**) Social Security number; (**3**) legal proof of adoption; (**4**) a court order; (**5**) a delegation of powers of a parent under state statute; (**6**) notarized written*

*permission of the parent of other person having custody of the child; or (**7**) if none of the above documents are available, reliable, accurate and objective third-party verification of custody*.

New Family and Household Members Requiring Approval

A family must request *KHA* prior approval to add a new family member [*24 CFR 982.551(h)(2)*] or another household member (live-in aide or foster child) [*24 CFR 982.551(h)(4)*].

When any new family or household member is added, *KHA* must conduct a reexamination to determine any new income or deductions associated with the additional members and to make appropriate adjustments in the family share of the rent and the HAP payment [*24 CFR 982.516(e)*].

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

- ***KHA Policy**: The addition of new family members is unrestricted while an applicant on the waiting list. The addition of new family members is restricted after referral or wait list selection for program admission to determine initial subsidy certification, and at any time while a program participant. The limitations on adding additional members to a participant household are discussed in detail at [KHA Plan: Chapter 3-1.A., Family and Household].*

Departure of a Family or Household Member

Families must promptly notify *KHA* if any family member no longer lives in the unit [*24 CFR 982.551(h)(3)*]. Because household members are considered when determining the family unit (voucher) size [*24 CFR 982.402*], *KHA* also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit.

- ***KHA Policy**: If a household member ceases to reside in the unit, the family must inform KHA in writing within 10 business days. This requirement also applies to a family member who has been considered temporarily absent at the point that the family concludes the individual is permanently absent.*

  If a live-in aide, foster child or foster adult ceases to reside in the unit, the family must inform KHA in writing within 10 business days.

11-II.B. CHANGES AFFECTING INCOME OR EXPENSES

Interim reexaminations can be scheduled either because *KHA* has reason to believe that changes in income or expenses may have occurred, or because the family reports a

change. When a family reports a change, *KHA* may take different actions depending on whether the family reported the change voluntarily, or because it was required to do so.

KHA-Initiated Interim Reexaminations

KHA-initiated interim reexaminations are those that are scheduled based on circumstances or criteria defined by *KHA*. They are not scheduled because of changes reported by the family.

- ***KHA Policy***: *KHA will conduct interim reexaminations in each of the following instances:*
  - *For families receiving the Earned Income Disallowance (EID), KHA will conduct an interim reexamination at the start and conclusion of the 24 -month eligibility period;*
  - *If the family has reported zero income, KHA will require the family to complete the IRS 4506T-EZ form to provide KHA 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), KHA will schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.*

  KHA may conduct an interim reexamination at any time in order to correct an error in a previous reexamination, or to investigate a tenant fraud complaint.

Family-Initiated Interim Reexaminations

KHA must adopt policies prescribing when and under what conditions the family must report changes in family income or expenses [*24 CFR 982.516(c)*]. In addition, HUD regulations require that the family be permitted to obtain an interim reexamination any time the family has experienced a change in circumstances since the last determination [*24 CFR 982.516(b)(2)*].

Required Reporting

HUD regulations give *KHA* the freedom to determine the circumstances under which families will be required to report changes affecting income.

- ***KHA Policy***: *Families are required to report all increases in income within 10 business days of the date the change takes effect. KHA will process the interim if the reported increase is $200 or more per month from the same source of income, and expected to last more than 30 calendar days. For families with zero income any increase in income will require an interim re-examination.*
  - *KHA will conduct interim reexaminations for families that qualify for the earned income disallowance (EID), for the purpose of tracking the 24-month disallowance. KHA will exclude 50% of the income due to earnings the second 12 months.*
  - *KHA will conduct interim reexaminations for families who are signing a FSS Contract and more than 120 days have passed since the last annual or interim reexamination.*

If it is determined that there is an increase of income more than $200 per month or a decrease in income, the interim will be processed, and the contracts will reflect the new income.

Families are not required to report any other changes in income or expenses.

Optional Reporting

The family may request an interim reexamination any time the family has experienced a change in circumstances since the last determination [*24 CFR 982.516(b)(2)*]. *KHA* must process the request if the family reports a change that will result in a reduced family income [*HCV Guide Book, p. 12-9*].

If a family reports a decrease in income from the loss of welfare benefits due to fraud or non-compliance with a welfare agency requirement to participate in an economic self-sufficiency program, the family's share of the rent will not be reduced [*24 CFR 5.615*]. For more information regarding the requirement to impute welfare income see [*KHA Plan: Chapter 6, Income and Subsidy Determinations*].

- ***KHA Policy***: *If a family reports a change that it was not required to report and that would result in an increase in the family share of the rent, KHA will note the information in the tenant file, but will not conduct an interim reexamination.*
  - *If a family reports a change that it was not required to report and that would result in a decrease in the family share of rent, KHA will conduct an interim reexamination only if the decrease will last for 30 consecutive days or more. See* [*KHA Plan: 11-II.D.*] *for effective dates.*
  - *Families may report changes in income or expenses at any time*.

11-II.C. PROCESSING THE INTERIM REEXAMINATION

Method of Reporting

- ***KHA Policy***: *The family must notify KHA of changes in writing, including the required supporting documentation.*
  - *The family may be required to attend an interview for an interim reexamination. However, KHA may determine that an interview is not warranted.*
  - *Based on the type of change reported, KHA will determine the documentation the family will be required to submit. The family must submit any supporting documentation of the change within 10 business days of receiving a request from KHA. Failure to submit the required documentation may impact the interim effective date. This time frame may be extended for good cause with KHA approval. KHA will accept required documentation by mail, email, fax, or by appointment*.

Effective Dates

KHA must establish the time frames in which any changes that result from an interim reexamination will take effect [*24 CFR 982.516(d)*]. The changes may be applied either

retroactively or prospectively, depending on whether there is to be an increase or a decrease in the family share of the rent, and whether the family reported any required information within the required time frames [*HCV Guide Book, p. 12-10*].

- ***KHA 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) day 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 a Tenant Payment Agreement in accordance with the policies in [KHA Plan: Chapter 16, Program Administration], 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.*

- ***KHA Policy*: *If the family share of the rent is to decrease:***
  The decrease will be effective on the first day of the month following the month in which the change was reported, and all required documentation was submitted. In cases where the change cannot be verified until after the date the change would have become effective, the change will be made retroactively.
  - *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 decrease will not be applied retroactively to the date it would have been effective had the information been provided on a timely basis.*

11-II.D. CANCELLATION OF AN INTERIM DECREASE

If a household reports an income *increase* after reporting a loss of income that resulted in a *decrease* in the tenant payment, the household is not eligible for the decrease, the decrease will be cancelled, and the increase will be processed if:

1. The effective date of the decrease would result in zero income for the family for a period of 30 days or less; or
2. the reported date of the increase is within 30 calendar days of the reported decrease and the increase is more than $200.

If an increase is more than $200, the lower income from the cancelled decease will remain in place during the required 30-day notice of effective date of increase to the family.

PART III: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT

Overview

After gathering and verifying required information for an annual or interim reexamination, *KHA* must recalculate the family share of the rent and the subsidy amount and notify the

family and owner of the changes [*24 CFR 982.516(d)(2)*] *and* [*HCV Guide Book 12-6 and 12-10*]. While the basic policies that govern these calculations are provided in [*KHA Plan: Chapter 6, Income and Subsidy Determinations*], this part lays out policies that affect these calculations during a reexamination.

11-III.A. CHANGES IN SUBSIDY STANDARDS AND UTILITY ALLOWANCES

In order for *KHA* to calculate the family share of the rent and HAP amount correctly, changes in subsidy standards or utility allowances may need to be updated and included in *KHA*'s calculations. Specific policies governing how subsidy standards and utility allowances are applied are discussed below.

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 subsidy 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 subsidy 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.

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

11-III.C. CHANGES AFFECTING ALL HCV PHAS

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

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.

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. KHA is still required to redetermine rent reasonableness before any increase in rent to owner and/or if directed by HUD.

- ***KHA Policy***: *KHA will conduct rent reasonableness if a decrease in the published SAFMR is 10 percent or more.*

Revisions to Subsidy Standard Amounts and Schedules.

The final rule provides that all PHAs must revise and implement their subsidy 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 [*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 subsidy standards to 89 or 111 percent of the 4 FMR, then the PHA would have until January 1, 2019, to revise and implement its subsidy standard amounts to bring them back within the basic range.

Pursuant to this change, a new subsidy 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 subsidy standard schedule, the old subsidy standard schedule will be used.

ii. For reexaminations of income that are effective on or after the effective date of the new subsidy standard schedule, the new subsidy standard will be used.

iii. The subsidy 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 subsidy standard schedule, then the old subsidy standard schedule is used. If the effective date of the HAP contract is on or after the effective date of the new subsidy standard schedule, then the new subsidy standard schedule is used.

- ***KHA Policy***: *KHA 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 KHA to be effective April 1, 2018.*

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

Exception subsidy standards.

The final rule establishes the following exception subsidy standard provision for SAFMR-based exception subsidy standards. [24 CFR 982.503(b)(1)(iii)]

A non-SAFMR PHA may establish an exception subsidy 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 subsidy 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 subsidy standard based on the SAFMR. In other words, HUD no longer approves or disapproves the exception subsidy 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 subsidy standard areas established for a ZIP code area pursuant to this authority.

A PHA that adopts an exception subsidy 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 subsidy standard amount, provided the rent is still reasonable (24 CFR §983.301(b)).

A PHA that adopts an exception subsidy standard area must revise its briefing materials to make families aware of the exception subsidy standard and the area that it covers

- ***KHA Policy***: *KHA has not adopted any exception subsidy standards.*

Decrease in the subsidy 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 subsidy standard based on a reduction in the FMR. Prior to this change, if the amount on the PHA's subsidy standard schedule decreased during the term of the HAP contract, the PHA was required to use the lower subsidy 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 subsidy 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 subsidy standard amount to families under HAP contract on the effective date of the decrease in the subsidy standard amount. Specifically, a PHA may adopt one of the policies listed below if there is a decrease to the subsidy 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 subsidy 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 subsidy standard amount used to calculate the family's subsidy, phasing in the reduction. The initial reduction in subsidy standard cannot take place before the effective date of the family's second regular reexamination following the effective date of the decrease in subsidy standard. Phased in reductions may proceed annually from the second regular reexamination until the subsidy standard amount for the family meets the normally applicable subsidy standard amount on the PHA's voucher subsidy standard schedule.

iii. *No change in policy*. A PHA may continue to use the lower subsidy 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 subsidy standard.

A PHA's Administrative Plan must indicate how it will handle decreases in the subsidy 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 subsidy standard for a family under HAP contract, the initial reduction in subsidy standard cannot take place before the effective date of the family's second regular reexamination following the effective date of the decrease in subsidy 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 subsidy standard annually as part of the streamlined annual reexamination, and the decrease in subsidy standard will take effect in the second calendar year after the effective date of the subsidy standard reduction.

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

- ***KHA Policy***: *KHA will continue to use the lower subsidy 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 subsidy 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.

- ***KHA Policy***: *KHA voluntarily adopted the use of SAFMR's effective April 1, 2018*.

Designated SAFMR PHAs Only. As discussed above, [*24 CFR 982.503(b)(1)(i)*] provides that a PHA must revise the subsidy 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 subsidy standards within the basic range of the SAFMRs. In other words, the PHA must adjust the subsidy standard for any ZIP code area where the current subsidy 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 subsidy 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.

Subsidy Standards

[*24 CFR 982.505*]
The family share of the rent and HAP calculations must use the correct subsidy standard for the family – also known as the *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 [*KHA Plan: Chapter 6, Income and Subsidy Determinations*] for information on how to select the appropriate subsidy standard.

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

If *KHA*'s subsidy 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 subsidy standard amount has increased, the increased subsidy standard will be applied at the first annual reexamination on or after the effective date of the increase in the subsidy standard.
- If the subsidy standard amount has decreased, the decreased subsidy standard will be applied at the second annual reexamination on or after the effective date of the decrease in the subsidy 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 subsidy standard applicable to the family will be used when the new HAP Contract is processed.

Apply Old Subsidy Standard:

- When the family's annual reexamination of income has an effective date prior to the effective date of the revised subsidy standard schedule; and
- When the effective date of a new HAP Contract is prior to the effective date of the revised subsidy standard schedule.

Apply Revised Subsidy Standard:

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

Utility Allowances

[*24 CFR 982.517(d)*]

The family share of the rent and HAP calculations must reflect any changes in the family's utility arrangement with the owner, or in *KHA*'s utility allowance schedule [*HCV Guide Book, p. 12-5*]. [*KHA Plan: Chapter 16, Program Administration*] discusses how utility allowance schedules are established.

When there are changes in the utility arrangement with the owner, *KHA* must use the utility allowances in effect at the time the new lease and HAP Contract are executed.

At reexamination, *KHA* must use *KHA* current utility allowance schedule [*24 CFR 982.517(d)(2)*].

➢ ***KHA Policy***: *Revised utility allowances will be applied to a family's rent and subsidy calculations at the first annual reexamination after the allowance is adopted*.

11-III.D. NOTIFICATION OF NEW FAMILY SHARE AND HAP

AMOUNT

KHA must notify the owner and family of any changes in the amount of the HAP payment [*HUD-52641, HAP Contract*]. The notice must include the following information [*HCV Guide Book, p. 12-6*]:

- The amount and effective date of the new HAP payment
- The amount and effective date of the new family share of the rent
- The amount and effective date of the new tenant rent to owner

The family must be given an opportunity for an Informal Hearing regarding *KHA*'s determination of their annual or adjusted income, and the use of such income to compute the housing assistance payment [*24 CFR 982.555(a)(1)(i)*]. See [*KHA Plan: Chapter 16, Program Administration*].

➢ ***KHA Policy***: *The notice to the family will include the annual and adjusted income amounts that were used to calculate the family share of the rent and the housing assistance payment. The notice also will state the procedures for requesting an Informal Hearing*.

11-III.E. DISCREPANCIES

During an annual or interim reexamination, *KHA* may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information resulting in the over/under payment of subsidy. Corrections will be made in accordance with the policy stated in [*KHA Plan:11-1.E.*].

CHAPTER 12 : TERMINATION OF ASSISTANCE AND TENANCY

HUD regulations specify the reasons for which a PHA can terminate a family's assistance, and the ways in which such terminations must take place. They also dictate the circumstances under which an owner may terminate the tenancy of an assisted family. This chapter presents the policies that govern voluntary and involuntary terminations of assistance, and termination of tenancy by the owner. It is presented in three parts:

Part I: Grounds for Termination of Assistance. This part discusses various reasons that a family's assistance may be terminated, including voluntary termination by the family, termination because the family no longer qualifies to receive subsidy, and termination by *KHA* based on the family's behavior.

Part II: Approach to Termination of Assistance. This part describes the policies that govern how an involuntary termination takes place. It specifies the alternatives that *KHA* may consider in lieu of termination, the criteria *KHA* must use when deciding what action to take, and the steps *KHA* must take when terminating a family's assistance.

Part III: Termination of Tenancy by the Owner. This part presents the policies that govern the owner's right to terminate an assisted tenancy.

PART I: GROUNDS FOR TERMINATION OF ASSISTANCE

Overview

HUD requires *KHA* to terminate assistance for certain offenses and when the family no longer requires assistance. HUD permits *KHA* to terminate assistance for certain other actions family members take or fail to take. In addition, a family may decide to stop receiving HCV assistance at any time by notifying *KHA*.

12-I.A. FAMILY NO LONGER REQUIRES ASSISTANCE

[*24 CFR 982.455*]

As a family's income increases, the amount of *KHA* subsidy goes down. If the amount of HCV assistance provided by *KHA* drops to zero and remains at zero for 180 consecutive calendar days the family's assistance terminates automatically.

- ***KHA Policy***: *If a participating family receiving zero assistance experiences a change in circumstances that would cause the HAP payment to rise above zero, the family must notify KHA of the changed circumstances and request an interim reexamination before the expiration of the 180-day period*.

12-I.B. FAMILY CHOOSES TO TERMINATE ASSISTANCE

The family may request that *KHA* terminate the family's assistance at any time.

- ***KHA Policy***: *The request to terminate assistance should be made in writing and signed by the head of household or co-head. Before terminating the family's assistance, KHA will follow the notice requirements in* [*KHA Plan: 12-II.D.*].

12-I.C. MANDATORY TERMINATION OF ASSISTANCE

HUD requires *KHA* to terminate assistance in the following circumstances.

Eviction

[*24 CFR 982.552(b)(2); 24 CFR 5.2005(c)(1)*]
KHA must terminate assistance whenever a family is evicted from a unit assisted under the HCV program for a serious or repeated violation of the lease.

- ***KHA Policy***: *A family is evicted if the family moves after a court ordered eviction has been issued, whether or not physical enforcement of the order was necessary.*

  If a family moves after the owner has filed an eviction action for serious or repeated lease violations but before a legal eviction order has been issued, termination of assistance is not mandatory. However, KHA will determine whether the family has committed serious or repeated violations of the lease based on available evidence and may terminate assistance or take any of the alternative measures described in [*KHA Plan: 12-II.B.*].

  Serious and/or repeated lease violations will include, but not be limited to, nonpayment of rent, nonpayment of tenant-paid utilities, disturbance of neighbors, destruction of property, or living or housekeeping habits that cause damage to the unit or premises and criminal activity.

Failure to Provide Consent

[*24 CFR 982.552(b)(3)*]
KHA must terminate assistance if any family member fails to sign and submit any consent form they are required to sign for a reexamination. See [*KHA Plan: Chapter 7, Verification*] for a complete discussion of consent requirements.

Failure to Document Citizenship

[*24 CFR 982.552(b)(4) and [24 CFR 5.514(c)*]
KHA must terminate assistance if: (**1**) a family fails to submit required documentation within the required timeframe concerning any family member's citizenship or immigration status; (**2**) a family submits evidence of citizenship and eligible immigration status in a timely manner, but *United States Citizenship and Immigration Services* (USCIS) primary and secondary verification does not verify eligible immigration status of the family; or (**3**) a family member, as determined by *KHA*, has knowingly permitted another individual who is not eligible for assistance to reside (on a permanent basis) in the unit.

For (**3**) above, such termination must be for a period of at least 24 months. This does not apply to ineligible non-citizens already in the household where the family's assistance has been prorated. See [*KHA Plan: Chapter 7, Verification*] for a complete discussion of documentation requirements.

Failure to Disclose and Document Social Security Numbers

[*24 CFR 5.218(c)*], [*Notice PIH 2012-10*]
KHA must terminate assistance if a participant family fails to disclose the complete and accurate social security numbers of each household member and the documentation necessary to verify each social security number.

However, if the family is otherwise eligible for continued program assistance, and *KHA* determines that the family's failure to meet the SSN disclosure and documentation requirements was due to circumstances that could not have been foreseen and were outside of the family's control, *KHA* may defer the family's termination and provide the opportunity to comply with the requirement within a period not to exceed 90 calendar days from the date *KHA* determined the family to be noncompliant.

- ***KHA Policy***: *KHA will defer the family's termination and provide the family with the opportunity to comply with the requirement for a period of 90 calendar days for circumstances beyond the participant's control such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency, if there is a reasonable likelihood that the participant will be able to disclose an SSN by the deadline*.

Methamphetamine Manufacture or Production

[*24 CFR 983.553(b)(1)(ii)*]
KHA must terminate assistance if any household member has ever been convicted of the manufacture or production of methamphetamine on the premises of federally-assisted housing.

Lifetime Registered Sex Offenders

[*Notice PIH 2012-28*]
Should *KHA* discover that a member of an assisted household was subject to a lifetime registration requirement at admission and was erroneously admitted after June 25, 2001, the, *KHA* must immediately terminate assistance for the household member.

In this situation, *KHA* must offer the family the opportunity to remove the ineligible family member from the household. If the family is unwilling to remove that individual from the household, *KHA* must terminate assistance for the household.

Failure of Students to Meet Ongoing Eligibility Requirements

[*24 CFR 982.552(b)(5) and FR 4/10/06*]

If a student enrolled at an institution of higher education is under the age of 24, is not a veteran, is not married, does not have dependent children, is not residing with his/her parents in an HCV assisted household, and is not a person with disabilities receiving HCV assistance as of November 30, 2005, *KHA* must the terminate the student's assistance if, at the time of reexamination, either the student's income or the income of the student's parents (if applicable) exceeds the applicable income limit.

If a participant household consists of both eligible and ineligible students, the eligible students shall not be terminated, but must be issued a voucher to move with continued assistance in accordance with program regulations and *KHA* policies, or must be given the opportunity to lease in place if the terminated ineligible student members elect to move out of the assisted unit.

Death of the Sole Family Member

[*24 CFR 982.311(d) and Notice PIH 2010-9*]
KHA must immediately terminate program assistance for deceased single member households.

12-I.D. MANDATORY POLICIES AND OTHER AUTHORIZED TERMINATIONS

Mandatory Policies

[*24 CFR 982.553(b) and 982.551(l)*]
HUD requires *KHA* to establish policies that permit *KHA* to terminate assistance if *KHA* determines that:

- Any household member, guest or person under the tenant's control is currently engaged in any illegal use of a drug, or has a pattern of illegal drug use that interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents;
- Any household member's, guest or person under the tenant's control abuses or has a pattern of abuse of alcohol, that may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents;
- Any household member, guest or person under the tenant's control has violated the family's obligation not to engage in any drug-related criminal activity; and
- Any household member, guest or person under the tenant's control has violated the family's obligation not to engage in violent criminal activity.

Use of Illegal Drugs and Alcohol Abuse

- ***KHA Policy***: *KHA Obligations of the Family include guests and other persons under the tenant's control.*
  - *KHA may terminate a family's assistance if any household member, guest or person under the tenant's control is currently engaged in any illegal use of a drug, or has a pattern of illegal drug use that interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.*

- *KHA may terminate assistance if any household member, guest or person under the tenant's control's abuse or pattern of abuse of alcohol threatens the health, safety, or right to peaceful enjoyment of the premises by other residents.*

Currently engaged in is defined as any use of illegal drugs during the previous six months.

KHA may consider all credible evidence, including but not limited to, any record of charges, convictions, or eviction of household members related to the use of illegal drugs or abuse of alcohol. See [24 CFR 982.552(c)(2)] ; [KHA Plan: 12-II.B.] and [KHA Plan: 12-II.C].

A record of arrest(s) will not be used as the basis for the termination or proof that the participant engaged in disqualifying criminal activity.

In making its decision to terminate assistance, KHA may consider alternatives as described in [KHA Plan: 12-II.B.] and other factors described in [KHA Plan: 12-II.C.]. Upon consideration of such alternatives and factors, KHA may, on a case-by-case basis, choose not to terminate assistance.

Drug-Related and Violent Criminal Activity

[*24 CFR 5.100*]
Drug means a controlled substance as defined in Section 102 of the *Controlled Substances Act* [*21 U.S.C. 802*].

Drug-related criminal activity is defined by HUD as the illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute or use the drug.

Violent criminal activity means any criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force substantial enough to cause, or be reasonably likely to cause, serious bodily injury or property damage. As described in [*KHA Plan: Chapter 3, Program Eligibility*] violent crime or crimes of violence include, but are not limited to*:* active shooters, aircraft hijackers, bank robbers, burglars, carjackers, drug cartels, gangsters, kidnappers, muggers, murderers, terrorists and torturers.

➢ ***KHA Policy***: *KHA may terminate a family's assistance if any household member, guest or persons under the tenant's control has violated the family's obligation not to engage in any drug-related or violent criminal activity during participation in the HCV program.*
- *KHA may consider all credible evidence, including but not limited to, any record of arrests and/or convictions of household members related to drug-related or violent criminal activity, and any eviction or notice to evict based on drug-related or violent criminal activity.*
- *A record of arrest(s) will not be used as the basis for the termination or proof that the participant engaged in disqualifying criminal activity.*

- *In making its decision to terminate assistance, KHA may consider alternatives as described in* [*KHA Plan: 12-II.C.*] *and other factors described in* [*KHA Plan: 12-II.D.*]. *Upon consideration of such alternatives and factors, KHA may, on a case-by-case basis, choose not to terminate assistance*.

Other Authorized Reasons for Termination of Assistance

[*24 CFR 982.552(c)*]
HUD permits *KHA* to exercise discretion when terminating assistance.

➢ ***KHA Policy***: *KHA will not terminate a family's assistance because of the family's failure to meet its obligations under the Family Self-Sufficiency program.*

KHA may terminate a family's assistance if:

- *The family has failed to comply with any Obligations of the Family under the program. See* [*KHA Plan: Exhibit 12-1*] *for a listing of Obligations of the Family and related KHA policies.*
- *The family has failed to cooperate with or allow an HQS inspection.*
- *The family has failed to keep the unit in a clean and safe condition, and/or has failed to dispose of all garbage, rubbish and other waste in a sanitary and safe manner. KHA considers a unit unclean and/or unsafe if it contains fire or other hazards or clutter in the dwelling unit or on the premises. Hazards include flammables, gas, naphtha or solvents, or inoperable appliances or heating, cooling, plumbing or electrical equipment, and others*
- *Any family member has been evicted from federally-assisted housing in the last five years.*
- *Any PHA has ever terminated assistance under the program for any member of the family.*
- *Any family member has committed fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program.*
- *The family currently owes rent or other enforceable amounts to any PHA in connection with the HCV, Certificate, Moderate Rehabilitation or public housing programs.*
- *The family has not reimbursed any PHA for amounts the PHA paid to an owner under a HAP Contract for rent, damages to the unit, or other enforceable amounts owed by the family under the lease.*
- *The family has breached the terms of a Tenant Payment Agreement entered into with KHA.*
- *A family member has engaged in any criminal activity or alcohol abuse that KHA determines may interfere with the health, safety, or right to peaceful enjoyment of the premises by guests, neighbors, or KHA staff or vendor.*
- *A family member has engaged in or threatened violent or abusive behavior toward KHA personnel.*

Abusive or violent behavior towards KHA personnel includes verbal as well as physical abuse or violence. Use of racial epithets, or other language, written or oral, that is customarily used to intimidate may be considered abusive or violent behavior.

- *Threatening refers to oral or written threats or physical gestures that communicate intent to abuse or commit violence.*

In making its decision to terminate assistance, KHA may consider alternatives as described in Section 12-II.B. and other factors described in [*KHA Plan: 12-II.C.*]*. Upon consideration of such alternatives and factors, KHA may, on a case-by-case basis, choose not to terminate assistance*.

Family Absence from the Unit

[*24 CFR 982.312*]

The family may be absent from the unit for brief periods. *KHA* must establish a policy on how long the family may be absent from the assisted unit. However, the family may not be absent from the unit for a period of more than 180 consecutive calendar days for any reason. Absence in this context means that no member of the family is residing in the unit.

➢ ***KHA Policy****: If the family is absent from the unit for more than 90 consecutive calendar days in a 12-month period for any reason, the family's assistance will be terminated. Notice of termination will be sent in accordance with* [*KHA Plan: 12-II.D*].

Insufficient Funding

[*24 CFR 982.454*]

KHA may terminate HAP Contracts if *KHA* determines, in accordance with HUD requirements, that funding under the consolidated ACC is insufficient to support continued assistance for families in the program.

➢ ***KHA Policy***: *KHA will determine whether there is sufficient funding to pay for currently assisted families according to the policies in* [*KHA Plan: Chapter 16, Part VIII*]*. If KHA determines there is a shortage of funding, prior to terminating any HAP Contracts, KHA will determine if any other actions can be taken to reduce program costs. If after implementing all reasonable cost cutting measures there is not enough funding available to provide continued assistance for current participants, KHA will terminate HAP Contracts as a last resort.*

Prior to terminating any HAP Contracts, KHA will inform the local HUD field office. KHA will terminate the minimum number needed in order to reduce HAP costs to a level within KHA's annual budget authority.

If KHA must terminate HAP Contracts due to insufficient funding, KHA will do so in accordance with the following criteria and instructions:

- *First, KHA will terminate families who are of sufficient income to not receive any HAP.*

- *Second, KHA will terminate families who owe KHA money but are not yet under a Tenant Payment Agreement. Families in this situation will be terminated in the order of the amount owed, beginning with the largest.*
- *Third, KHA will terminate families who owe money to KHA, under a Tenant Payment Agreement and who have made at least one late payment.*
- *Fourth, KHA will terminate families who owe KHA money, are under Tenant Payment Agreement, and have made all payments in accordance with the TPA.*

Reinstatement After Termination For Insufficient Funding

If *KHA* determines that funding under the consolidated ACC is now sufficient to support reinstatement of assistance for families terminated from the program due to insufficient funding in accordance with HUD requirements under [*24 CFR 982.454*], *KHA* can reinstate HAP Contracts for those families. Reinstated families qualify for a top admission preference described under: [*KHA Plan*: *4-IV.D: Approved General Preference Categories*].

➢ ***KHA Policy***: *If KHA decides to reinstate HAP contracts terminated due to insufficient funding, KHA will do so in accordance with the following criteria and instructions:*
- *KHA will first reinstate terminated families who owe money to KHA, who prior to their termination due to insufficient funding were under a Tenant Payment Agreement, and who have made all payments in accordance with the TPA since their termination.*
- *Second, KHA will reinstate terminated families who owe money to KHA, who prior to their termination were under a Tenant Payment Agreement, and who have made all payments in accordance with the TPA since their termination, except no more than one late payment.*
- *Third, KHA will reinstate terminated families who owe money to KHA, who prior to their termination were not yet under a Tenant Payment Agreement. Families in this situation will be given the option to execute a Tenant Payment Agreement, then be reinstated in the order of the amount owed, beginning with the smallest balance.*

PART II: APPROACH TO TERMINATION OF ASSISTANCE

Overview

KHA is required by regulation to terminate a family's assistance if certain program rules are violated. For other types of offenses, the regulations give *KHA* the discretion to either terminate the family's assistance or to take another action. This part discusses the various actions *KHA* may choose to take when it has discretion and outlines the criteria *KHA* will use to make its decision about whether or not to terminate assistance. It also specifies the requirements for the notice that must be provided before terminating assistance.

12-II.A. METHOD OF TERMINATION

[*24 CFR 982.552(a)(3)*]

The way in which *KHA* terminates assistance depends upon individual circumstances. HUD permits *KHA* to terminate assistance by:

- Terminating housing assistance payments under a current HAP Contract,
- Refusing to approve a request for tenancy or to enter into a new HAP Contract, or
- Refusing to process a request for or to provide assistance under portability procedures.

12-II.B. ALTERNATIVES TO TERMINATION OF ASSISTANCE

Change in Household Composition

As a condition of continued assistance, *KHA* may require that any household member who participated in or was responsible for an offense no longer resides in the unit [*24 CFR 982.552(c)(2)(ii)*].

➢ ***KHA Policy***: *As a condition of continued assistance, the head of household must certify that the culpable family member has vacated the unit and will not reside/stay in the assisted unit. The family must present evidence of the former family member's current address upon KHA request. A statement from the owner of the current rental unit certifying that the family member is no longer in residence will be considered sufficient alternative form of verification*.

Repayment of Family Debts

➢ ***KHA Policy****: If a family owes amounts to KHA, as a condition of continued assistance, KHA will require the family to repay the full amount or KHA may offer a Tenant Payment Agreement in accordance with* [*KHA Plan: Chapter 16, Program Administration*] *for policies on repayment agreements*.

12-II.C. CRITERIA FOR DECIDING TO TERMINATE ASSISTANCE

Evidence

For criminal activity, HUD permits *KHA* to terminate assistance if a preponderance of the evidence indicates that a household member has engaged in the activity, regardless of whether the household member has been arrested or convicted [24 CFR 982.553(c)].

➢ ***KHA Policy***: *KHA will use the concept of the preponderance of the evidence as the standard for making all termination decisions. See [KHA Plan: Chapter 16-III.C] for additional information regarding evidence.*

Preponderance of the evidence is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not. Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

Consideration of Circumstances

[*24 CFR 982.552(c)(2)(i)*]

KHA is permitted, but not required, to consider all relevant circumstances when determining whether a family's assistance should be terminated.

- ***KHA Policy***: *KHA will consider the following factors when making its decision to terminate assistance:*
  - *The seriousness of the case, especially with respect to how it would affect other residents;*
  - *The effects that termination of assistance may have on other members of the family who were not involved in the action or failure to act;*
  - *The extent of participation or culpability of individual family members, including whether the culpable family member is a minor or a person with disabilities or (as discussed further in* [*KHA Plan: 12-II.D.*] *a victim of domestic violence, dating violence, sexual assault or stalking; and*
  - *The length of time since the violation occurred, the family's recent history and the likelihood of favorable conduct in the future.*

  While a record of arrest(s) will not be used as the basis for termination, an arrest may, however, trigger an investigation to determine whether the participant actually engaged in disqualifying criminal activity. As part of its investigation, KHA may obtain the police report associated with the arrest and consider the reported circumstances of the arrest. KHA 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.*

  Evidence of criminal conduct will be considered if it indicates a demonstrable risk to safety and/or property

  In the case of drug or alcohol abuse, whether the culpable household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program. or has otherwise been rehabilitated successfully.

  KHA will require the participant to submit evidence of the household member's current participation in, or successful completion, of a supervised drug or alcohol rehabilitation program, or evidence of otherwise having been rehabilitated successfully.

  In the case of program abuse, the dollar amount of the overpaid assistance and whether or not a false certification was signed by the family.

Terminations Related to Domestic Violence, Dating Violence, or Stalking

- ***KHA Policy***: *KHA will comply with its VAWA policy. Refer to* [*KHA Plan: Chapter 16, Part IX*].

Reasonable Accommodation

[*24 CFR 982.552(c)(2)(iv)*]
If the family includes a person with disabilities, *KHA*'s decision to terminate the family's assistance is subject to consideration of Reasonable Accommodation in accordance with [*24 CFR Part 8*].

- ***KHA Policy***: *If a family indicates that the behavior of a family member with a disability is the reason for a proposed termination of assistance, KHA will determine whether the behavior is related to the disability. If so, upon the family's request, KHA may approve alternative measures that are appropriate as a Reasonable Accommodation. KHA will only consider accommodations that can reasonably be expected to address the behavior that is the basis of the proposed termination of assistance.*

12-II.D. TERMINATION NOTICE

HUD regulations require PHAs to provide written notice of termination of assistance to a family only when the family is entitled to an Informal Hearing. However, since the family's HAP Contract and lease will also terminate when the family's assistance terminates [form HUD-52641], it is a good business practice to provide written notification to both owner and family anytime assistance will be terminated, whether voluntarily or involuntarily.

- ***KHA Policy***: *Whenever a family's assistance will be terminated, KHA will send a written notice of termination to the family and to the owner. KHA will also send a form HUD-50066 to the family with the termination notice. The notice will state the date on which the termination will become effective. This date generally will be at least 30 calendar days following the date of the termination notice, but exceptions will be made whenever HUD rules, other KHA policies, or the circumstances surrounding the termination require.*

  When KHA notifies an owner that a family's assistance will be terminated, KHA will, if appropriate, advise the owner of his/her right to offer the family a separate, unassisted lease.

If a family whose assistance is being terminated is entitled to an Informal Hearing, the notice of termination that *KHA* sends to the family must meet the additional HUD and *KHA* notice requirements discussed in [*KHA Plan: 16-III.C.*]. VAWA 2013 expands notification requirements to require PHAs to provide notice of VAWA rights and the HUD Form 50066 when a PHA terminates a household's housing benefits.

- ***KHA Policy***: *Whenever KHA decides to terminate a family's assistance because of the family's action or failure to act, KHA will include in its termination notice the VAWA information described in* [*KHA Plan: 16-IX.C.*] *and a form HUD-50066. KHA will request in writing that a family member wishing to claim protection under VAWA notify KHA within 14 business days*.

Still other notice requirements apply in two situations:

- If a criminal record is the basis of a family's termination, *KHA* must provide a copy of the record to the subject of the record and the tenant so that they have an opportunity to dispute the accuracy and relevance of the record [*24 CFR 982.553(d)(2)*].
- If immigration status is the basis of a family's termination, as discussed in [*KHA Plan: 12-I.C*], the special notice requirements in [*KHA Plan: 16-III.D*] must be followed.

PART III: TERMINATION OF TENANCY BY THE OWNER

Overview

Termination of an assisted tenancy is a matter between the owner and the family; *KHA* is not directly involved. However, the owner is under some constraints when terminating an assisted tenancy. Termination of tenancy for certain reasons will also result in termination of assistance as discussed in this section.

12-III.A. GROUNDS FOR OWNER TERMINATION OF TENANCY

[*24 CFR 982.310, 24CFR 5.2005(c) and Form HUD-52641-A, Tenancy Addendum*]
During the term of the lease, the owner is not permitted to terminate the tenancy except for serious or repeated violations of the lease, certain violations of state or local law, or other good cause.

Serious or Repeated Lease Violations

The owner is permitted to terminate the family's tenancy for serious or repeated violations of the terms and conditions of the lease. This includes failure to pay rent or other amounts due under the lease. However, *KHA*'s failure to make a HAP payment to the owner is not a violation of the lease between the family and the owner.

Violation of Federal, State, or Local Law

The owner is permitted to terminate the tenancy if a family member violates federal, state, or local law that imposes obligations in connection with the occupancy or use of the premises.

Criminal Activity or Alcohol Abuse

The owner may terminate tenancy during the term of the lease if any covered person, meaning any member of the household, a guest or another person under the tenant's

control commits any of the following types of criminal activity (for applicable definitions see [*24 CFR 5.100*]):

- Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of the premises by, other residents (including property management staff residing on the premises);
- Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of their residences by, persons residing in the immediate vicinity of the premises;
- Any violent criminal activity on or near the premises; or
- Any drug-related criminal activity on or near the premises.

The owner may terminate tenancy during the term of the lease if any member of the household is:

- Fleeing to avoid prosecution, custody, or confinement after conviction for a crime or an attempt to commit a crime that is a felony under the laws of the place from which the individual flees, or that, in the case of the State of New Jersey, is a high misdemeanor; or
- Violating a condition of probation or parole imposed under federal or state law.

The owner may terminate tenancy for criminal activity by a household member in accordance with this section if the owner determines that the household member has committed the criminal activity, regardless of whether the household member has been arrested or convicted for such activity.

The owner may terminate tenancy during the term of the lease if any member of the household has engaged in abuse of alcohol that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents.

Evidence of Criminal Activity

The owner may terminate tenancy and evict by judicial action a family for criminal activity by a covered person if the owner determines they have engaged in the criminal activity, regardless of arrest or conviction and without satisfying the standard of proof used for a criminal conviction.

Other Good Cause

During the initial lease term, the owner may not terminate the tenancy for “other good cause” unless the owner is terminating the tenancy because of something the family did or failed to do. During the initial lease term or during any extension term, other good cause includes the disturbance of neighbors, destruction of property, or living or housekeeping habits that cause damage to the unit or premises.

After the initial lease term, “other good cause” for termination of tenancy by the owner includes:

- Failure by the family to accept the offer of a new lease or revision;

- The owner's desire to use the unit for personal or family use, or for a purpose other than as a residential rental unit; or
- A business or economic reason for termination of the tenancy (such as sale of the property, renovation of the unit, or desire to lease the unit at a higher rent).

After the initial lease term, the owner may give the family notice at any time, in accordance with the terms of the lease.

12-III.B. EVICTION

[*24 CFR 982.310(e) and (f) and Form HUD-52641-A, Tenancy Addendum*]
The owner must give the tenant a written notice that specifies the grounds for termination of tenancy during the term of the lease. The tenancy does not terminate before the owner has given this notice, and the notice must be given at or before commencement of the eviction action.

The notice of grounds may be included in, or may be combined with, any owner eviction notice to the tenant.

Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used under state or local law to commence an eviction action. The owner may only evict the tenant from the unit by instituting a court action. The owner must give *KHA* a copy of any eviction notice at the same time the owner notifies the family. The family is also required to give *KHA* a copy of any eviction notice. See [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*].

➢ ***KHA Policy***: *If the eviction action is finalized in court, the owner must provide KHA with documentation related to the eviction, including notice of the eviction date, as soon as possible, but no later than 5 business days following the court-ordered eviction*.

12-III.C. DECIDING WHETHER TO TERMINATE TENANCY

[*24 CFR 982.310(h)*]
An owner who has grounds to terminate a tenancy is not required to do so, and may consider all of the circumstances relevant to a particular case before making a decision. These might include:

- The nature of the offending action;
- The seriousness of the offending action;
- The effect on the community of the termination, or of the owner's failure to terminate the tenancy;
- The extent of participation by the leaseholder in the offending action;
- The effect of termination of tenancy on household members not involved in the offending activity;
- The demand for assisted housing by families who will adhere to lease responsibilities;
- The extent to which the leaseholder has shown personal responsibility and taken all reasonable steps to prevent or mitigate the offending action; or

- The effect of the owner's action on the integrity of the program.

The owner may require a family to exclude a household member in order to continue to reside in the assisted unit, where that household member has participated in or been culpable for action or failure to act that warrants termination.

In determining whether to terminate tenancy for illegal use of drugs or alcohol abuse by a household member who is no longer engaged in such behavior, the owner may consider whether such household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program or has otherwise been rehabilitated successfully [*42 U.S.C. 13661*]. For this purpose, the owner may require the tenant to submit evidence of the household member's current participation in, or successful completion of, a supervised drug or alcohol rehabilitation program or evidence of otherwise having been rehabilitated successfully.

The owner's termination of tenancy actions must be consistent with the fair housing and equal opportunity provisions in [*24 CFR 5.105*]. An owner's decision to terminate tenancy for incidents related to domestic violence, dating violence, sexual assault, or stalking is limited by the *Violence against Women Act* of 2005 (VAWA) and the conforming regulations in [*24 CFR Part 5, Subpart L*]. See [*KHA Plan: 12-II.E.*]

12-III.D. EFFECT OF TERMINATION OF TENANCY ON THE FAMILY'S ASSISTANCE

If a termination is not due to a serious or repeated violation of the lease, and if *KHA* has no other grounds for termination of assistance, *KHA* may issue a new voucher so that the family can move with continued assistance. See [*KHA Plan: Chapter 10, Moving With Continued Assistance and Portability*].

EXHIBITS 12-1: STATEMENT OF OBLIGATIONS OF THE FAMILY

Following is a listing of a participant family's obligations under the HCV program:

- The family must supply any information that *KHA* or HUD determines is necessary in the administration of the program, including submission of required evidence of citizenship or eligible immigration status (as provided by *24 CFR Part 5*. "Information" includes any requested certification, release or other documentation. The family must supply any information requested by *KHA* or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition.
- The family must disclose and verify social security numbers and sign and submit consent forms for obtaining information.
- Any information supplied by the family must be true and complete.
- The family is responsible for any *Housing Quality Standards* (HQS) breach by the family caused by failure to pay tenant-provided utilities or appliances, or damages to the dwelling unit or premises beyond normal wear and tear caused by any member of the household or guest.

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

- The family must allow *KHA* to inspect the unit at reasonable times and after reasonable notice, as described in Chapter 8 of this plan.
- The family must not commit any serious violation of the lease.

➢ ***KHA Policy***: *KHA will determine if a family has committed serious or repeated violations of the lease based on available evidence, including but not limited to, a court-ordered eviction.*

Serious and repeated lease violations will include, but not be limited to, nonpayment of rent, nonpayment of tenant-paid utilities, disturbance of neighbors, destruction of property, or living or housekeeping habits that cause damage to the unit or premises and criminal activity.

- The family must notify *KHA* and the owner before moving out of the unit or terminating the lease.

➢ ***KHA Policy***: *The family must comply with lease requirements regarding written notice to the owner. The family must provide written notice to KHA at the same time the owner is notified*.

- The family must promptly give *KHA* a copy of any owner eviction notice.
- The family must use the assisted unit for residence by the family. The unit must be the family's only residence.

- The composition of the assisted family residing in the unit must be approved by *KHA*. The family must promptly notify *KHA* in writing of the birth, adoption, or court-awarded custody of a child. *KHA* will approve the addition of a child to the household upon receipt of (1) a birth certificate; (2) legal proof of adoption; (3) a court order; (4) a delegation of powers of a parent under state statute; (5) written permission of the parent of other person having custody of the child; or (6) if none of the above documents are available, reliable, accurate and objective third-party verification of custody. The family must request *KHA* approval to add any other family member as an occupant of the unit.

➢ ***KHA Policy***: *The request to add an adult family member must be submitted in writing and, if required, approved prior to the person moving into the unit. KHA will determine eligibility of the new member in accordance with the policies in Chapter 5*.

- The family must promptly notify *KHA* in writing if any family member no longer lives in the unit.
- If *KHA* has given approval, a foster child or a live-in aide may reside in the unit. *KHA* has the discretion to adopt reasonable policies concerning residency by a foster child or a live-in aide, and to define when *KHA* consent may be given or denied. For policies related to the request and approval/disapproval of foster children, foster adults, and live-in aides, see Chapter 3 (Sections I.K and I.M), and Chapter 11 (Section II.B).
- The family must not sublease the unit, assign the lease, or transfer the unit.

➢ ***KHA Policy***: *Subleasing includes receiving payment to cover rent and utility costs by a person living in the unit who is not listed as a family member*.

- The family must supply any information requested by *KHA* to verify that the family is living in the unit or information related to family absence from the unit.
- The family must promptly notify *KHA* when the family is absent from the unit.

➢ ***KHA Policy***: *Notice is required under this provision when one or more family members will be absent from the unit for an extended period. An extended period is defined as any period greater than 30 calendar days. Written notice must be provided to KHA at the start of the extended absence*.

- The family must pay utility bills and provide and maintain any appliances that the owner is not required to provide under the lease [*Form HUD-52646, Voucher*].
- The family must not own or have any interest in the unit, (other than in a cooperative and owners of a manufactured home leasing a manufactured home space).
- Family members must not commit fraud, bribery, or any other corrupt or criminal act in connection with the program. (See Chapter 14, Program Integrity for additional information).
- Family members, guests and persons under the tenant's control must not engage in drug-related criminal activity or violent criminal activity or other criminal activity that threatens the health, safety or right to peaceful enjoyment of other residents and persons residing in the

immediate vicinity of the premises. See Chapter 12 for HUD and *KHA* policies related to drug-related and violent criminal or other criminal activity.

- Members of the household must not engage in abuse of alcohol in a way that threatens the health, safety or right to peaceful enjoyment of the other residents and persons residing in the immediate vicinity of the premises. See Chapter 12 for a discussion of HUD and *KHA* policies related to alcohol abuse.
- An assisted family or member of the family must not receive HCV program assistance while receiving another housing subsidy, for the same unit or a different unit under any other federal, state or local housing assistance program.
- A family must not receive HCV program assistance while residing in a unit owned by a parent, child, grandparent, grandchild, sister or brother of any member of the family, unless *KHA* has determined (and has notified the owner and the family of such determination) that approving rental of the unit, notwithstanding such relationship, would provide Reasonable Accommodation for a family member who is a person with disabilities. [*Form HUD-52646, Voucher*]

CHAPTER 13 OWNERS

Introduction

Owners play a central role in the HCV program by supplying decent, safe, and sanitary housing for participating families.

The term "owner" refers to any person or entity with the legal right to lease or sublease a unit to a participant in the HCV program [*24 CFR 982.4(b)*]. The term "owner" includes a principal or other interested party [*24 CFR 982.453; 24 CFR 982.306(f)*], such as a designated agent of the owner.

Owners have numerous responsibilities under the program, including screening and leasing to families, maintaining the dwelling unit, enforcing the lease, and complying with various contractual obligations. However, this chapter is not meant to be an overview of all aspects of owner participation in the HCV program.

The chapter is organized in two parts:

Part I: Owners in the HCV Program. This part discusses the role of an owner in *KHA*'s HCV program and highlights key owner rights and responsibilities.

Part II: HAP Contracts. This part explains provisions of the HAP Contract and the relationship between *KHA* and the owner as expressed in the HAP Contract.

For detailed information about HCV program responsibilities and processes, including *KHA* policies in key areas, owners will need to refer to several other chapters in this plan. Where appropriate, this chapter will reference the other chapters.

PART I. OWNERS IN THE HCV PROGRAM

13-I.A. OWNER RECRUITMENT AND RETENTION

[*HCV Guide Book, pp. 2-4 to 2-6*]

Recruitment

PHAs are responsible for ensuring that very low-income families have access to all types and ranges of affordable housing in *KHA*'s jurisdiction, particularly housing outside areas of poverty or minority concentration. A critical element in fulfilling this responsibility is for *KHA* to ensure that a sufficient number of owners, representing all types and ranges of affordable housing in *KHA*'s jurisdiction, are willing to participate in the HCV program.

To accomplish this objective, PHAs must identify and recruit new owners to participate in the program.

- ***KHA Policy***: *KHA will conduct owner outreach to ensure that owners are familiar with the program and its advantages. KHA will actively recruit property owners with property located outside areas of poverty and minority concentration. These outreach strategies will include:*
  - *Distributing printed material about the program to property owners and managers;*
  - *Maintaining a web page with information about the program pertinent to property owners and managers;*
  - *Holding owner workshop/information meetings at least once a year; and*
  - *Developing working relationships with owners.*

  NOTE*: No areas within Kendall County have been identified as high poverty or minority concentrations, however KHA will monitor this regularly in coordination with community organizations. All outreach strategies will be monitored for effectiveness, and adapted accordingly*.

Retention

In addition to recruiting owners to participate in the HCV program, *KHA* must also provide the kind of customer service that will encourage participating owners to remain active in the program.

- ***KHA Policy***: *All KHA activities that may affect an owner's ability to lease a unit will be processed as rapidly as possible, in order to minimize vacancy losses for owners.*

  KHA will provide owners with a handbook that explains the program, including HUD and KHA policies and procedures, in easy-to-understand language.

  KHA will give special attention to helping new owners succeed through activities such as:
  - *Providing the owner with a designated KHA contact person;*
  - *Coordinating inspection and leasing activities between KHA, the owner, and the family; and*
  - *Providing answers to Frequently Asked Questions (FAQ) on KHA's website.*

  Additional services may be undertaken on an as-needed basis, and as resources permit.

13-I.B. BASIC HCV PROGRAM REQUIREMENTS

HUD requires *KHA* to aid families in their housing search by providing the family with a list of landlords or other parties known to *KHA* who may be willing to lease a unit to the family, or to help the family find a unit. Although *KHA* cannot maintain a list of owners that are pre-qualified to participate in the program, owners may indicate to *KHA* their willingness to lease a unit to an eligible HCV family, or to help the HCV family find a unit [*24 CFR 982.301(b)(11)*].

- ***KHA Policy***: *Owners that wish to indicate their willingness to lease a unit to an eligible HCV family or to help the HCV family find a unit must notify KHA. KHA will refer any such owners to the online unit listing service maintained by a HUD-compliant third-party contractor to make the listings available to the HCV family*.

When a family approaches an owner to apply for tenancy, the owner is responsible for screening the family and deciding whether to lease to the family, just as the owner would with any potential tenant. *KHA* has no liability or responsibility to the owner or other persons for the family's behavior or suitability for tenancy. See Chapters 3 and 9 for more detail on tenant family screening policies and process.

If the owner is willing, the family and the owner must jointly complete a *Request for Tenancy Approval* (RFTA, Form HUD 52517), which constitutes the family's request for assistance in the specified unit, and which documents the owner's willingness to lease to the family and to follow the program's requirements. When submitted to *KHA*, this document is the first step in the process of obtaining approval for the family to receive the financial assistance it will need in order to occupy the unit. Also submitted with the RFTA is a copy of the owner's proposed dwelling lease, including the HUD-required Tenancy Addendum (Form HUD-52641-A), a *KHA Unit Characteristics* form, IRS W-9, unit ownership information and banking information for direct deposit of HAP funds. See [*KHA Plan: Chapter 9, General Leasing Policies*] for more detail on request for tenancy approval policies and process.

HUD regulations stipulate that an assisted tenancy can be approved only under certain conditions.

The owner must be qualified to participate in the program [*24 CFR 982.306*]. Some owners are precluded from participating in the program, or from renting to a particular family, either because of their past history with this or another federal housing program, or because of certain conflicts of interest. Owner qualifications are discussed later in this chapter.

The selected unit must be of a type that is eligible for the program [*24 CFR 982.305(a)*]. Certain types of dwelling units cannot be assisted under the HCV program. Other types may be assisted under certain conditions. In addition, the owner must document legal ownership of the specified unit. See chapter 9 for more detail on unit eligibility policies and process.

The selected unit must meet HUD's *Housing Quality Standards* (HQS) and/or equivalent state or local standards approved by HUD [*24 CFR 982.305(a)*]. *KHA* will inspect the owner's dwelling unit at various stages of HCV program participation, to ensure that the unit continues to meet HQS requirements. See [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations]* for a discussion of the HQS standards, as well as the process for HQS inspections at initial lease-up and throughout the family's tenancy.

KHA must determine that the cost of the unit is reasonable [*24 CFR 982.305(a)*]. The rent must be reasonable in relation to comparable unassisted units in the area and must not be in excess of rents charged by the owner for comparable, unassisted units on the premises. See [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*] for a discussion of requirements and policies on rent reasonableness, rent comparability and the rent reasonableness determination process.

At initial lease-up of a unit, *KHA* must determine that the share of rent to be paid by the family does not exceed 40 percent of the family's monthly adjusted income [*24 CFR 982.305(a)*]. See [*KHA Plan: Chapter 6, Income and Subsidy Determinations*] for a discussion of the calculation of family income, family share of rent and HAP.

The dwelling lease must comply with all program requirements [*24 CFR 982.308*]. Owners are encouraged to use their standard leases when renting to an assisted family. However, the HCV program requires that the *Tenancy Addendum*, which helps standardize the tenancy requirements for all assisted families, be added word-for-word to that lease. See [*KHA Plan: Chapter 9, General Leasing Policies*] for a discussion of the dwelling lease and tenancy addendum, including lease terms and provisions.

KHA and the owner enter into a formal contractual relationship by executing the *Housing Assistance Payment* (HAP) Contract (Form HUD-52641). The HAP Contract format is prescribed by HUD. See [*KHA Plan: Chapter 9, General Leasing Policies*] for a discussion of the HAP Contract execution process. Specific HAP Contract provisions and responsibilities are discussed later in this chapter.

13-I.C. OWNER RESPONSIBILITIES

[*24 CFR 982.452*]

The basic owner responsibilities in the HCV program are outlined in the regulations as follows:

- Performing all of the owner's obligations under the *Housing Assistance Payments* (HAP) Contract and the lease;
- Performing all management and rental functions for the assisted unit, including selecting a voucher-holder to lease the unit, and deciding if the family is suitable for tenancy of the unit;
- Maintaining the unit in accordance with the *Housing Quality Standards* (HQS), including performance of ordinary and extraordinary maintenance;
- Complying with equal opportunity requirements;
- Preparing and furnishing to *KHA* information required under the HAP Contract;
- Collecting from the family any security deposit, the tenant's contribution to rent (that part of rent to owner not covered by the housing assistance payment from *KHA*), and any charges for unit damage by the family;
- Enforcing tenant obligations under the dwelling lease;
- Paying for utilities and services (unless paid by the family under the lease);
- Making modifications to a dwelling unit occupied or to be occupied by a disabled person [*24 CFR 100.203*]; and

- Complying with the *Violence Against Women Reauthorization Act* of 2013 (VAWA) when screening prospective HCV tenants or terminating the tenancy of an HCV family [*24 CFR Part 5, Subpart L*]; [*24 CFR 982.310(h)(4)*]; *and* [*24 CFR 982.452(b)(1)*].

13-I.D. OWNER QUALIFICATIONS

KHA does not formally approve an owner to participate in the HCV program. However, there are a number of criteria where *KHA* may deny approval of an assisted tenancy based on past owner behavior, conflict of interest, or other owner-related issues. No owner has a right to participate in the HCV program [*24 CFR 982.306(e)*].

Owners/Areas Barred from Participation

[*24 CFR 982.306(a) and (b)*]

KHA must not approve the assisted tenancy if *KHA* has been informed that the owner has been debarred, suspended, or subject to a limited denial of participation under [*24 CFR Part 24*]. HUD may direct *KHA* not to approve a tenancy request if a court or administrative agency has determined that the owner violated the *Fair Housing Act* or other federal equal opportunity requirements, or if such an action is pending. A landlord/owner and/or area can be barred due to the following:

- Site and Neighborhood conditions that can present health and safety concerns;
- Area that consistently has criminal activity complaints or calls to municipal enforcement agencies;
- Area for which there are 2 or more condemned or abandoned properties within 1 block of the subsidized unit;
- Landlord/owner has history of non-compliance
  - If owner with multiple subsidized properties has payments abated 2 or more times in one calendar year at any property, the landlord/owner can be barred for a period of 1 calendar year.
  - If owner has one property and has 2 consecutive years of abated payments due to non-compliance, landlord/owner can be barred for 1 calendar year.
- Has engaged in or threatened violent or abusive behavior toward *KHA* personnel.
  - Abusive or violent behavior towards *KHA* personnel includes verbal as well as physical abuse or violence. Use of racial epithets, or other language, written or oral, that is customarily used to intimidate may be considered abusive or violent behavior.

Threatening refers to oral or written threats or physical gestures that communicate intent to abuse or commit violence.

Suitability for landlord/owner and/or area can be re-determined after year-long ban has been lifted. An assessment will be made with the assistance of the appropriate municipal enforcement agency and/or an HQS inspection of the property.

Leasing to Relatives

[*24 CFR 982.306(d), HCV Guide Book p. 11-2*]
KHA must not approve an RFTA if the owner is the parent, child, grandparent, grandchild, or sibling of any member of the family. *KHA* may make an exception as a Reasonable Accommodation for a family member with a disability. The owner is required to certify that no such relationship exists. This restriction applies at the time that the family receives assistance under the HCV program for occupancy of a particular unit. Current contracts on behalf of owners and families that are related may continue, but any new leases or contracts for these families may not be approved.

Conflict of Interest

[*24 CFR 982.161; HCV Guide Book p. 8-19*]
KHA must not approve a tenancy in which any of the following classes of persons has any interest, direct or indirect, during tenure or for one year thereafter:

- Any present or former member or officer of *KHA* (except a participant commissioner);
- Any employee of *KHA*, or any contractor, subcontractor or agent of *KHA*, who formulates policy or who influences decisions with respect to the programs;
- Any public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs; or
- Any member of the Congress of the United States.

HUD may waive the conflict of interest requirements, except for members of Congress, for good cause. *KHA* must submit a waiver request to the appropriate HUD Field Office for determination.

Any waiver request submitted by *KHA* must include [HC*V Guidebook pp.11-2 and 11-3*]:

- Complete statement of the facts of the case;
- Analysis of the specific conflict of interest provision of the HAP Contract and justification as to why the provision should be waived;
- Analysis of and statement of consistency with state and local laws. The local HUD office, *KHA*, or both parties may conduct this analysis. Where appropriate, an opinion by the state's attorney general should be obtained;
- Opinion by the local HUD office as to whether there would be an appearance of impropriety if the waiver were granted;
- Statement regarding alternative existing housing available for lease under the HCV program or other assisted housing if the waiver is denied;
- If the case involves a hardship for a particular family, statement of the circumstances and discussion of possible alternatives;
- If the case involves a public official or member of the governing body, explanation of his/her duties under state or local law, including reference to any responsibilities involving the HCV program;
- If the case involves employment of a family member by *KHA* or assistance under the HCV program for an eligible *KHA* employee, explanation of the responsibilities and duties of the position, including any related to the HCV program; and

- If the case involves an investment on the part of a member, officer, or employee of *KHA*, description of the nature of the investment, including disclosure/divestiture plans.

Where *KHA* has requested a conflict of interest waiver, *KHA* may not execute the HAP Contract until HUD has made a decision on the waiver request.

➢ ***KHA Policy***: *In considering whether to request a conflict of interest waiver from HUD, KHA will consider factors the reasons for waiving the requirement; consistency with state and local laws; the existence of alternative housing available to families; the individual circumstances of a particular family; the specific duties of individuals whose positions present a possible conflict of interest; the nature of any financial investment in the property and plans for disclosure/divestiture; and the possible appearance of impropriety*.

Owner Actions That May Result in Disapproval of a Tenancy Request

[*24 CFR 982.306(c)*]
HUD regulations permit *KHA*, at *KHA*'s discretion, to refuse to approve a request for tenancy if the owner has committed any of a number of different actions.

If *KHA* disapproves a request for tenancy because an owner is not qualified, it may not terminate the HAP Contract for any assisted families that are already living in the owner's properties unless the owner has violated the HAP Contract for those units [*HCV Guide Book p. 11-4*].

➢ ***KHA Policy***: *KHA will refuse to approve a request for tenancy if any of the following are true*:

- *The owner has violated obligations under a HAP Contract under Section 8 of the 1937 Act [42 U.S.C. 1437f];*
- *The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;*
- *The owner has engaged in any drug-related criminal activity or any violent criminal activity;*
- *The owner has a history or practice of non-compliance with the HQS for units leased under the tenant-based programs, or with applicable housing standards for units leased with project-based Section 8 assistance or leased under any other federal housing program;*
- *The owner has a history or practice of failing to terminate tenancy of tenants of units assisted under Section 8 or any other federally assisted housing program for activity engaged in by the tenant, any member of the household, a guest or another person under the control of any member of the household that: (i) Threatens the right to peaceful enjoyment of the premises by other residents; (ii) Threatens the health or safety of other residents, of employees of KHA, or of owner employees or other persons engaged in management of the housing; (iii) Threatens the health or safety of, or the right to peaceful enjoyment of their residences, by persons residing in the*

immediate vicinity of the premises; or (iv) Is drug-related criminal activity or violent criminal activity;

- *Abusive or violent behavior towards KHA personnel, including verbal as well as physical abuse or violence. Use of racial epithets, or other language, written or oral, that is customarily used to intimidate may be considered abusive or violent behavior. Threatening refers to oral or written threats or physical gestures that communicate intent to abuse or commit violence;*
- *The owner has a history or practice of renting units that fail to meet state or local housing codes;*
- *The owner has not paid state or local real estate taxes, fines, or assessment;*
- *The owner does not have a current rental license for the property;*
- *The owner's property is in a foreclosure status; or*
- *Absentee owners who do not have a local management presence*.

In considering whether to disapprove owners for any of the discretionary reasons listed above, *KHA* will consider any mitigating factors. Such factors may include, but are not limited to, the seriousness of the violation in relation to program requirements, the impact on the ability of families to lease units under the program, health and safety of participating families, among others.

Legal Ownership of Unit

The following represents *KHA* policy on legal ownership of a dwelling unit to be assisted under the HCV program.

➢ ***KHA Policy***: *KHA will only enter into a contractual relationship with the legal owner of a qualified unit. No tenancy will be approved without acceptable documentation of legal ownership (e.g., deed of trust, proof of taxes for most recent year).*

KHA will only enter into a contractual relationship with an owner whose rental permits are in compliance with local municipalities regarding those permits or licenses. All rental permits and licenses must be current. Any violations pertaining to said permits or licenses must be corrected within the allotted time frame given by the municipality. If the landlord is not in compliance with the local municipality after the allotted time given by that municipality, it could result in the holding of Housing Authority subsidy payments.

13-I.E. NON-DISCRIMINATION

[*HAP Contract – Form HUD-52641*]

The owner must not discriminate against any person because of race, color, religion, sex, national origin, age, familial status, or disability, in connection with any actions or responsibilities under the HCV program and the HAP Contract with *KHA*.

The owner must cooperate with *KHA* and with HUD in conducting any equal opportunity compliance reviews and complaint investigations in connection with the HCV program and the HAP Contract with *KHA*. See [*KHA Plan: Chapter 2, Fair Housing and Equal*

Opportunity] for a more thorough discussion of Fair Housing and Equal Opportunity requirements in the HCV program.

PART II. HAP CONTRACTS

Housing Choice Voucher Guidebook Resource.

The purpose of the *Housing Choice Voucher (HCV) Guidebook* is to provide an easy-to-use, one-stop resource to assist public housing agencies (PHAs), families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates into one document the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, *PIH Notices*, *Federal Register* Notices, and other forms of guidance issued by HUD.

KHA will provide a link to *HCV Guidebook* sections that assisted in the development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *HCV Guidebook* chapters will be living documents on HUD's website. Individual chapters will be amended as policies are refined.

The *HCV Guidebook* chapter on *HAP Contracts* can be found here:
https://www.hud.gov/sites/dfiles/PIH/documents/HAP_Contracts_HCV_Guidebook_Chapter_July_2021.pdf?utm_campaign=PIH%20Alerts&utm_medium=email&_hsmi=143856478&_hsenc=p2ANqtz-86EM1x87plJ-otFbKckLPIVcEShRz7Q8eRE8DDhMMMqktS-BWNqnJHzEWE235UJuqJQFdG2erYVuTbWMxOtip65a29Cg&utm_content=143856478&utm_source=hs_email

Overview

The HAP Contract represents a written agreement between *KHA* and the owner of the dwelling unit occupied by a HCV assisted family. The HAP Contract spells out the owner's responsibilities under the program, as well as *KHA*'s obligations. Under the HAP Contract, *KHA* agrees to make housing assistance payments to the owner on behalf of a specific family occupying a specific unit.

The HAP Contract is used for all HCV program tenancies except for assistance under the Section 8 homeownership program, and assistance to families that own a manufactured home and lease the space. See [*KHA Plan: Chapter 15, Special Housing Types; Targeted Voucher/Other Program Types*] for a discussion of any Special Housing types included in *KHA*'s HCV program.

If *KHA* has given approval for the family of the assisted tenancy, the owner and *KHA* execute the HAP Contract. See [*KHA Plan: Chapter 9, General Leasing Policies*] for a discussion of the leasing process, including provisions for execution of the HAP Contract.

13-II.A. HAP CONTRACT CONTENTS

The HAP Contract format is required by HUD, specifically *Housing Assistance Payment (HAP) Contract, Form HUD-52641*.

The HAP Contract contains three parts.

Part A – Contract Information of the contract includes basic contract information about the name of the tenant family, address of the contract unit, names of all household members, first and last dates of initial lease term, amount of initial monthly rent to owner, amount of initial housing assistance payment, utilities and appliances to be supplied by owner and tenant, signatures of *KHA* and owner [*HCV Guidebook, pp 11-10 and 11-11*].

In general, the HAP Contract cannot be modified. However, PHAs do have the discretion to add language to Part A of the HAP Contract which prohibits the owner from collecting a security deposit in excess of private market practices or in excess of amounts charged to unassisted tenants. *KHA* policy on the amount of security deposit an owner may collect is found in [*KHA Plan: Chapter 9, General Leasing Policies*].

In addition, PHAs have the discretion to add language to Part A of the HAP Contract that defines when the housing assistance payment by *KHA* is deemed received by the owner (e.g., upon mailing by *KHA* or actual receipt by the owner).

- ***KHA Policy***: *KHA has not adopted a policy that defines when the housing assistance payment by KHA is deemed received by the owner. Therefore, no modifications to the HAP Contract will be necessary*.

Part B – Body of the Contract is the body of the contract. It describes in detail program requirements affecting the owner and owner roles and responsibilities under the HCV program. Most of the requirements contained in Part B of the HAP Contract are outlined elsewhere in this plan. Topics addressed in Part B include:

- Lease of Contract Unit;
- Maintenance, Utilities, and Other Services;
- Term of HAP Contract;
- Provision and Payment of Utilities and Appliances;
- Rent to Owner: Reasonable Rent;
- *KHA* Payment to Owner;
- Prohibition of Discrimination;
- Owner's Breach of HAP Contract;
- *KHA* and HUD Access to Premises and Owner's Records;
- Exclusion of Third Party Rights;
- Conflict of Interest;
- Assignment of the HAP Contract;
- Written Notices; and
- Entire Agreement Interpretation.

Part C – Tenancy Addendum of the contract includes the *Tenancy Addendum* (*Form HUD-52641-A*). The addendum sets forth the tenancy requirements for the program and the composition of the household, as approved by *KHA*. The owner must sign the HUD Tenancy Addendum with the prospective tenant, and the tenant has the right to enforce the Tenancy Addendum against the owner. The terms of the Tenancy Addendum prevail over any other provisions of the lease.

13-II.B. HAP CONTRACT PAYMENTS

General

During the term of the HAP Contract, and subject to the provisions of the HAP Contract, *KHA* must make monthly HAP payments to the owner on behalf of the family, at the beginning of each month. If a lease term begins after the first of the month, the HAP payment for the first month is prorated for a partial month.

The amount of the HAP payment is determined according to the policies described in [*KHA Plan: Chapter 6, Income and Subsidy Determinations*] and is subject to change during the term of the HAP Contract. *KHA* must notify the owner and the family in writing of any changes in the HAP payment.

HAP payments can be made only during the lease term, and only while the family is residing in the unit.

The monthly HAP payment by *KHA* is credited toward the monthly rent to owner under the family's lease. The total of the rent paid by the tenant, plus *KHA* HAP, should be equal to the rent specified in the lease (the rent to owner).

The family is not responsible for payment of the HAP payment, and *KHA* is not responsible for payment of the family share of rent.

The family's share of the rent cannot be more than the difference between the total rent to the owner and the HAP payment. The owner may not demand or accept any rent payment from the tenant in excess of this maximum [*24 CFR 982.451(b)(4)*]. The owner may not charge the tenant extra amounts for items customarily included in rent in the locality or provided at no additional cost to unsubsidized tenants in the premises [*24 CFR 982.510(c)*]. See [*KHA Plan: Chapter 9, General Leasing Policies*] for a discussion of separate, non-lease agreements for services, appliances and other items that are not included in the lease.

If the owner receives any excess HAP from *KHA*, the excess amount must be returned immediately. If *KHA* determines that the owner is not entitled to all or a portion of the HAP, *KHA* may deduct the amount of overpayment from any amounts due to the owner, including amounts due under any other HCV contract. See [*KHA Plan: Chapter 16, Program Administration*] for additional detail on owner reimbursement of HAP overpayments.

Requests to reconcile payment discrepancies between *KHA* and owners/management companies must be made during the calendar year in which they occurred. This does not include overpayments to owners which will be recovered by *KHA* based on HUD regulations that are cited in the *Housing Assistance Payments (HAP) Contract* Part B 7 (f).

Owner Certification of Compliance

Unless the owner complies with all provisions of the HAP Contract, the owner is not entitled to receive housing assistance payments under the HAP Contract [*HAP Contract – Form HUD-52641*].

By endorsing the monthly check or receiving the monthly direct deposit from *KHA*, the owner certifies to compliance with the terms of the HAP Contract. This includes certification that the owner is maintaining the unit and premises in accordance with HQS; that the contract unit is leased to the tenant family and, to the best of the owner's knowledge, the family resides in the unit as the family's only residence; the rent to owner does not exceed rents charged by the owner for comparable unassisted units on the premises; and that the owner does not receive (other than rent to owner) any additional payments or other consideration for rent of the contract unit during the HAP term.

Late Housing Assistance Payments

[*24 CFR 982.451(a)(5)*]
KHA is responsible for making Housing Assistance Payments (HAP) promptly when due to the owner, in accordance with the terms of the HAP Contract. After the first two calendar months of the HAP Contract term, the HAP Contract provides for penalties if *KHA* fails to make the housing assistance payment on time.

Penalties for late housing assistance payments can only be imposed if

1. the penalties are in accordance with generally accepted local rental market practices and law governing penalties for late payment by tenants;
2. it is the owner's normal business practice to charge late payment penalties for both assisted and unassisted families; and
3. the owner charges the assisted family for late payment of the family's share of the rent.

KHA is not required to pay a late payment penalty if HUD determines that the payment is late for reasons beyond *KHA*'s control. In addition, late payment penalties are not required if *KHA* intentionally delays or denies payment as a remedy to an owner breach of the HAP Contract [*HCV Guidebook p. 11-7*].

Termination of HAP Payments

KHA must continue making housing assistance payments to the owner in accordance with the HAP Contract as long as the tenant continues to occupy the unit and the HAP Contract is not violated.

HAP payments terminate when the HAP Contract terminates or when the tenancy is terminated in accordance with the terms of the lease.

If the owner has initiated eviction proceedings against the family and the family continues to reside in the unit, *KHA* must continue to make housing assistance payments to the owner until the owner has obtained a court judgment or other process allowing the owner to evict the tenant.

➢ ***KHA Policy***: *The owner must immediately inform KHA when the owner has initiated eviction proceedings against the family and the family continues to reside in the unit.*

The owner must inform KHA when the owner has obtained a court judgment or other process allowing the owner to evict the tenant, and provide KHA with a copy of such judgment or determination.

- *After the owner has obtained a court judgment or other process allowing the owner to evict the tenant, KHA will terminate HAP payments at the end of the month the eviction took place. If the owner is forced to obtain a writ of restitution and does so in a timely manner, KHA will make payments until the date the family is physically evicted from the unit. The owner must inform KHA of the date when the family is physically evicted from the unit. The owner will be asked to provide written documentation showing the Writ of Recovery/Restitution was executed*.

13-II.C. BREACH OF HAP CONTRACT

[*24 CFR 982.453*]

Any of the following actions by the owner constitutes a breach of the HAP Contract:

- If the owner violates any obligations under the HAP Contract including failure to maintain the unit in accordance with HQS;
- If the owner has violated any obligation under any other HAP Contract under Section 8;
- If the owner has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;
- For projects with mortgages insured by HUD or loans made by HUD, if the owner has failed to comply with the regulation ns for the applicable program; or if the owner has committed fraud, bribery or any other corrupt or criminal act in connection with the mortgage or loan;
- If the owner has engaged in drug-related criminal activity; or
- If the owner has committed any violent criminal activity.

If *KHA* determines that a breach of the HAP Contract has occurred, it may exercise any of its rights and remedies under the HAP Contract.

KHA rights and remedies against the owner under the HAP Contract include recovery of any HAP overpayment, suspension of housing assistance payments, abatement or reduction of the housing assistance payment, termination of the payment or termination the HAP Contract. *KHA* may also obtain additional relief by judicial order or action.

KHA must notify the owner of its determination and provide in writing the reasons for the determination. The notice may require the owner to take corrective action by an established deadline. *KHA* must provide the owner with written notice of any reduction in housing assistance payments or the termination of the HAP Contract.

➢ ***KHA Policy***: *Before KHA invokes a remedy against an owner, KHA will evaluate all information and documents available to determine if the HAP Contract has been breached.*
- *If relevant, KHA will conduct an audit of the owner's records pertaining to the tenancy or unit.*
- *If it is determined that the owner has breached the HAP Contract, KHA will consider all of the relevant factors including the seriousness of the breach, the effect on the family, the owner's record of compliance and the number and seriousness of any prior HAP Contract violations*.

13-II.D. HAP CONTRACT TERM AND TERMINATIONS

The term of the HAP Contract runs concurrently with the term of the dwelling lease [*24 CFR 982.451(a)(2)*], beginning on the first day of the initial term of the lease and terminating on the last day of the term of the lease, including any lease term extensions.

The HAP Contract and the housing assistance payments made under the HAP Contract terminate if [*HCV Guidebook pp.11-4 and 11-5, pg. 15-3*]:
- The owner or the family terminates the lease;
- The lease expires;
- *KHA* terminates the HAP Contract;
- *KHA* terminates assistance for the family;
- The family moves from the assisted unit. (**Note**: In this situation, and at the sole discretion of *KHA*, the owner may be entitled to keep the housing assistance payment for the entire month when the family moves out of the unit instead of just the days during that month the assisted unit was occupied by the family.);
- 180 calendar days have elapsed since *KHA* made the last housing assistance payment to the owner;
- The family is absent from the unit for longer than the maximum period permitted by *KHA*;
- The *Annual Contributions Contract* (ACC) between *KHA* and HUD expires; or
- *KHA* elects to terminate the HAP Contract.

➢ ***KHA Policy***: *KHA may elect to terminate the HAP Contract in each of the following situations:*
- *Available program funding is not sufficient to support continued assistance for families in the program [24 CFR 982.454];*
- *The unit does not meet HQS size requirements due to change in family composition [24 CFR 982.403] – see [KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations];*

- *The unit does not meet HQS [24 CFR 982.404] – see [KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations];*
- *The family breaks up [HUD Form 52641] – see [KHA Plan: Chapter 3, Program Eligibility];*
- *The owner breaches the HAP Contract [24 CFR 982.453(b)] – see [KHA Plan: Chapter 13-II.C.];*
- *The owner fails to maintain current rental license; or*
- *The owner's rental unit is foreclosed;*

If a unit has gone through the foreclosure process and the new owner will occupy the unit as a primary residence and has provided the tenant with a notice to vacate at least 90 days before the effective date of such notice [Protecting Tenants from Foreclosure Act of 2009].

If *KHA* terminates the HAP Contract, *KHA* must give the owner and the family written notice. The notice must specify the reasons for the termination and the effective date of the termination. Once a HAP Contract is terminated, no further HAP payments may be made under that contract [*HCV Guidebook pg.15-4*].

➢ ***KHA Policy***: *In all cases, the HAP Contract terminates at the end of the calendar month that follows the calendar month in which KHA gives written notice to the owner. The owner is not entitled to any housing assistance payment after this period and must return to KHA any housing assistance payment received after this period*.

If the family moves from the assisted unit into a new unit, even if the new unit is in the same building or complex as the assisted unit, the HAP Contract for the assisted unit terminates. A new HAP Contract would be required [*HCV Guide Book, p. 11-17*].

When the family moves from an assisted unit into a new unit, the term of the HAP Contract for the new unit may begin in the same month in which the family moves out of its old unit. This is not considered a duplicative subsidy [*HCV Guide Book, p. 8-22*].

13-II.E. OWNERSHIP CHANGE / HAP CONTRACT ASSIGNMENT

[*Form HUD-52641*]

The HAP Contract cannot be assigned to a new owner without the prior written consent of *KHA*. An owner under a HAP Contract must notify *KHA* in writing prior to a change in the legal ownership of the unit. The owner must supply all information as requested by *KHA*. The assignment will be approved provided the new owner is qualified to become an owner under the HCV program according to the policies in [*KHA Plan: 13-I.D.*].

Prior to approval of assignment to a new owner, the new owner must agree to be bound by and comply with the HAP Contract. The agreement between the new owner and the former owner must be in writing and in a form that *KHA* finds acceptable. The new owner must provide *KHA* with a copy of the executed agreement.

- ***KHA Policy***: *Assignment of the HAP Contract will be approved only if the new owner is qualified to become an owner under the HCV program according to the policies in [13-I.D.]. KHA must receive a signed, written request from the existing owner stating the name and address of the new HAP payee and the effective date of the assignment in order to change the HAP payee under an outstanding HAP Contract.*

  In the case where a change in ownership of an assisted unit has occurred because of foreclosure, KHA will make payments to the successor in interest in compliance with the Protecting Tenants at Foreclosure Act of 2009.

  The new owner must provide a written certification to KHA that includes:
  - *A copy of the escrow statement or other document showing the transfer of title and recorded deed;*
  - *A copy of the owner's IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the social security number of the new owner;*
  - *The effective date of the HAP Contract assignment;*
  - *The new owner must not be a prohibited relative;*
  - *KHA Ownership/Agent Change Form; and*
  - *Documentation of current Rental Property Licensing if required by municipality.*

  If the new owner does not agree to an assignment of the HAP Contract, or fails to provide the necessary documents, KHA will terminate the HAP Contract with the old owner. If the new owner wants to offer the family a new lease, and the family elects to stay with continued assistance, KHA will process the leasing in accordance with the policies in [KHA Plan: Chapter 9, General Leasing Policies].

13-II.F. FORECLOSURE

[Form *HUD-52641*] *and* [*Notice PIH 2010-49*]

Families receiving HCV assistance are entitled to certain protections set forth under the *Protecting Tenants at Foreclosure Act* (PTFA). Specifically, the HAP Contract now contains language stating that in the case of any foreclosure, the immediate successor in interest in the property pursuant to the foreclosure will assume such interest subject to the lease between the prior owner and the tenant, and to the HAP Contract between the prior owner and *KHA* for the occupied unit. This provision of the HAP Contract does not affect any state or local law that provides longer time periods or other additional protections for tenants.

If *KHA* learns that a property is in foreclosure, it must take the following actions:
- Make all reasonable efforts to determine the status of the foreclosure and ownership of the property. (Further guidance on how to obtain this information can be found in [*Notice PIH 2010-49*.]);
- Continue to make payments to the original owner until ownership legally transfers in accordance with the HAP Contract;
- Attempt to obtain a written acknowledgement of the assignment of the HAP Contract from the successor in interest. The written agreement should include a request for owner information, such as a tax identification number, and payment instructions

from the new owner. Even if the new owner does not acknowledge the assignment of the HAP Contract in writing, the assignment is still effective by operation of law;

- Inform the tenant that they must continue to pay rent in accordance with the lease, and if the successor in interest refuses to accept payment or cannot be identified, the tenant should pay rent into escrow. Failure to pay rent may constitute an independent ground for eviction;
- Inform the tenant in the event that *KHA* is unable to make HAP payments to the successor in interest due an action or inaction by the successor that prevents such payments (e.g., rejection of payments or failure to maintain the property according to HQS), or due to an inability to identify the successor. *KHA* should also refer the tenant, as needed, to the local legal aid office in order to ensure adequate protection of the tenant's rights and enforcement of the successor in interest's performance under the HAP Contract; and
- Make reasonable inquiries to determine whether the unit, in addition to having a tenant receiving HCV assistance, will be or has been assisted under the *Neighborhood Stabilization Program* (NSP). (For further guidance on cases in where the units have been assisted under the NSP, see [*Notice PIH 2010-49*]).

Public Housing Authorities are also required to notify HCV applicants who have been issued a voucher, participant heads of household, and current and prospective owners of HCV-assisted housing of the protections afforded to tenants under the PTFA.

➢ ***KHA Policy***: *KHA will provide all HCV applicants that have been issued a voucher with information regarding the PTFA at admission [5-I.A.] and to participant heads of household at annual reexamination*.

NOTE: *Both PTFA and the foreclosure provision of the HAP Contract sunset on December 31, 2012 and to date not extended by law*.

CHAPTER 14 : PROGRAM INTEGRITY

Introduction

KHA is committed to ensuring that subsidy funds made available to *KHA* are spent in accordance with HUD requirements.

This chapter covers HUD and *KHA* policies designed to prevent, detect, investigate and resolve instances of program abuse or fraud. It also describes the actions that will be taken in the case of unintentional errors and omissions.

Part I: Preventing, Detecting, and Investigating Errors and Program Abuse. This part presents *KHA* policies related to preventing, detecting, and investigating errors and program abuse.

Part II: Corrective Measures and Penalties. This part describes the corrective measures *KHA* must and may take when errors or program abuses are found.

PART I: PREVENTING, DETECTING AND INVESTIGATING ERRORS AND PROGRAM ABUSE

14-I.A. PREVENTING ERRORS AND PROGRAM ABUSE

- ***KHA Policy***: *KHA anticipates that families, owners, and KHA employees will comply with program requirements and make reasonable efforts to avoid errors.*

  To ensure that KHA's HCV program is administered effectively and according to the highest ethical and legal standards, KHA will employ a variety of techniques to ensure that both errors and intentional program abuse are rare.
  - *KHA will discuss program compliance and integrity issues during the voucher briefing sessions described in* [*KHA Plan: Chapter 5, Briefings and Voucher Issuance*].
  - *KHA will provide each applicant and participant with a copy of "Is Fraud Worth It?" [Form HUD-1141-OIG], which explains the types of actions a family must avoid and the penalties for program abuse.*
  - *KHA will provide each applicant and participant with a copy of "What You Should Know about EIV," a guide to the Enterprise Income Verification (EIV) system published by HUD as an attachment to [Notice PIH 2010-19]. In addition, KHA will require the head of each household to acknowledge receipt of the guide by signing a copy for retention in the family file.*
  - *KHA will place a warning statement about the penalties for fraud (as described in [18 U.S.C. 1001 and 1010]) on key KHA forms and form letters that request information from a family or owner.*

- *KHA staff will be required to review and explain the contents of all HUD- and KHA-required forms prior to requesting family member signatures.*
- *KHA will provide each KHA employee with the necessary training on program rules and the organization's standards of conduct and ethics.*

For purposes of this chapter the term "error" refers to an unintentional error or omission. "Program abuse" or" fraud" refers to a single act or pattern of actions that constitute a false statement, omission, or concealment of a substantial fact, made with the intent to deceive or mislead.

14-I.B. DETECTING ERRORS AND PROGRAM ABUSE

In addition to taking steps to prevent errors and program abuse, *KHA* will use a variety of activities to detect errors and program abuse.

Quality Control and Analysis of Data

Under the *Section Eight Management Assessment Program* (SEMAP), HUD requires *KHA* to review a random sample of tenant records annually to determine if the records conform to program requirements and to conduct quality control inspections of a sample of units to ensure HQS compliance [*24 CFR 985*]. (See [*KHA Plan: Chapter 16, Program Administration]* for additional information about SEMAP requirements).

➢ ***KHA Policy***: *In addition to the SEMAP quality control requirements, KHA will employ a variety of methods to detect errors and program abuse.*
- *KHA routinely will use available sources of up-front income verification to compare with family-provided information.*
- *At each annual reexamination, current information provided by the family will be compared to information provided at the last annual reexamination to identify inconsistencies and incomplete information.*
- *KHA will compare family-reported income and expenditures to detect possible unreported income*.

Independent Audits and HUD Monitoring

[*OMB Circular A-133*] requires all PHAs that expend $500,000 or more in federal awards annually to have an *independent audit* (IPA). In addition, HUD conducts periodic on-site and automated monitoring of *KHA* activities and notifies *KHA* of errors and potential cases of program abuse.

➢ ***KHA Policy***: *KHA will use the results reported in any IPA or HUD monitoring reports to identify potential program abuses as well as to assess the effectiveness of KHA's error detection and abuse prevention efforts*.

Individual Reporting of Possible Errors and Program Abuse

➢ ***KHA Policy***: *KHA will encourage staff, program participants, and the public to report possible program abuse*.

14-I.C. INVESTIGATING ERRORS AND PROGRAM ABUSE

When KHA Will Investigate

- ***KHA Policy***: *KHA will review all referrals of specific allegations, complaints, and tips from any source including other agencies, companies, and individuals, to determine if they warrant investigation. In order for KHA to investigate, the allegation must contain at least one independently-verifiable item of information, such as the name of an employer or the name of an unauthorized household member*.

  KHA will conduct a limited investigation of inconsistent information related to the family that is identified through file reviews and the verification process.

Consent to Release of Information

[*24 CFR 982.516*]
KHA may investigate possible instances of error or abuse using all available *KHA* and public records. If necessary, *KHA* will require HCV families to give consent to the release of additional information.

Analysis and Findings

- ***KHA Policy***: *KHA will base its evaluation on a preponderance of the evidence collected during its investigation.*

  Preponderance of the evidence is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence that as a whole shows that the fact sought to be proved is more probable than not. Preponderance of evidence may not be determined by the number of witnesses, but by the greater weight of all evidence. See section 16-III.C for additional information regarding evidence.

  *For each investigation, KHA will determine (**1**) whether an error or program abuse has occurred, (**2**) whether any amount of money is owed KHA, and (**3**) what corrective measures or penalties will be assessed*.

Consideration of Remedies

All errors and instances of program abuse must be corrected prospectively. Whether *KHA* will enforce other corrective actions and penalties depends upon the nature of the error or program abuse.

- ***KHA Policy***: *In the case of family-caused errors or program abuse, KHA may take into consideration (**1**) the seriousness of the offense and the extent of participation or culpability of individual family members, (**2**) any special circumstances surrounding the*

*case, (**3**) any mitigating circumstances related to the disability of a family member, (**4**) the effects of a particular remedy on family members who were not involved in the offense.*

*In the case of owner-caused errors or program abuse, KHA may take into consideration (**1**) the seriousness of the offense, (**2**) the length of time since the violation has occurred, and (**3**) the effects of a particular remedy on family members who were not involved in the offense.*

Notice and Appeals

- ***KHA Policy**: KHA will inform the relevant party in writing of its findings and remedies, usually within 10 business days of the conclusion of the investigation. The notice will include (**1**) a description of the error or program abuse, (**2**) the basis on which KHA determined the error or program abuses, (**3**) the remedies to be employed, and (**4**) the family's right to appeal the results through the Informal Review or Hearing process, if applicable.* [*KHA Plan: Chapter 16, Program Administration*].

Notice and Appeal Exceptions

Due to HUD program confidentiality restrictions involving the *Personal Identifiable Information* (PII) of program participants, and except in an "*as required*" situation, no Notice of any actions taken or to be taken by *KHA*, or any findings or remedies reached by *KHA* at the conclusion of the investigation can be provided to any unrelated party to the actions taken, findings or remedies.

PART II: CORRECTIVE MEASURES AND PENALTIES

14-II.A. SUBSIDY UNDER- OR OVER-PAYMENTS

A subsidy under- or overpayment includes (**1**) an incorrect housing assistance payment to the owner, (**2**) an incorrect family share established for the family, and (**3**) an incorrect utility reimbursement to a family.

Corrections

Whether the incorrect subsidy determination is an overpayment or underpayment of subsidy, *KHA* must promptly correct the HAP, family share, and any utility reimbursement prospectively.

- ***KHA Policy**: Increases in the family share will be implemented only after the family has received 30-day notice. Any decreases in family share will become effective the first of the month following the discovery of the error.*

Reimbursement

Whether the family or owner is required to reimburse *KHA* or *KHA* is required to make retroactive subsidy payments to the owner or family depends upon which party is responsible for the incorrect subsidy payment and whether the action taken was an error or

program abuse. Policies regarding reimbursement are discussed in the three sections that follow.

14-II.B. FAMILY-CAUSED ERRORS AND PROGRAM ABUSE

Obligations of the Family and general administrative requirements for participating in the program are discussed throughout this plan. This section deals specifically with errors and program abuse by family members.

An incorrect subsidy determination caused by a family generally would be the result of incorrect reporting of family composition, income, assets, or expenses, but also would include instances in which the family knowingly allows *KHA* to use incorrect information provided by a third party.

Family Reimbursement to KHA

[*HCV Guide Book pp. 22-12 to 22-13*]

- ***KHA Policy***: *In the case of errors due in part or in total to the family or program abuse, the family will be required to repay any excess subsidy received. KHA may, but is not required to, offer the family a Tenant Payment Agreement in accordance with* [*KHA Plan: Chapter 16, Program Administration*]. *If the family fails to repay the excess subsidy, KHA will terminate the family's assistance in accordance with the policies in* [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*].

Tenant Payment Agreements

- ***KHA Policy:*** *KHA can offer a Tenant Payment Agreement (TPA) to a HCV participant family if the family has not executed more than the maximum two (2) TPA's during the term of the family's program participation to that point, the debt owed to KHA is more than the $300.00 minimum TPA and the debt owed to KHA does not exceed the $2,400 maximum TPA. All amounts owed to KHA that are greater than this amount must be paid in full to KHA first to reduce the debt owed to the $2,400 maximum level before a TPA is offered by KHA. All amounts owed to KHA below the $300.00 TPA minimum and above the $2,400.00 TPA maximum that are not paid in full will require the family to have their HCV program participation terminated.*

  HCV participant family must fully execute (sign) the Tenant Payment Agreement before the repayment agreement is accepted by KHA.
  - *Failure to have a fully executed Tenant Payment Agreement will result in the termination of the participant family's HCV program assistance.*
  - *Failure of the HCV participant family to make regular payments as agreed upon in the Tenant Payment Agreement will result in the termination of the participant family's HCV program assistance.*
  - *The original executed (signed) copy of the Tenant Payment Agreement will be maintained in the client record with a copy placed in the electronic system of record*

file. A copy will be provided to the Finance department for billing purposes. A Memo will also be placed in the electronic system of record to described the reason for the repayment, date initiated and total amount due to KHA.

KHA Reimbursement to Family

[*HCV Guide Book p. 22-12*]

➢ ***KHA Policy***: *KHA will not reimburse the family for any underpayment of assistance when the underpayment clearly is caused by the family*.

Prohibited Actions

An applicant or participant in the HCV program must not knowingly:

- Make a false statement to *KHA* [*Title 18 U.S.C. Section 1001*]; or
- Commit fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program [*24 CFR 982.552(c)(iv)*].

➢ ***KHA Policy***: *Any of the following will be considered evidence of family program abuse:*

- *Payment to the owner in excess of amounts authorized by KHA for rent, security deposit, and additional services;*
- *Offering bribes or illegal gratuities to KHA Board of Commissioners, employees, contractors, or other KHA representatives*
- *Offering payments or other incentives to the owner or a third party as an inducement for the third party to make false or misleading statements to KHA on the family's behalf;*
- *Use of a false name or the use of falsified, forged, or altered documents;*
- *Intentional misreporting of family information or circumstances (e.g. income, family composition);*
- *Omitted facts that were obviously known by a family member (e.g., not reporting employment income); or*
- *Admission of program abuse by an adult family member.*

KHA may determine other actions to be program abuse based upon a preponderance of the evidence, as defined earlier in this chapter.

Penalties for Program Abuse

In the case of program abuse caused by a family *KHA* may, at its discretion, impose any of the following remedies.

- *KHA* may require the family to repay excess subsidy amounts paid by *KHA*, as described earlier in this section;
- *KHA* may require, as a condition of receiving or continuing assistance, that a culpable family member not reside in the unit. See policies in [*KHA Plan: Chapter 3, Program Eligibility*] (for applicants) and [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*] (for participants);

- *KHA* may deny or terminate the family's assistance following the policies set forth in [*KHA Plan: Chapter 3, Program Eligibility*] and [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*] respectively; or
- *KHA* may refer the family for state or federal criminal prosecution as described in [*KHA Plan: Chapter 14-II.E.*].

14-II.C. OWNER-CAUSED ERROR OR PROGRAM ABUSE

Owner requirements that are part of the regular process of offering, leasing, and maintaining a unit (e.g., HQS compliance, fair housing) are addressed in the appropriate chapters of this plan. This section focuses on errors and program abuse by owners.

An incorrect subsidy determination caused by an owner generally would be the result of an incorrect owner statement about the characteristics of the assisted unit (e.g., the number of bedrooms, which utilities are paid by the family). It also includes accepting duplicate housing assistance payments for the same unit in the same month, or after a family no longer resides in the unit.

Owner Reimbursement to KHA

In all cases of overpayment of subsidy caused by the owner, the owner must repay to *KHA* any excess subsidy received. *KHA* may recover overpaid amounts by withholding housing assistance payments due for subsequent months, or if the debt is large, *KHA* may allow the owner to pay in installments over a period of time [*HCV Guide Book p. 22-13*].

➢ ***KHA Policy***: *In cases where the owner has received excess subsidy, KHA will require the owner to repay the amount owed in accordance with the policies in [KHA Plan: 14-II.C.*].

Prohibited Owner Actions

An owner participating in the HCV program must not:

- Make any false statement to *KHA* [*Title 18 U.S.C. Section 1001*]; or
- Commit fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program [*24 CFR 982.453(a)(3)*].

➢ ***KHA Policy***: *Any of the following will be considered evidence of owner program abuse*:

- *Charging the family rent above or below the amount specified by KHA;*
- *Charging a security deposit other than that specified in the family's lease;*
- *Charging the family for services that are provided to unassisted tenants at no extra charge;*
- *Knowingly accepting housing assistance payments for any month(s) after the family has vacated the unit;*
- *Knowingly accepting incorrect or excess housing assistance payments;*
- *Offering bribes or illegal gratuities to KHA Board of Commissioners, employees, contractors, or other KHA representatives;*

- *Offering payments or other incentives to an HCV family as an inducement for the family to make false or misleading statements to KHA; or*
- *Residing in the unit with an assisted family*

Remedies and Penalties

When *KHA* determines that the owner has committed program abuse, *KHA* may take any of the following actions:

- Require the owner to repay excess housing assistance payments, as discussed earlier in this section and in accordance with the policies in [*KHA Plan:* Chapter 16, Program Administration];
- Terminate the HAP Contract [*KHA Plan: Chapter 13, Owners*];
- Bar the owner from future participation in any *KHA* programs; or
- Refer the case to state or federal officials for criminal prosecution as described in [*KHA Plan:* Chapter 1*4-II.E*.].

14-II.D. KHA-CAUSED ERRORS OR PROGRAM ABUSE

The responsibilities and expectations of *KHA* staff with respect to normal program administration are discussed throughout this plan. This section specifically addresses actions of a *KHA* staff member that are considered errors or program abuse related to the HCV program. Additional standards of conduct may be provided in the *KHA Personnel Manual*.

KHA-caused incorrect subsidy determinations include (**1**) failing to correctly apply HCV rules regarding family composition, income, assets, and expenses, (**2**) assigning the incorrect voucher size to a family, and (**3**) errors in calculation.

Repayment to KHA

A family and an owner are not required to repay an overpayment of subsidy if *KHA* solely causes the error or program abuse. [*HCV Guide Book. 22-12*].

KHA Reimbursement to Family or Owner

KHA must reimburse a family for any underpayment of subsidy, regardless of whether the underpayment was the result of staff-caused error or staff or owner program abuse. Funds for this reimbursement must come from *KHA*'s administrative fee reserves [*HCV Guide Book p. 22-12*].

Prohibited Activities

➢ ***KHA Policy***: *Any of the following will be considered evidence of program abuse by KHA staff:*

- *Failing to comply with any HCV program requirements for personal gain;*
- *Failing to comply with any HCV program requirements as a result of a conflict of interest relationship with any applicant, participant, or owner;*

- *Seeking or accepting anything of material value from applicants, participating families, vendors, owners, contractors, or other persons who provide services or materials to KHA;*
- *Disclosing confidential or proprietary information to outside parties;*
- *Gaining profit as a result of insider knowledge of KHA activities, policies, or practices;*
- *Misappropriating or misusing HCV funds;*
- *Destroying, concealing, removing, or inappropriately using any records related to the HCV program; or*
- *Committing any other corrupt or criminal act in connection with any federal housing program.*

14-II.E. CRIMINAL PROSECUTION

➢ ***KHA Policy***: *When KHA determines that program abuse by an owner, family, or KHA staff member has occurred and the amount of overpaid subsidy meets or exceeds the threshold for prosecution under local or state law, KHA will refer the matter to the appropriate entity for prosecution. When the amount of overpaid assistance meets or exceeds the federal threshold, the case will also be referred to the HUD Office of Inspector General (OIG).*

Other criminal violations related to the HCV program will be referred to the appropriate local, state, or federal entity.

14-II.F. FRAUD AND PROGRAM ABUSE RECOVERIES

KHA may retain a portion of program fraud losses that *KHA* recovers from a family or owner through litigation, court order, or a *Payment Agreement* [*24 CFR 982.163*].

KHA must be the principal party initiating or sustaining the action to recover amounts due from tenants that are due as a result of fraud and abuse. [*24 CFR 792.202*] permits *KHA* to retain the greater of:

- 50 percent of the amount it actually collects from a judgment, litigation (including settlement of a lawsuit) or an administrative repayment agreement, or
- Reasonable and necessary costs that *KHA* incurs related to the collection including costs of investigation, legal fees, and agency collection fees.

The family must be afforded the opportunity for an Informal Hearing in accordance with requirements in [*24 CFR 982.555*].

If HUD incurs costs on behalf of *KHA* related to the collection, these costs must be deducted from the amount retained by *KHA*.

CHAPTER 15 : SPECIAL HOUSING TYPES; TARGETED VOUCHERS/ OTHER PROGRAM TYPES

[*24 CFR 982 Subpart M*]

Housing Choice Voucher Guidebook Resource.

The purpose of the *Housing Choice Voucher (HCV) Guidebook* is to provide an easy-to-use, one-stop resource to assist public housing agencies (PHAs), families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates into one document the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, *PIH Notices*, *Federal Register* Notices, and other forms of guidance issued by HUD.

KHA will provide a link to *HCV Guidebook* sections that assisted in the development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *HCV Guidebook* chapters will be living documents on HUD's website. Individual chapters will be amended as policies are refined.

The *HCV Guidebook* chapter on *Special Housing Types* can be found here:
https://www.hud.gov/sites/dfiles/PIH/documents/Special_Housing_Types_final_5.2020.pdf

Introduction

KHA may permit a family to use any of the Special Housing types discussed in this chapter. However, *KHA* is not required to permit families receiving assistance in its jurisdiction to use these housing types, except that *KHA* must permit use of any Special Housing type if needed as a Reasonable Accommodation for a person with a disability. *KHA* also may limit the number of families who receive HCV assistance in these housing types and cannot require families to use a particular housing type.

No special funding is provided for Special Housing types.

- ***KHA Policy***: *Families will not be permitted to use any Special Housing types, unless use is needed by the family and approved by KHA as a Reasonable Accommodation so that the program is readily accessible to a person with disabilities*.

This chapter consists of the following ten parts. Each part contains a description of the housing type and any special requirements associated with it. Except as modified by this chapter, the general requirements of the HCV program apply to all Special Housing types.

Part I: Single Room Occupancy

Part II: Congregate Housing

Part III: Group Homes

Part IV: Shared Housing

Part V: Cooperative Housing

Part VI: Manufactured Homes (including manufactured home space rental)

Part VII: Homeownership

Part VIII: Family Self-Sufficiency Program (FSS)

Part IX: Family Unification Program (FUP)

Part X: Veterans Affairs Supportive Services Program (VASH)

Part XI: Mainstream Housing Choice Voucher Program

PART 1: SINGLE ROOM OCCUPANCY

Overview

A single room occupancy (SRO) unit provides living and sleeping space for the exclusive use of the occupant but requires the occupant to share sanitary and/or food preparation facilities with others. More than one person may not occupy an SRO unit. HCV regulations do not limit the number of units in an SRO facility, but the size of a facility may be limited by local ordinances.

When providing HCV assistance in an SRO unit, a separate lease and HAP Contract are executed for each assisted person, and the standard form of the HAP Contract is used.

15-I.A. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

- The *subsidy standard* for SRO housing is 75 percent of the 0-bedroom subsidy standard amount on *KHA*'s subsidy standard schedule.
- The *utility allowance* for an assisted person residing in SRO housing is 75 percent of the zero-bedroom utility allowance.
- The *HAP* for an assisted occupant in an SRO facility is the lower of the SRO subsidy standard amount minus the TTP or the gross rent for the unit minus the TTP.

15-I.B. HOUSING QUALITY STANDARDS (HQS)

HQS requirements described in [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*] apply to SRO housing except as modified below.

- *Access*: Access doors to the SRO unit must have working locks for privacy. The occupant must be able to access the unit without going through any other unit. Each unit must have immediate access to two or more approved means of exit from the building, appropriately marked and leading to safe and open space at ground level. The SRO unit must also have any other means of exit required by State or local law.
- *Fire Safety*: All SRO facilities must have a sprinkler system that protects major spaces. "Major spaces" are defined as hallways, common areas, and any other areas specified in local fire, building, or safety codes. SROs must also have hard-wired smoke detectors, and any other fire and safety equipment required by state or local law.

Sanitary facilities and space and security standards must meet local code requirements for SRO housing. In the absence of local code standards, the requirements discussed below apply [*24 CFR 982.605*].

- *Sanitary Facilities*: At least one flush toilet that can be used in privacy, a lavatory basin, and a bathtub or shower in proper operating condition must be provided for each six persons (or fewer) residing in the SRO facility. If the SRO units are leased only to men, flush urinals may be substituted for up to one half of the required number of toilets. Sanitary facilities must be reasonably accessible from a common hall or passageway, and may not be located more than one floor above or below the SRO unit. They may not be located below grade unless the SRO units are located on that level.
- *Space and Security*: An SRO unit must contain at least 110 square feet of floor space, and at least four-square feet of closet space with an unobstructed height of at least five feet, for use by the occupant. If the closet space is less than four square feet, the habitable floor space in the SRO unit must be increased by the amount of the deficiency. Exterior doors and windows accessible from outside the SRO unit must be lockable.

Because no children live in SRO housing, the housing quality standards applicable to lead-based paint do not apply.

PART II. CONGREGATE HOUSING

[*24 CFR 982.606 through 982.609*]

Overview

Congregate housing is intended for use by elderly persons or persons with disabilities. A congregate housing facility contains a shared central kitchen and dining area and a private living area for the individual household that includes at least a living room, bedroom and bathroom. Food service for residents must be provided.

If approved by *KHA*, a family member or live-in aide may reside with the elderly person or person with disabilities. *KHA* must approve a live-in aide if needed as a Reasonable

Accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in congregate housing, a separate lease and HAP Contract are executed for each assisted family, and the standard form of the HAP Contract is used.

15-II.A. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

- The *subsidy standard* for an individual unit in a congregate housing facility is based on the number of rooms in the private living area. If there is only one room in the unit (not including the bathroom or the kitchen, if a kitchen is provided), *KHA* must use the subsidy standard for a 0-bedroom unit. If the unit has two or more rooms (other than the bathroom and the kitchen), *KHA* must use the 1-bedroom subsidy standard.
- The *HAP* for an assisted occupant in a congregate housing facility is the lower of the applicable subsidy standard minus the TTP or the gross rent for the unit minus the TTP.
- The gross rent for the unit for the purpose of calculating HCV assistance is the shelter portion (including utilities) of the resident's monthly housing expense only. The residents' costs for food service should not be included in the rent for a congregate housing unit.

15-II.B. HOUSING QUALITY STANDARDS

HQS requirements as described in [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*] apply to congregate housing except for the requirements stated below.

- Congregate housing must have (1) a refrigerator of appropriate size in the private living area of each resident; (2) a central kitchen and dining facilities located within the premises and accessible to the residents, and (3) food service for the residents, that is not provided by the residents themselves.

The housing quality standards applicable to lead-based paint do not apply.

PART III. GROUP HOME

[*24 CFR 982.610 through 982.614*] *and* [*HCV Guide Book pp. 7-4*]

Overview

A group home is a state-licensed facility intended for occupancy by elderly persons and/or persons with disabilities. Except for live-in aides, all persons living in a group home, whether assisted or not, must be elderly persons or persons with disabilities. Persons living in a group home must not require continuous medical or nursing care.

A group home consists of bedrooms for residents, which can be shared by no more than two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.

No more than 12 persons may reside in a group home including assisted and unassisted residents and any live-in aides.

If approved by *KHA*, a live-in aide may live in the group home with a person with disabilities. *KHA* must approve a live-in aide if needed as a Reasonable Accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in a group home, a separate lease and HAP Contract is executed for each assisted family, and the standard form of the HAP Contract is used.

15-III.A. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

Unless there is a live-in aide, the family unit size for an assisted occupant of a group home must be 0- or 1-bedroom, depending on *KHA*'s subsidy standard. If there is a live-in aide, the aide must be counted in determining the household's unit size.

- The *subsidy standard* used to calculate the HAP is the lower of the subsidy standard for the family unit size or the prorata share of the subsidy standard for the group home size. The prorata share is calculated by dividing the number of persons in the assisted household by the number of persons (assisted and unassisted) living in the group home.
- The *HAP* for an assisted occupant in a group home is the lower of the subsidy standard minus the TTP or the gross rent minus the TTP.
- The *utility allowance* for an assisted occupant in a group home is the prorata share of the utility allowance for the group home.

The rents paid for participants residing in group homes are subject to generally applicable standards for rent reasonableness. The rent for an assisted person must not exceed the prorata portion of the reasonable rent for the group home. In determining reasonable rent, *KHA* should consider whether sanitary facilities and facilities for food preparation and service are common facilities or private facilities.

15-III.B. HOUSING QUALITY STANDARDS

HQS requirements described in [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*] apply to group homes except for the requirements stated below.

- *Sanitary Facilities*: A group home must have at least one bathroom in the facility, with a flush toilet that can be used in privacy, a fixed basin with hot and cold running water, and a shower or bathtub with hot and cold running water. A group home may contain private or common bathrooms. However, no more than four residents can be required to share a bathroom.

- *Food Preparation and Service*: Group home units must contain a kitchen and dining area with adequate space to store, prepare, and serve food. The facilities for food preparation and service may be private or may be shared by the residents. The kitchen must contain a range, an oven, a refrigerator, and a sink with hot and cold running water. The sink must drain into an approvable public or private disposal system.
- *Space and Security*: Group homes must contain at least one bedroom of appropriate size for every two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.
- *Structure and Material*: To avoid any threat to the health and safety of the residents, group homes must be structurally sound. Elevators must be in good condition. Group homes must be accessible to and usable by residents with disabilities.
- *Site and Neighborhood*: Group homes must be located in a residential setting. The site and neighborhood should be reasonably free from hazards to the health, safety, and general welfare of the residents, and should not be subject to serious adverse conditions, such as:
  - Dangerous walks or steps;
  - Instability;
  - Flooding, poor drainage;
  - Septic tank back-ups;
  - Sewage hazards;
  - Mud slides;
  - Abnormal air pollution;
  - Smoke or dust;
  - Excessive noise;
  - Vibrations or vehicular traffic;
  - Excessive accumulations of trash;
  - Vermin or rodent infestation; and
  - Fire hazards.

The housing quality standards applicable to lead-based paint do not apply.

PART IV. SHARED HOUSING

[*24 CFR 982.615 through 982.618*]

Overview

Shared housing is a single housing unit occupied by an assisted family and another resident or residents. The shared unit consists of both common space for use by the occupants of the unit and separate private space for each assisted family.

An assisted family may share a unit with other persons assisted under the HCV program or with other unassisted persons. The owner of a shared housing unit may reside in the unit, but housing assistance may not be paid on behalf of the owner. The resident owner may not be related by blood or marriage to the assisted family.

If approved by *KHA*, a live-in aide may reside with the family to care for a person with disabilities. *KHA* must approve a live-in aide if needed as a Reasonable Accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in shared housing, a separate lease and HAP Contract are executed for each assisted family, and the standard form of the HAP Contract is used.

15-IV.A. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

- The *subsidy standard* for a family in shared housing is the lower of the subsidy standard for the family unit size or the prorata share of the subsidy standard for the shared housing unit size.
  - The prorata share is calculated by dividing the number of bedrooms available for occupancy by the assisted family in the private space by the total number of bedrooms in the unit.
- The *HAP* for a family in shared housing is the lower of the subsidy standard minus the TTP or the gross rent minus the TTP. The utility allowance for an assisted family living in shared housing is the prorata share of the utility allowance for the shared housing unit.
- The rents paid for families living in shared housing are subject to generally applicable standards for rent reasonableness. The rent paid to the owner for the assisted family must not exceed the pro-rata portion of the reasonable rent for the shared unit. In determining reasonable rent, *KHA* should consider whether sanitary and food preparation areas are private or shared.

15-IV.B. HOUSING QUALITY STANDARDS

KHA may not give approval to reside in shared housing unless the entire unit, including the portion of the unit available for use by the assisted family under its lease, meets the housing quality standards.

HQS requirements described in [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*] apply to shared housing except for the requirements stated below.

- *Facilities Available for the Family*: Facilities available to the assisted family, whether shared or private, must include a living room, a bathroom, and food preparation and refuse disposal facilities.
- *Space and Security*: The entire unit must provide adequate space and security for all assisted and unassisted residents. The private space for each assisted family must contain at least one bedroom for each two persons in the family. The number of bedrooms in the private space of an assisted family must not be less than the family unit size. A zero-bedroom or 1-bedroom unit may not be used for shared housing.

PART V. COOPERATIVE HOUSING

[*24 CFR 982.619*]

Overview

This part applies to rental assistance for a cooperative member residing in cooperative housing. It does not apply to assistance for a cooperative member who has purchased membership under the HCV homeownership option, or to rental assistance for a family that leases a cooperative housing unit from a cooperative member.

A cooperative is a form of ownership (nonprofit corporation or association) in which the residents purchase memberships in the ownership entity. Rather than being charged "rent" a cooperative member is charged a "carrying charge".

When providing HCV assistance in cooperative housing, the standard form of the HAP Contract is used.

15-V.A. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

- The *subsidy standard* and *utility allowance* are determined according to regular HCV program requirements.
- The *HAP* for a cooperative housing unit is the lower of the subsidy standard minus the TTP or the monthly carrying charge for the unit, plus any utility allowance, minus the TTP. The monthly carrying charge includes the member's share of the cooperative debt service, operating expenses, and necessary payments to cooperative reserve funds. The carrying charge does not include down payments or other payments to purchase the cooperative unit or to amortize a loan made to the family for this purpose.

15-V.B. HOUSING QUALITY STANDARDS

All standard HQS requirements apply to cooperative housing units. There are no additional HQS requirements.

PART VI. MANUFACTURED HOMES

[*24 CFR 982.620 through 982.624*]

Overview

A manufactured home is a manufactured structure, transportable in one or more parts, that is built on a permanent chassis, and designed for use as a principal place of residence. HCV-assisted families may occupy manufactured homes in two different ways:

1. A family can choose to rent a manufactured home already installed on a space and *KHA* must permit it. In this instance, program rules are the same as when a family rents any other residential housing, except that there are special HQS requirements as provided in [*KHA Plan:15-VI.C.*] below.

2. HUD also permits an otherwise eligible family that owns a manufactured home to rent a space for the manufactured home and receive HCV assistance with the rent for the space. PHAs may, but are not required to, provide assistance for such families.

15-VI.A. SPECIAL POLICIES FOR MANUFACTURED HOME OWNERS WHO LEASE A SPACE

Family Income

In determining the annual income of families leasing manufactured home spaces, the value of the family's equity in the manufactured home in which the family resides is not counted as a family asset.

Lease and HAP Contract

There is a separate *Tenancy Addendum* [*Form HUD 52642-a*] and separate HAP Contract [*Form HUD 52642*] for this special housing type.

15-VI.B. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

Payment Standards

The FMR for a manufactured home space is generally 40 percent of the published FMR for a 2-bedroom unit or, where approved by HUD, the 40th percentile of the rental distribution of manufactured home spaces for the FMR area. *KHA* may establish a subsidy standard for manufactured home spaces that is between 90-110 percent of the FMR for manufactured home spaces.

Utility Allowance

KHA must establish utility allowances for manufactured home space rental. For the first 12 months of the initial lease term only, the allowance must include an amount for a utility hook-up charge if the family actually incurred a hook-up charge because of a move. This allowance will not be given to a family that leases in place. Utility allowances for manufactured home space must not include the costs of digging a well or installing a septic system.

Space Rent

The space rent is the sum of the rent to the owner for the manufactured home space, any charges for maintenance and management provided by the owner, and the utility allowance for tenant-paid utilities.

Housing Assistance Payment

The HAP for a manufactured home space under the housing choice voucher program is the lower of the subsidy standard minus the TTP or the (gross) manufactured home space rent minus the TTP.

Rent Reasonableness

Initially, and annually thereafter *KHA* must determine that the rent for the manufactured home space is reasonable based on rents for comparable manufactured home spaces. *KHA* must consider the location and size of the space, and any services and maintenance to be provided by the owner. By accepting the monthly HAP check, the owner certifies that the rent does not exceed rents charged by the owner for comparable unassisted spaces in the manufactured home park or elsewhere.

15-VI.C. HOUSING QUALITY STANDARDS

Under either type of occupancy described in the Part VI Overview above, the manufactured home must meet all HQS performance requirements and acceptability criteria discussed in [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*]. In addition, the following requirement applies:

Manufactured Home Tie-Down

> A manufactured home must be placed on the site in a stable manner, and must be free from hazards such as sliding or wind damage. The home must be securely anchored by a tie-down device that distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist overturning and sliding.

PART VII. HOMEOWNERSHIP

[*24 CFR 982.625-643*]

Introduction

Section 8(y) of the *Housing Act of 1937* [42 U.S.C. 1437f(y)] authorized the use of tenant-based assistance for eligible families that occupied homes purchased and owned by family members. Section 8(y) was originally enacted by Section 185 of the *Housing and Community Development Act of 1992* (Pub. L. 102-550, approved October 28, 1992; 106 Stat. 3672), and the original proposed rule was issued in 1994. However, the program was never implemented because HUD determined that statutory changes were needed.

The *Quality Housing and Work Responsibility Act* (*QHWRA*) (Pub. L. 105-276, approved October 21, 1998; 112 Stat. 2461) provided the statutory framework on which the new 8(y) Homeownership program is built. Under the new program, Homeownership is a “special housing type” like *Shared Housing* and *Group Homes*. Like other Special Housing types, *KHA* can choose whether to implement the program and allow the use of the Homeownership option to voucher recipients. HUD does not provide additional units or special funding for PHAs that elect to provide the Homeownership option for program participants.

The proposed rule for the *Homeownership Voucher Program* was published in the [*Federal Register* on April 30, 1999]. The final rule was issued on September 12, 2000. Following the issuance of the final Homeownership rule, additional rules were issued proposing one-time down payment assistance grants for homebuyers [*Federal Register*, June 13, 2001],

and a pilot program for *Homeownership Assistance for Disabled Families* (Federal Register, June 22, 2001), as well as further modifying the existing *Homeownership Voucher Program*.

Through the Homeownership option, *KHA* can provide voucher assistance for an eligible family that purchases a dwelling unit for residence by the family. [*24 CFR 982.628*] authorizes the use of voucher homeownership assistance for the purchase of units not yet under construction at the time the family contracts to purchase the home. This regulatory revision, adopted October 12, 2000, expanded the housing choices available to families participating in the homeownership option under the HCV program. [*24 CFR 982.626(c)*], discusses applicable environmental review requirements. [*24 CFR 982.637*] details portability requirements when a family receiving homeownership assistance chooses to move to another unit. Environmental review requirements per [*24 CFR 982.626(c)*] must be satisfied for that unit for the family to continue receiving tenant-based assistance.

Overview

The homeownership option is used to assist a family residing in a home purchased and owned by one or more members of the family. A family assisted under this option may be newly admitted or an existing participant in the HCV program. The Public Housing Authority (PHA) must have the capacity to operate a successful HCV homeownership program as defined by the regulations.

There are two forms of homeownership assistance *KHA* may offer under this option: monthly homeownership assistance payments, or a single down payment assistance grant. PHAs may choose to offer either or both forms of homeownership assistance, or choose not to offer either. If a PHA offers both forms of assistance, a family must choose which form of assistance to receive.

KHA must offer either form of homeownership assistance if needed as a Reasonable Accommodation so that the program is readily accessible to and usable by persons with disabilities. It is the sole responsibility of *KHA* to determine whether it is reasonable to implement a homeownership program as a Reasonable Accommodation. *KHA* must determine what is reasonable based on the specific circumstances and individual needs of the person with a disability. *KHA* may determine that it is not reasonable to offer homeownership assistance as a Reasonable Accommodation in cases where *KHA* has otherwise opted not to implement a homeownership program.

KHA must approve a live-in aide if needed as a Reasonable Accommodation so that the program is readily accessible to and usable by persons with disabilities.

15-VII.A. HOMEOWNERSHIP FAMILY ELIGIBILITY

[*24 CFR 982.627*]
The family must meet all the family eligibility requirements listed below before the commencement of homeownership assistance:

- The family does not owe money to *KHA*;

- The family has not committed any serious or repeated violations of a *KHA*-assisted lease;
- The family must have been admitted to the HCV program;
- The family must qualify as a first-time homeowner or may be a cooperative member;
- For elderly or disabled families, the minimum income requirement is equal to the current *Supplemental Security Income* (SSI) monthly payment for an individual living alone, multiplied by 12. For these families, welfare assistance payments for adult family members who will own the home will be included in determining whether the family meets the minimum income requirement. It will not be included for other families;
- Non-elderly, non-disabled families must demonstrate that one or more adult members of the family who will own the home at commencement of homeownership assistance is currently employed on a full-time basis (not less than an average of 30 hours per week) and has been continuously so employed during the year before commencement of homeownership assistance for the family. *KHA* may grant an exemption from the employment requirement if *KHA* determines that it is needed as a Reasonable Accommodation;
- The family has not defaulted on a mortgage securing debt to purchase a home under the homeownership option;
- Except for cooperative members who have acquired cooperative membership shares prior to commencement of homeownership assistance, no family member has a present ownership interest in a residence at the commencement of homeownership assistance for the purchase of any home; and
- Except for cooperative members who have acquired cooperative membership shares prior to the commencement of homeownership assistance, the family has entered a contract of sale in accordance with [*24 CFR 982.631(c)*].

15-VII.B. SELECTION OF FAMILIES

[*24 CFR 982.626*]

Unless otherwise provided (under the homeownership option), *KHA* may limit homeownership assistance to families or purposes defined by *KHA*, and may prescribe additional requirements for commencement of homeownership assistance for a family. Any such limits or additional requirements are described in *KHA*'s Plan. If *KHA* limits the number of families that may participate in the homeownership option, *KHA* must establish a system by which to select families to participate.

15-VII.C. ELIGIBLE UNITS

[*24 CFR 982.628*]

In order for a unit to be eligible, *KHA* must determine that the unit satisfies all of the following requirements:

- The unit must meet HUD's "eligible housing" requirements. The unit may not be any of the following:
  - A public housing or Indian housing unit;
  - A unit receiving Section 8 project-based assistance;

  - A nursing home, board and care home, or facility providing continual psychiatric, medical or nursing services;
  - A college or other school dormitory;
  - On the grounds of penal, reformatory, medical, mental, or similar public or private institutions.
- The unit must be under construction or already exist at the time the family enters into the contract of sale;
- The unit must be a one-unit property or a single dwelling unit in a cooperative or condominium;
- The unit must have been inspected by *KHA* and by an independent inspector designated by the family;
- The unit must meet *Housing Quality Standards* [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*];
- For a unit where the family will not own fee title to the real property (such as a manufactured home), the home must have a permanent foundation and the family must have the right to occupy the site for at least 40 years;
- For *KHA*-owned units all of the following conditions must be satisfied:
  - *KHA* informs the family, both orally and in writing, that the family has the right to purchase any eligible unit and a *KHA*-owned unit is freely selected by the family without *KHA* pressure or steering;
  - The unit is not ineligible housing;
  - *KHA* obtains the services of an independent agency to inspect the unit for compliance with HQS, review the independent inspection report, review the contract of sale, determine the reasonableness of the sales price and any *KHA* provided financing. All of these actions must be completed in accordance with program requirements.

➢ ***KHA Policy***: *KHA must not approve the unit if KHA has been informed that the seller is debarred, suspended, or subject to a limited denial of participation*.

15-VII.D. ADDITIONAL KHA REQUIREMENTS FOR SEARCH AND PURCHASE

[*24 CFR 982.629*]

It is the family's responsibility to find a home that meets the criteria for homeownership assistance. The family will be allowed one-hundred eighty (180) calendar days to identify a unit and submit a sales contract for review. The family will be given an additional one-hundred eighty (180) calendar days to close on the home.

➢ ***KHA Policy***: *KHA may grant extensions to either of these periods for good cause. The length of any extension will be determined on a case-by-case basis*.

15-VII.E. HOMEOWNERSHIP COUNSELING

[*24 CFR 982.630*]

Before commencement of homeownership assistance for a family, the family must attend and satisfactorily complete the pre-assistance homeownership and housing counseling program required by *KHA*. HUD suggests the following topics for *KHA*-required pre-assistance counseling:

- Home maintenance (including care of the grounds);
- Budgeting and money management;
- Credit counseling;
- How to negotiate the purchase price of a home;
- How to obtain homeownership financing and loan pre-approvals, including a description of types of financing that may be available, and the pros and cons of different types of financing;
- How to find a home, including information about homeownership opportunities, schools, and transportation in *KHA* jurisdiction;
- Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to locate homes in such areas;
- Information on fair housing, including fair housing lending and local fair housing enforcement agencies; and
- Information about the *Real Estate Settlement Procedures Act* [12 U.S.C. 2601 et seq.] (RESPA), state and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions.

KHA may adapt the subjects covered in pre-assistance counseling (as listed) to local circumstances and the needs of individual families.

KHA may also offer additional counseling after commencement of homeownership assistance (ongoing counseling). If *KHA* offers a program of ongoing counseling for participants in the homeownership option, *KHA* shall have discretion to determine whether the family is required to participate in the ongoing counseling.

If *KHA* does not use a HUD-approved housing counseling agency to provide the counseling, *KHA* should ensure that its counseling program is consistent with the counseling provided under HUD's Housing Counseling program.

15-VII.F. HOME INSPECTIONS, CONTRACT OF SALE AND KHA DISAPPROVAL OF SELLER

[*24 CFR 982.631*]

Home Inspections

KHA may not commence monthly homeownership assistance payments or provide down payment assistance grants for a family until *KHA* has inspected the unit and has determined that the unit passes HQS.

An independent professional inspector selected by and paid for by the family must also inspect the unit. The independent inspection must cover major building systems and components, including foundation and structure, housing interior and exterior, and the

roofing, plumbing, electrical, and heating systems. The independent inspector must be qualified to report on property conditions, including major building systems and components.

The public housing authority may not require the family to use an independent inspector selected by *KHA*. The independent inspector may not be a *KHA* employee or contractor, or other person under control of *KHA*. However, *KHA* may establish standards for qualification of inspectors selected by families under the homeownership option.

KHA may disapprove a unit for assistance based on information in the independent inspector's report, even if the unit was found to comply with HQS.

Contract of Sale

Before commencement of monthly homeownership assistance payments or receipt of a down payment assistance grant, a member or members of the family must enter into a contract of sale with the seller of the unit to be acquired by the family. The family must give *KHA* a copy of the contract of sale. The contract of sale must:

- Specify the price and other terms of sale by the seller to the purchaser;
- Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser;
- Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser;
- Provide that the purchaser is not obligated to pay for any necessary repairs; and
- Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation under *Code of Federal Regulations Part 24*.

Disapproval of a Seller

In its administrative discretion, *KHA* may deny approval of a seller for the same reasons a *KHA* may disapprove an owner under the regular HCV program [*24 CFR 982.306(c)*].

15-VII.G. FINANCING

[*24 CFR 982.632*]

As a check against predatory lending, *KHA* will review the financing of each purchase transaction, including estimated closing costs. *KHA* will review the loans for certain features, such as balloon payments, adjustable rate mortgages and unusually high interest rates, all of which are prohibited. *KHA* also will not approve "seller financing" or "owner-held" mortgages. Beyond these basic criteria, *KHA* will rely on the lenders to determine that the loan will be affordable to program participants.

The mortgage the family applies for must require a minimum down payment of at least three percent of the sales price with one percent of the down payment coming from the purchaser's personal funds. *KHA* will not require that the family have any more than the minimum of one percent of their own money in the transaction. However, in cases where a

lender is requiring a larger amount, the family will be held to the underwriting guidelines set by their lending institution.

KHA will approve a family's request to utilize its Family Self-Sufficiency (FSS) escrow account for down payment and/or closing costs when purchasing a unit under the HCV homeownership option.

15-VII.H. CONTINUED ASSISTANCE REQUIREMENTS; OBLIGATIONS OF THE FAMILY

[*24 CFR 982.633*]
Homeownership assistance may only be paid while the family is residing in the home. If the family moves out of the home, *KHA* may not continue homeownership assistance after the month when the family moves out. The family or lender is not required to refund to *KHA* the homeownership assistance for the month when the family moves out.

Before commencement of homeownership assistance, the family must execute a statement in which the family agrees to comply with all Obligations of the Family under the homeownership option.

Except for the following enumerated obligations, the family must comply with all obligations listed in [*24 CFR 982.551*]. The family is not required to:

- comply with HQS standards;
- allow *KHA* inspections;
- comply with any lease;
- provide *KHA* with any owner eviction notice; or
- refrain from owing or maintain any interest in the unit.

The family *must* comply with all the following obligations:

- The family must comply with the terms of the mortgage securing debt incurred to purchase the home, or any refinancing of such debt;
- The family may not convey or transfer ownership of the home, except for purposes of financing, refinancing or pending settlement of the estate of a deceased family member. Use and occupancy of the home are subject to [*24 CFR 982.551 (h) and (i)*];
- The family must supply information to *KHA* or HUD as specified in [*24 CFR 982.551(b)*]. The family must further supply any information required by *KHA* or HUD concerning mortgage financing or refinancing, sale or transfer of any interest in the home, or homeownership expenses;
- The family must notify *KHA* before moving out of the home;
- The family must notify *KHA* if the family defaults on the mortgage used to purchase the home; and
- No family member may have any ownership interest in any other residential property.

NOTE: *For families who have reached the 10-year anniversary of their closing, their equity in the home will be considered an asset for the purposes of income calculations. Equity is calculated by subtracting the remaining loan amount from the market value of the home as determined by the tax assessor's office*.

15-VII.I. MAXIMUM TERM OF HOMEOWNER ASSISTANCE

[*24 CFR 982.634*]

Except in the case of a family that qualifies as an elderly or disabled family, other family members (described below) shall not receive homeownership assistance for more than:

- Fifteen years, if the initial mortgage incurred to finance purchase of the home has a term of 20 years or longer; or
- Ten years, in all other cases.

The maximum term described above applies to any member of the family who:

- Has an ownership interest in the unit during the time that homeownership payments are made; or
- Is the spouse of any member of the household who has an ownership interest in the unit during the time homeownership payments are being made.

In the case of an elderly family, the exception only applies if the family qualifies as an elderly family at the start of homeownership assistance. *In the case of a disabled family*, the exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family.

If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commenced. However, such a family must be provided at least 6 months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive homeownership assistance).

If the family has received such assistance for different homes, or from different PHAs, the total of such assistance terms is subject to the maximum term described in this part.

15-VII.J. HOMEOWNERSHIP ASSISTANCE PAYMENTS AND HOMEOWNERSHIP EXPENSES

[*24 CFR 982.635*]

The monthly homeownership assistance payment is the lower of: the voucher subsidy standard minus the total tenant payment, or the monthly homeownership expenses minus the total tenant payment.

In determining the amount of the homeownership assistance payment, *KHA* will use the same subsidy standard schedule, subsidy standard amounts, and subsidy standards as those described elsewhere in this plan for the Housing Choice Voucher program.

KHA will pay the homeownership assistance payments directly to the family. At *KHA*'s discretion, *KHA* will pay the homeownership assistance payments directly to the lender on behalf of the family. If the assistance payment exceeds the amount due to the lender, *KHA* must pay the excess directly to the family.

Homeownership assistance for a family terminates automatically 180 calendar days after the last homeownership assistance payment on behalf of the family. However, a *KHA* may grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.

KHA must adopt policies for determining the amount of homeownership expenses to be allowed by *KHA* in accordance with HUD requirements.

- ***KHA Policy***: *Homeownership expenses (not including cooperatives) only include amounts allowed by KHA to cover:*
  - *Principal and interest on initial mortgage debt, any refinancing of such debt, and any mortgage insurance premium incurred to finance purchase of the home;*
  - *Real estate taxes and public assessments on the home;*
  - *Home insurance;*
  - *KHA allowance for maintenance expenses;*
  - *KHA allowance for costs of major repairs and replacements;*
  - *KHA utility allowance for the home;*
  - *Principal and interest on mortgage debt incurred to finance costs for major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if KHA determines that allowance of such costs as homeownership expenses is needed as a Reasonable Accommodation so that the homeownership option is readily accessible to and usable by such person;*
  - *Land lease payments where a family does not own fee title to the real property on which the home is located; [24 CFR 982.628(b)]; and*
  - *For a condominium unit, condominium operating charges or maintenance fees assessed by the condominium homeowner association.*

  Homeownership expenses for a cooperative member may only include amounts allowed by KHA to cover:
  - *The cooperative charge under the cooperative occupancy agreement including payment for real estate taxes and public assessments on the home;*
  - *Principal and interest on initial debt incurred to finance purchase of cooperative membership shares and any refinancing of such debt;*
  - *Home insurance;*
  - *KHA allowance for maintenance expenses;*
  - *KHA allowance for costs of major repairs and replacements;*
  - *KHA utility allowance for the home;*

- *Principal and interest on debt incurred to finance major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if KHA determines that allowance of such costs as homeownership expenses is needed as a Reasonable Accommodation so that the homeownership option is readily accessible to and usable by such person; and*
- *Cooperative operating charges or maintenance fees assessed by the cooperative homeowner association*.

15-VII.K. PORTABILITY IN HOMEOWNERSHIP

[*24 CFR 982.636*], [24 CFR *982.637*], [*24 CFR 982.353(b) and (c)*]
Subject to the restrictions on portability included in HUD regulations and *KHA*'s policies, a family may exercise portability if the receiving PHA is administering a voucher homeownership program and accepting new homeownership families. The receiving PHA may absorb the family into its voucher program, or bill *KHA* as the initial PHA.

The family must attend the briefing and counseling sessions required by the receiving PHA. The receiving PHA will determine whether the financing for, and the physical condition of the unit, are acceptable. The receiving PHA must promptly notify *KHA* as the initial PHA if the family has purchased an eligible unit under the program, or if the family is unable to purchase a home within the maximum time established by the public housing authority.

15-VII.L. MOVING WITH CONTINUED ASSISTANCE

A family receiving homeownership assistance may move with continued tenant-based assistance. The family may move with voucher rental assistance or with voucher homeownership assistance. Continued tenant-based assistance for a new unit cannot begin so long as any family member holds title to the prior home.

KHA may deny permission to move to a new unit with continued voucher assistance as follows:

- Lack of funding to provide continued assistance;
- At any time, *KHA* may deny permission to move with continued rental or homeownership assistance in accordance with [*24 CFR 982.638*], regarding denial or termination of assistance; or
- In accordance with *KHA*'s policy regarding number of moves within a 12-month period.

KHA must deny the family permission to move to a new unit with continued voucher rental assistance if:

- The family defaulted on an FHA-insured mortgage; and
- The family fails to demonstrate that the family has conveyed, or will convey, title to the home, as required by HUD, to HUD or HUD's designee; and the family has

moved, or will move, from the home within the period established or approved by HUD.

15-VII.M. DENIAL OR TERMINATION OF ASSISTANCE

[*24 CFR 982.638*]
At any time, *KHA* may deny or terminate homeownership assistance in accordance with HCV program requirements in [*24 CFR 982.552*], *Grounds for denial or termination of assistance* or [*24 CFR 982.553*], *Crime by family members*. *KHA* may also deny or terminate assistance for violation of *Obligations of the Family* described in [*24 CFR 982.551*] *or* [24 CFR *982.633*] and in accordance with *KHA* policy.

KHA must terminate voucher homeownership assistance for any member of family receiving homeownership assistance that is dispossessed from the home pursuant to a judgment or order of foreclosure on any mortgage (whether FHA insured or non-FHA) securing debt incurred to purchase the home, or any refinancing of such debt.

PART VIII: FAMILY SELF-SUFFICIENCY PROGRAM (FSS)

Family Self-sufficiency Program Guidebook Resource.
The purpose of the *FSS Guidebook* is to provide in-depth information about all aspects of the FSS Program. Drawing on evidence about "what works" and the experience of FSS practitioners, the *FSS Guidebook* provides more detail on the topics covered by the HUD online training modules as well as other tools and resources to help readers develop and administer a successful FSS program.

KHA will provide a link to the *FSS Guidebook* which assisted in the development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *FSS Guidebook* will be a living document on HUD's website and will be amended as policies are refined.

The *FSS Guidebook* can be found here:
https://files.hudexchange.info/resources/documents/FSS-Program-Guidebook.pdf

15-VIII.A. PROGRAM OBJECTIVE

[*24CFR 984.102*]
The objective of the FSS program is to reduce the dependency of low-income families on public or welfare assistance and on HCV, low income public housing, or any Federal, State, or local rent or homeownership subsidies. Under the FSS program, low-income families are provided opportunities for education, job training, counseling, and other forms of social service assistance, while living in assisted housing, so that they may obtain the education, employment, and social skills necessary to achieve self-sufficiency, as defined in [*24 CFR 984.103 Subpart A*]. HUD measures the success of *KHA*'s FSS program not only by the number of families who achieve self-sufficiency, but also by "the number of FSS families

who, as a result of participation in the program, have family members who obtain their first job, or who obtain higher paying jobs; no longer need benefits received under one or more welfare programs; obtain a high school diploma or higher education degree; or accomplish similar goals that will assist the family in obtaining economic independence".

After implementing its Family Self Sufficiency (FSS) Program for Housing Choice Voucher participants, *KHA* will contract with Kendall County providers to administer the social service component, including monitoring and case-management. They will work with various social service agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to child care, transportation, education and training, employment and even home-ownership counseling.

15-VIII.B. ELIGIBILITY AND RECRUITMENT

KHA regularly surveys all HCV participants to determine their interest in the FSS program. Each Specialist will discuss the FSS Program opportunity when applicants, participants and *Family Unification Program Youth* (FUPY) attend their initial voucher issuance briefing at admission and at each annual reexamination. Applicants and participants who are interested in the program will be invited to schedule an appointment to meet with the Kendall County providers to make application for the FSS Program. *KHA* will make a special effort to ensure that all FUP-eligible families and all FUP-eligible youth receive information on FSS and are encouraged to apply.

FUP Families – and especially FUP Youth – are a particular priority for FSS participation because the objective of the FSS program is to reduce the dependency on public or welfare assistance and on HCV, low income public housing, or any Federal, State, or local rent or homeownership subsidies. Under the FSS program, FUP Families and FUP Youth are provided opportunities for education, job training, counseling, and other forms of social service assistance, while living in assisted housing, so that they may obtain the education, employment, and social skills necessary to achieve self-sufficiency.

15-VIII.C. NEEDS ASSESSMENT, INDIVIDUAL TRAINING AND SERVICES PLAN AND FSS CONTRACT

KHA will partially fund Community Services Coordinators for FSS, whose primary responsibility is to work with FSS Families. The Community Services Coordinator completes a needs assessment of every participating FSS individual, to determine the services needed for the individual to achieve the goal of self-sufficiency. The Coordinator uses the needs assessment to develop an *Individual Training and Services Plan* (hereafter called a Service Plan) for the family. The Service Plan identifies the family's "ultimate goal", along with interim goals to meet the "ultimate" goal; outlines the activities the family needs to undertake to meet the interim goals; identifies the services the family may require to assist in completing the activities, and estimates time frames for completing activities, interim goals, and achievement of the family's "ultimate" goal. Upon completion of Service Plan, the CSC Coordinator will prepare the family's *FSS Contract of Participation*. The FSS Contract includes the effective date, term, responsibilities of the Family and of *KHA* and

provisions for establishing an escrow account. After the Community Services Coordinator meets with the family and explains the Service Plan and FSS Contract, the family commits by signing the plan and the contract. The term of the FSS Contract is for five years and may be extended for up to two years.

15-VIII.D. MONITORING AND CASE MANAGEMENT

The Community Services Coordinator monitors the Service Plan during the term of the FSS Contract and provides case management and program services to the family. The Community Services Coordinator links the FSS participant family with services and provides support to help the family achieve its goals. Individual appointments are scheduled as necessary and the FSS Coordinator is also available by telephone for crisis intervention to help the family achieve the goals set forth in the FSS Contract. FSS participants are required to keep at least 2 appointments per year, although many participants will meet with their FSS Coordinator on a much more frequent basis. Workshops are held for FSS participants throughout the year and include topics such as budgeting, credit repair, employment search, educational opportunities, owner and neighbor relations, and homeownership.

15-VIII.E. ESCROW ACCOUNT

The FSS Program requires *KHA* to establish and maintain an interest bearing FSS escrow account for each participating family. An escrow credit, based on increases in earned income of the family, is credited to this account by *KHA* during the term of the FSS Contract. Escrow deposits are made by *KHA* on the assumption of rent paid by the tenant. If a participating family does not pay their rent to their landlord the escrow funds may be forfeited because failure to comply with the lease is a family obligation under the FSS program. Nonpayment of rent is grounds for terminating a family's FSS participation and subsidy and forfeiture of the escrow. The Community Services Coordinator will provide each FSS participant family with an annual accounting of the status of their escrow funds at the end of each fiscal year.

KHA may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal, such as education. If the family completes the contract and no member of the family is receiving cash welfare assistance, the amount of the FSS account will be paid to the head of the family. If *KHA* terminates the FSS Contract, or if the family fails to complete the contract before its expiration, the family's FSS escrow funds are forfeited. If an FSS participant is terminated from the HCV program at any point during the term of the FSS Contract, or if the participant family is still receiving 'cash assistance' (welfare benefits) at the end of the term of the *Contract of Participation*, the family's accumulated escrow account will be returned to *KHA*. (Welfare benefits, for purposes of the FSS program only, means income assistance from Federal or State welfare programs. Welfare assistance does NOT include: Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), child support, Food Stamps and emergency rental and utilities assistance, or other payments from Social Security [*24 CFR 984.105*]).

15-VIII.F. FSS AND PORTABILITY

An FSS Family that chooses to move outside of Kendall County must meet with the Community Services Coordinator to determine the best course for their FSS participation. The following options may be available:

- The family continues in *KHA*'s FSS Program if they are able to maintain services and activities outlined in the Service Plan; or
- The family may enter the FSS Program of the Receiving Housing Authority if this option is available. The family must demonstrate that they will be able to complete the FSS Plan in the new area. The family would enter into an FSS Contract with the Receiving Housing Authority for the term remaining on the family's contract with *KHA*. *KHA* will then terminate its contract with the family. If the receiving housing authority does not have a FSS Program, or has no opening within its FSS Program, or the family decides not to continue in the FSS Program, *KHA* will terminate its FSS Contract with the family and any escrow funds will revert back to *KHA*.

15-VIII.G. FSS CONTRACT COMPLIANCE

The Service Plan will be monitored by the Community Services Coordinator. A Family Self Sufficiency participant is required to meet with the Community Services Coordinator at least twice a year to determine if the family is complying with their plan. A FSS participant who has not kept an appointment with the FSS Coordinator for one (1) year will be placed on probation. A FSS Participant who does not keep appointments for two (2) years will be terminated from the FSS Program. An FSS Participant must comply with the terms of the Lease, including payment of their rent share to the landlord. If the Community Services Coordinator determines that the family is not keeping appointments, is failing to actively participate in activities according to the time frames specified in their contract or if the family is in violation of any provision of their *Contract of Participation*, a conference will be scheduled to discuss the violation(s). At the conference, the Community Services Coordinator will attempt to resolve the matter by obtaining an understanding of why the participant family is not in compliance and determine if adjustments to goals, services, and/or the timetables are necessary and/or appropriate in an effort to help the participant family complete their FSS Contract. The participant family will be advised that the FSS Contract can be terminated and any escrow funds will be forfeited upon further violations of the FSS Contract. If the Community Services Coordinator is unable to reach a satisfactory resolution with the family, additional administrative action may be necessary. If additional violations of the FSS Contract occur, or the conference does not successfully resolve the matter, the Coordinator will propose termination of the FSS Contract. A letter proposing termination will be sent to the family by certified mail. The letter will state the reason(s) for the proposed termination and inform the participant that (s) he has the right to request a conference if there is disagreement regarding the termination. The participant will be advised to put the request for a conference into writing within ten (10) days to the Community Services Coordinator.

At the conference, the participant may offer reasons to not terminate the FSS Contract. The Coordinator will discuss these reasons with his or her supervisor and provide recommendation to the supervisor. After the review with the supervisor, the participant

family will be notified in writing within ten (10) business days of the decision to terminate the FSS Contract or to further modify the plan. If the decision is to terminate, the participant family will receive a 30-day notice of this action and will forfeit all funds in its escrow account. *KHA* will not terminate HCV assistance because of the participant family's failure to meet FSS responsibilities. Section 8 Assistance will be terminated only as provided by HUD and *KHA* in the manner applied to all Section 8 subsidy holders.

15-VIII.H. FSS CONTRACT COMPLETION

Completion of the FSS Contract occurs when:
(a) The Family has fulfilled all of its responsibilities under the contract; or (b) 30% of the Family's monthly-adjusted income is equal to or greater than the Fair Market Rent amount for the unit size for which the Family is eligible, or the Gross rent for the unit rented; or (c) at any time during the term of the contract of Participation, *KHA* may determine that the Family has met its obligations under the FSS Contract. At that time, the amount in the Family's escrow account, less any amount owed to *KHA*, will be paid to the Head of the Household; or (d) *KHA* reserves the right to terminate the FSS Contract of Participation before its expiration date under the following circumstances:

- On determination that the Head of Household or participating Family member failed to fulfill the contract or any extensions thereof;
- The Family withdraws from the FSS Program;
- By mutual consent of both parties;
- By operation of law;
- When the participating Family is no longer receiving HCV Assistance, including termination from the HCV Program for violation of Obligations of the Family; and
- *KHA* may declare the Contract null and void if resources and services necessary to complete the contract are not available. If resources and services aren't available, can *KHA* may release the escrow to the tenant.

PART IX FAMILY UNIFICATION PROGRAM (FUP)

15-IX.A. PROGRAM OBJECTIVE

The *Family Unification Program* (FUP) is a referral program under which Housing Choice Vouchers (HCVs) are provided to two different populations with an active case with the IL Department of Children and Family Services (DCFS) or any other Public Child Welfare Agency (PCWA) with jurisdiction. *KHA* provided Housing Choice Vouchers to:

Families for whom the lack of adequate housing is a primary factor in either:

- The imminent placement of the family's child or children in out-of-home care.
- The delay in the discharge of the child or children to the family from out-of-home care.

There is no time limitation on FUP family vouchers.

Youth at least 18 years old and not more than 24 years old who:

- Left foster care at age 16 or older or will leave foster care within 90 days, in accordance with a transition plan described in *Section 475(5)(H) of the Social Security Act*; and
- Are homeless; or
- Are at risk of homelessness.

FUP vouchers used by youth are limited, by statute, to 36 months of housing assistance.

15-IX.B. PROGRAM ADMINISTRATION

The PCWA initially determines if the family or youth meets the FUP eligibility requirements, certifies that the family or youth is eligible, and refers those families or youths to *KHA*. Once the PCWA makes the referral, *KHA* places the FUP applicant on its HCV waiting list and determines whether the family or youth meets HCV program eligibility requirements, including income eligibility. *KHA* conducts all other processes relating to voucher issuance and administration.

In addition to rental assistance, supportive services must be provided to FUP youths by the PCWA for the first 18 months that the youth participates in the program. Examples of the skills targeted by these services include money management skills, job preparation, educational counseling, and proper nutrition and meal preparation. The program does not require PCWAs to provide supportive services for families; however, PCWAs may make them available to families as well.

While the FUP program is administered in accordance with HCV program regulations, the *FUP Notice of Funding Availability* (NOFA) issued by HUD provides specific program information and requirements such as the targeted population, the *Memorandum of Understanding* (MOU) by which PHAs and PCWAs establish their partnership, and rating criteria for review and selection of applications, among others.

15-IX.C. ELIGIBILITY REQUIREMENTS

To be eligible, applicants must meet specific FUP eligibility requirements as well as HCV eligibility requirements.

FUP Eligibility Requirements

The PCWA must certify that the family or youth meets specific program requirements. For families, the PCWA will certify that this is a family for whom the lack of adequate housing is a primary factor in either the:

- Imminent placement of the family's child or children in out-of-home care, or
- Delay of discharge of a child or children to the family from out-of-home care.

A family meets the definition of “lack of adequate housing” if a family or youth is:

- Living in substandard or dilapidated housing.
- Homeless.
- In imminent danger of losing their home.

- Displaced by domestic violence.
- Living in an overcrowded unit.
- Living in housing not accessible to the family's disabled child or children, or to the youth due to the nature of the disability.

For youth, the PCWA will certify that the youth is at least 18 years old and not more than 24 years old (has not reached his/her 25th birthday), that they left foster care at age 16 or older or will leave foster care within 90 days, in accordance with a transition plan, and is homeless or at risk of homelessness.

A youth meets the definition of "at risk of homelessness" if the youth:

- Has an annual income below 30 percent of median household income for the area, as determined by HUD;
- Does not have sufficient resources or support networks, e.g., family, friends, faith based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the "homeless" definition in this section; and
- Meets one of the following conditions:
  - Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
  - Is living in the home of another because of economic hardship;
  - Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
  - Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
  - Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
  - Is exiting a publicly funded institution, or system of care (such as a healthcare facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
  - Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness.

A youth may also be "at risk of homelessness" if the youth meets the definition of homeless under a number of other federal programs. For more information, please see [*24 CFR 576.2.*].

HCV Eligibility Requirements

After the PCWA certifies and refers the family or youth to *KHA*, *KHA* then determines whether the family or youth meets HCV program eligibility requirements, including income eligibility. Once *KHA* determines that the family or youth meets HCV eligibility requirements in accordance to the requirements in this Plan, the family or youth will be issued a voucher.

Income eligibility for a voucher is determined by *KHA* based on the eligibility requirements in [*KHA Plan: Chapter 3, Program Eligibility*]. By law, *KHA* must provide 75 percent of its vouchers to applicants whose incomes do not exceed 30 percent (extremely low-income limit) of the area median income. Median income levels are published by HUD and vary by location.

15-IX.D. UNIT SEARCH

It is the responsibility of the family or youth to find a unit that meets their needs. Once the family or youth finds a suitable unit and the owner is willing to lease the unit under the program, the family or youth must submit a *Request For Tenancy Approval* (RFTA) to *KHA* no later than the expiration date stated on the voucher.

If *KHA* determines that the unit meets housing quality standards, that the rent is reasonable, and that the unit meets other program requirements, *KHA* executes a Housing Assistance Payments (HAP) Contract with the property owner. This contract authorizes *KHA* to make rent subsidy payments on behalf of the family or youth. The family or youth will then execute a lease with the owner.

Where a FUP Family or Youth May Live

- ***KHA Policy***: *A family or youth may choose a unit anywhere in the United States or its possessions where there is a PHA that administers the HCV program. However, new voucher holders not living in the jurisdiction of KHA at the time the family or youth applied or was referred for HCV assistance will be required to lease a unit within KHA's jurisdiction for the first 12 months of assistance*.

15-IX.E. MOVING WITH CONTINUED ASSISTANCE

A family or youth may move to a new unit with continued assistance if the lease for the old unit has been terminated (*KHA* has terminated the HAP Contract for the owner's breach or the lease is terminated by mutual agreement of owner and tenant); if the owner has given the tenant notice to vacate; or the tenant has given notice of lease termination in accordance with the lease, among others.

If the family or youth wants to move to a new unit, the family or youth must notify *KHA* and the owner before moving from the old unit, unless allowed under the *Violence Against Women Act Final Rule*. A family or youth may move with continued assistance under the program either inside *KHA*'s jurisdiction or under portability procedures, recognizing *KHA* has establish policies that prohibit any move by the family or youth during the initial lease term and policies that prohibit more than one move during any 1-year period.

Determination of Subsidy Level

The FUP program operates under the same regulations for determining rent as the HCV program. Specifically, *KHA* pays the owner the lower of: (a) the subsidy standard for the family or youth minus the total tenant payment (TTP); or (b) the gross rent (rent and utility

allowance) minus the TTP. The TTP is the minimum amount a family or youth must contribute towards rent and utilities. Generally, the TTP is 30 percent of the family's or youth's monthly adjusted income. The subsidy standard is generally set by *KHA* at any level between 90 and 110 percent of the HUD determined Fair Market Rent (FMR) for a particular unit size in each FMR area in *KHA*'s jurisdiction.

The family or youth may choose a unit with a higher rent than the subsidy standard and pay the owner the difference. However, where the gross rent of the unit exceeds the applicable subsidy standard for the family or youth, the family share must not exceed 40 percent of the family's or youth's adjusted monthly income at the time *KHA* approves a tenancy for initial occupancy of a dwelling unit.

FUP Voucher Funding

Because FUP funding is allocated through a competitive process, not all PHAs administer the program. Individuals who are interested in obtaining a FUP voucher can access a list of FUP PHAs and PHA contact information on HUD's website: www.hud.gov.

Funding for new FUP vouchers is provided by Congress through *Annual Appropriation Acts*. If funding is appropriated for new FUP vouchers, HUD allocates funds through a national competition by way of a *Notice of Funding Availability* (NOFA). The NOFA announces funding availability and invites PHAs to apply for funding. The NOFA also establishes threshold requirements that all applicants must meet as well as rating and ranking factors that are used by HUD in the review and selection of applications. The total number of vouchers that a PHA may apply for is based on the size of the PHA and the identified need for this type of voucher.

Only PHAs that currently have an Annual Contributions Contract with HUD for HCVs may apply for funding. Individuals that are interested in receiving a FUP voucher do not apply through the FUP NOFA; instead, they must contact *KHA*.

PART X VETERANS AFFAIRS SUPPORTIVE HOUSING PROGRAM (VASH)

Housing Choice Voucher Guidebook Resource.

The purpose of the *Housing Choice Voucher (HCV) Guidebook* is to provide an easy-to-use, one-stop resource to assist public housing agencies (PHAs), families and other stakeholders in the administration of the tenant-based housing subsidy programs. The guidebook consolidates into one document the most up-to-date guidance and requirements outlined in multiple publications: regulatory requirements, *PIH Notices*, *Federal Register* Notices, and other forms of guidance issued by HUD.

KHA will provide a link to *HCV Guidebook* sections that assisted in the development of this chapter of the *Plan*. To ensure HUD continually provides the most up-to-date guidance on evolving program policies and procedures, the *HCV Guidebook* chapters will be living documents on HUD's website. Individual chapters will be amended as policies are refined.

The *HCV Guidebook* chapter on *HUD Vash* can be found here: https://www.hud.gov/sites/dfiles/PIH/documents/HUD_VASH_HCV_Guidebook_Chapter_July_2021.pdf?utm_campaign=PIH%20Alerts&utm_medium=email&_hsmi=143856478&_hsenc=p2ANqtz-_YIlu9sWIY7_P11UD-EmkcgkD9GNy8p6UOe3Hb3Lom0w7FGXyXqN1_ddoMSV3K_iexm8ZRBxai-UqSx0QrWB8TtGFYgQ&utm_content=143856478&utm_source=hs_email

15-X.A. PROGRAM OVERVIEW

The HUD-VASH Program is a collaborative effort between the *US Department of Housing and Urban Development* and the *Veterans Affairs Department*. It's a national initiative that provides permanent housing and supportive services to homeless veterans. *KHA* will administer the HUD Veterans Affairs Supportive Housing Vouchers ("HUD-VASH") in accordance with this Plan, [*24 CFR 982*], and subsequent HUD notices, guidance, or regulations that amends or supersedes [*Federal Register-5213-N-01*]. *KHA* partners with *Hines* Veterans Affairs Medical Center. The goal of the program is to combine HCV rental assistance with case management and clinical services provided by the *Veterans Affairs Department* at its medical centers to enable homeless veterans to re-integrate in the community to lead healthy, productive lives.

15-X.B. ELIGIBILITY AND SELECTION

Hines VAMC will screen homeless veterans for eligibility for the HUD-VASH Program, in accordance with its screening criteria, except for income eligibility and sex offender status. Eligible homeless veterans that agree to participate in case management will be referred to *KHA* for voucher issuance. *KHA* will determine if income eligible in accordance with [*24 CFR 982.201*] and [*KHA Plan: 3-II.A.*], and may deny if not income eligible. Though *KHA* is not required to include HUD-VASH Vouchers in the income targeting requirements, *KHA* may choose to include the admission of extremely low-income HUD-VASH families in its income targeting numbers for the fiscal year in which the HUD-VASH families are admitted.

KHA will screen for sex offender status and will deny admission if the homeless veteran is a sex-offender with a lifetime registration requirement. If another family member in the household is the lifetime registrant – family may be eligible for voucher if the family member subject to the registration requirement is removed from the household. No other eligibility priorities or preferences are applicable and *KHA* shall not deny HUD-VASH applicants admission for any other grounds.

15-X.C. INITIAL TERM OF THE VOUCHER

The HUD-VASH voucher must have an initial search term of 120 days. See [*KHA Plan: 5-II.F.*] for all the policies regarding initial term extension and suspension and expiration.

15-X.D. INITIAL LEASE TERM

Initial lease terms may be less than one-year for HUD-VASH Participants.

15-X.E. ELIGIBLE HOUSING

In addition to private market rental units, HUD-VASH Families will be permitted to live on the grounds of a VAMC.

15-X.F. CASE MANAGEMENT REQUIREMENTS

A condition of eligibility for a HUD-VASH voucher is that the VASH participant must receive case management services as verified by the VAMC. The VAMC screens homeless Veterans to determine eligibility for the HUD-VASH program as established by Veteran's Affairs national office; identifies the social service and medical need of the homeless veteran; ensures that the veteran receive ongoing case management, health services, and other supportive services as identified; and maintains records as required by HUD and Veterans Affairs. A HUD VASH family's HCV assistance must be terminated if the family refuses, without good cause, to participate in required case management as determined by the VAMC.

15-X.G. PORTABILITY OF HUD-VASH VOUCHERS

The HUD-VASH Family may initially lease up or move under portability provisions. If the Hines VAMC, as *KHA*s initial partnering VAMC, will still be able to provide the needed case management services because of the proximity, the receiving PHA must process the move in accordance with the Portability policies of [*24 CFR 982.355*] and *KHA*'s policies in [*KHA Plan: Chapter 10, Moving With Continued Assistance and Portability*]. However, when *KHA* as the receiving PHA must bill the initial PHA; *KHA* does not have the option to absorb the HUD-VASH Family under this situation.

If a VASH Family wants to move where it will not be possible for Hines VAMC to provide case management services, the Hines VAMC must first determine whether the HUD-VASH Family could be served by another VAMC that is participating in the program, and the receiving PHA must have a HUD-VASH voucher available for this Family. If the above conditions are met, the VASH Family must be absorbed by the receiving PHA. Upon absorption, *KHA*'s HUD-VASH voucher will be available to lease to a new HUD-VASH eligible Family referred by the Hines VAMC.

15-X.H. TRANSFER FROM HUD-VASH TO TENANT BASED VOUCHER ASSISTANCE

If the Hines VAMC determines that the VASH Family no longer requires case management, *KHA* may offer the Family a regular tenant-based voucher in the tenant-based program to make available the HUD-VASH voucher for another homeless veteran family. The offer of tenant-based assistance is pending funding availability and a VASH family that is offered a regular tenant-based voucher will be subject to the eligibility requirements outlined in *KHA Plan: Chapter 3, Program Eligibility*.

15-X.I. PROJECT-BASED ASSISTANCE OF HUD-VASH

VOUCHERS

A request to Project-base a HUD VASH Voucher must have the support of the Hines VAMC and a proposal must be made to HUD. *KHA* will consider VASH Voucher Project Based requests on a case by case accordance with [*24 CFR Part 983*] and [*Notice PIH 2009-11 (HA)*], *Project-Basing HUD-Veterans Affairs Supportive Housing Vouchers*.

15-X.J. VASH SEMAP AND VMS REPORTING

HUD-VASH vouchers are administered in accordance with HUD-VASH notices. The VASH Vouchers are monitored in VMS separately from all other Tenant Based vouchers and they will not be included in the SEMAP leasing indicator denominator because they are dependent on referrals from VAMC. The code "VASH" will be recorded in Section 2n of the *Form HUD-50058* to indicate in PIC that the Family is a HUD-VASH Participant.

PART XI MAINSTREAM HOUSING CHOICE VOUCHER

15-XI.A. PROGRAM OVERVIEW

HCV Mainstream Voucher Program

Commonly referred to as *Mainstream Program, Mainstream Vouchers* or *Mainstream* – (also formerly known as *Mainstream 5- Year Vouchers* and *Section 811 Vouchers*) are tenant-based vouchers that serve a special population of households of non-elderly persons with disabilities (defined as a household composed of one or more persons 18 to 61 years of age with disabilities, which may include additional household members who are not non-elderly persons with disabilities), particularly those who:

- are currently homeless;
- have previously experienced homelessness and currently a client in a permanent supportive housing or rapid rehousing project; or
- are individuals who are transitioning out of institutional or other segregated settings.

This program helps to further the goals of the ***Americans with Disabilities Act*** by helping persons with disabilities live in the most integrated setting. The program also encourages partnerships with health and human service agencies with a demonstrated capacity to coordinate voluntary services and supports to enable individuals to live independently in the community.

Move On Project Partnership

The ***Move On Project*** is a collaborative partnership between the DuPage Housing Authority (*KHA*) and partner agencies who are members of the ***Will-Grundy and Kendall Counties Continuum of Care*** (CoC), to help households transition into a Housing Choice Voucher (HCV) as they continue efforts to reach self-sufficiency.

Households for this project are generally Will-Grundy and Kendall Counties CoC partner agency clients, enrolled in a *Permanent Supportive Housing* (PSH) and/or a *Rapid*

Rehousing Program (RRP) – but also can include qualifying households identified from the *Coordinated Entry System* (CES).

15-XI.B. REGULATION AUTHORITY

Special Criteria

Aside from separate funding appropriations and serving a specific population, Mainstream Vouchers are administered the same as regular voucher assistance, in that Mainstream Vouchers are regulated under the same program requirements at [*24 CFR Part 982*] as are Housing Choice Vouchers. Federal nondiscrimination laws and requirements apply as with all HCVs, including for example, requirements regarding nondiscriminatory eligibility criteria, and obligations to provide reasonable accommodations for person with disabilities. There is no special authority to treat families that receive a Mainstream Voucher differently from other applicants and participants of the HCV program.

Voucher Award

PHAs must lease the awarded vouchers by selecting Mainstream-eligible applicants from the waiting list. PHAs are not permitted to reassign existing participants to the Mainstream Voucher Program in order to make regular tenant-based vouchers available. There is no provision that allows PHAs to admit tenants without following their waiting list procedures when using a Mainstream Voucher.

15-XI.C. PROGRAM ELIGIBILITY

Ongoing

Once eligible, existing families receiving Mainstream Vouchers, where the eligible family member is now age 62 or older, will NOT "age out" of the Mainstream Voucher Program as long as the family was eligible on the day it was first assisted under a HAP contract.

Voucher Reissuance

At turnover, all Mainstream turnover vouchers must be reissued to the next Mainstream-eligible family on the *KHA*'s HCV waiting list. Turnover occurs when a family receiving Mainstream voucher assistance leaves the program. Mainstream-eligible families are those that include at least one non-elderly (at least age 18 and not yet 62 years of age) person with disabilities. *KHA* will determine if there are additional families on the *KHA* HCV waiting list that are made eligible for Mainstream voucher assistance based on the change in the eligible population. If a Mainstream turnover voucher becomes available, *KHA* will determine if the families at the top of the waiting list qualify under program requirements.

Admissions Preference

Admission preferences affect the order applicants appear on the waiting list. Preferences apply to all vouchers on the waiting list, not only Mainstream Vouchers, but adopting any admission preference does not necessarily mean that every person that receives assistance will meet every preference criteria. Program regulations under [*24 CFR 982.207(a)(3)*] allows *KHA* to set a limit to the number of applicants that may qualify for a

local preference. HUD expects PHAs that claim points under a *Notice of Funding Award* (NOFA) will establish a preference consistent with the terms in that year's NOFA.

➢ ***KHA Policy***

KHA will provide preferences for Mainstream vouchers to an unlimited number of non-elderly persons with disabilities on the KHA HCV waiting list who:

1. *are currently homeless;*
2. *previously experienced homelessness and currently a client in a permanent supportive housing or rapid rehousing project and referred to KHA through the Will-Grundy and Kendall Counties Continuum of Care (CoC); or*
3. *are referred to KHA through the Will-Grundy and Kendall Counties CoC who are transitioning out of institutional or other segregated settings*

15-XI.D. WAITING LIST

List Type

PHAs must maintain one waiting list for all tenant-based assistance [*24 CFR 982.204(f)*], which includes Mainstream voucher assistance – meaning *KHA* cannot have a separate waiting list for Mainstream voucher assistance. To effectively apply and manage preferences, the PHA must have a written policy for how preferences will be applied including how families with the same preference will be selected, either in order by the date and time of their application or a random choice technique [*24 CFR 982.207(c)*].

➢ ***KHA Policy***

KHA will maintain a single HCV waiting list. When issuing a Mainstream Voucher, KHA will choose the Mainstream-eligible family from its tenant-based HCV waiting list based on the number of qualifying preferences, then by date & time of application.

Updating the List

PHAs may choose to do a full waiting list update or a limited update. A full or limited update may be done regardless of whether a PHA will be opening the waiting list or not.

➢ ***KHA Policy***

- *Full Waiting List Update: KHA may update the entire existing waiting list to determine if all current applicants meet the eligibility criteria preferences for Mainstream Vouchers, plus any new preferences (if adopted).*
- *Limited Waiting List Update: If KHA is NOT adopting a new preference, then KHA may determine the eligibility of existing families on the waiting list in smaller batches.*

Regardless of the number of Mainstream families KHA is required to serve, the next family on the waiting list MUST be served in accordance with the KHA's administrative plan. Therefore, the KHA cannot skip over a Mainstream-eligible family because it is currently serving the required number of Mainstream families. For example, if KHA has leased 100 percent of the Mainstream Vouchers, but is ready to issue five regular vouchers, and the next five families on the KHAs waiting list all include a non-elderly person with disabilities,

the regular vouchers would be issued to the next five families on the waiting list, which in this case would be five families that include a non-elderly person with disabilities. However, note that this action does not increase the Mainstream baseline for KHA, which is solely determined by the number of special purpose vouchers targeted specifically for Mainstream-eligible families that were allocated to the KHA.

Opening the List

The PHA may adopt criteria defining which families may apply for assistance when opening its waiting list [*24 CFR 982.206(b)(1)*]. For example, if the PHA opens its waiting list solely for applicants that meet the preference for targeted subgroups identified in the Mainstream Voucher NOFA, the PHA must provide public notice that it is opening its waiting list specifically for non-elderly persons with disabilities who are transitioning out of institutional or other segregated settings, at serious risk of institutionalization, homeless, or at risk of becoming homeless. The PHA must comply with the requirements for opening the waiting list under [*24 CFR 982.206*], including the requirement to provide public notice and to accept applications from families for whom the list is open.

Continuum of Care Referrals

The ***Move On Project*** will allow *KHA's* CoC partners to refer households currently in their Permanent Supportive Housing (PSH) and/or Rapid Rehousing Programs (RRP), and who are ready to "move on" to maintain housing stability under the voucher program, which they achieved by intensive supportive services with a social service agency.

Households identified on the *Coordinated Entry System* (CES) who meet the minimum Mainstream qualifications may also be referred for the *Move On Project*. Note that CES households may not continually be receiving services from a CoC agency, but they have been initially assessed and found eligible to be referred.

➢ *KHA Policy*

Whenever KHA opens the general HCV waiting list for new applications, or specifically opens the HCV waiting list to accept targeted applications with Mainstream preferences, referrals can be made on the household's behalf through the DuPage Continuum of Care agencies – including CES referrals from the ***Will-Grundy and Kendall Counties' HMIS Departments***.

Referral Limits

There is currently no limit on the number of applicants an agency can refer to the *KHA* HCV waiting list that has the requirements and preferences to be referred under the Mainstream HCV Program targeted sub-group. The only requirement is that the *KHA* HCV waiting list must be open for new applications in order to receive any referral applications.

15-XI.E. PROGRAM ADMINISTRATION

Referral Submission

Initial referrals to seed the waiting list

Once a *Move On Project* applicant has been identified, the completed referral will be submitted to *KHA* for processing and adding applicant to the HCV waiting list with targeted preferences designated for the Mainstream HCV Program.

Preferences will be given for those *initial* referral households that:

- are currently homeless – 1 point;
- have previously experienced homelessness and currently a client in a permanent supportive housing or rapid rehousing project and referred to *KHA* through the *Will-Grundy and Kendall Counties Continuum of Care* (CoC) – 10 points; or
- are referred to *KHA* through the Will-Grundy and Kendall Counties CoC who are transitioning out of institutional or other segregated settings – 10 points

Ongoing referrals after waiting list is seeded

Once a *Move On Project* applicant has been identified, the completed referral will be submitted to *KHA* for processing and adding applicant to the HCV waiting list with targeted preferences designated for the Mainstream HCV Program.

Preferences will be given for those households that:

- are currently homeless – 1 point;
- have previously experienced homelessness and currently a client in a permanent supportive housing or rapid rehousing project and referred to *KHA* through the *Will-Grundy and Kendall Counties Continuum of Care* (CoC) – 1 point; or
- are referred to *KHA* through the Will-Grundy and Kendall Counties CoC who are transitioning out of institutional or other segregated settings – 1 point

In all cases, the applicant will be provided information on how to create an online account to select additional preferences they may qualify for, and to complete the online pre-application and any other documents as required to be added on to the HCV waiting list.

Intake and Program Eligibility

Move On Project applicants must meet the minimum qualifications of a HCV Program applicant as established by *KHA*. These qualifications require:

- total household income eligibility;
- no household member is a registered or registry-eligible sex offender (if another family member in the household not the head of household is the registered or registry-eligible sex-offender, the family may be eligible for the voucher if the family member subject to the registration requirement is removed from the household);

- all household members 18 and over must pass a criminal background check involving arrests or convictions for weapon, drug or violent criminal activity related crimes;
- applicant has not been evicted from federally-assisted housing for the manufacture, sale or delivery of methamphetamine; and
- at least one member of applicant household is an eligible citizen.

Qualifying Family Member

➢ ***KHA Policy***

The qualifying family member of the household must be age 18 to 61 at the time the household is formally admitted into the *Move On Project* Mainstream voucher program. If the qualifying family member turns 62 after being admitted, the family will still remain eligible for the *Move On Project* Mainstream voucher program as long as the family continues to comply with program requirements. Formally admitted to the program means:

- a unit was located;
- a completed *KHA* RFTA Packet for the identified unit was submitted;
- notice indicating *KHA* approval of the rent amount and the unit passing inspection was received;
- the owner of the unit has signed a Housing Assistance Payment (HAP) contract with *KHA* for the subsidy (HAP is the subsidy, or the amount that *KHA* pays a landlord towards rent each month); and
- a lease for the unit was signed with the landlord.

Generally, it may take up to six (6) months to be formally admitted to the program once the voucher for Mainstream assistance has been issued. **If the qualifying family member turns 62 at any point in this process prior to formal program admission, and there is no other qualifying member in the household, the family will be unable to receive subsidy through the Mainstream voucher program**. Note: If qualifying family members are 61 years old and applying for a Mainstream voucher, be aware that the application may be denied due to lack of adequate processing time prior to turning 62.

Program Resources

Partner agencies and *KHA* staff are available to assist each *Move On Project* participant successfully transition into the HCV Program when selected from the *KHA* HCV waiting list. However, applicants must understand that *KHA* may not have any funds available to cover all or part of a security deposit, and does not provide funds to cover any other needs including rental application fees, moving, utility deposits and reconnection fees or furniture assistance. If referred by a partner agency, that agency will be able to provide a referral to another partner agency within the CoC who may offer that financial assistance or a voucher to obtain household goods and/or furniture.

Supportive Services

For those referred from PSH and/or RRP it is expected that the partner agency case manager attends all appointments with the applicant to ensure they understand the HCV Program and have a smooth transition. Participants can expect six months of supportive services, if needed from their PSH and/or RRH provider after they receive their voucher and have leased up in an HCV unit. Households referred to the *Move on Project* from the CES will be provided with resources within the CoC for supportive services.

KHA and the partner agencies will have a mandatory orientation for each new applicant added to the HCV waiting list through the referral process to ensure they understand the *KHA* HCV Program guidelines and expectations of a voucher holder.

Voucher Issuance

The Mainstream HCV will have an initial search term of up to 120 days. See [*KHA Plan: 5-II.F.*] for all the policies regarding initial term extension and suspension and expiration. The initial lease term for Mainstream HCV Program participants must be at least one (1) year, but as a Reasonable Accommodation the initial lease term can be less than one-year.

PSH and/or RRP Clients

Any applicant who currently resides in a *KHA* service area in a PSH and/or RRP unit will discuss with their existing landlord, the opportunity for them to become an HCV Program landlord which would allow them to remain in their existing unit. It is suggested that a case manager be involved in this conversation with the landlord to make sure they understand the HCV Program and answer any questions that may arise (i.e., lease must be in client's name and not partner agency).

Other Applicants

Any other applicant who currently resides in a unit within the *KHA* service area may discuss with their existing landlord the opportunity for them to become an HCV Program landlord which would allow them to remain in their existing unit. Upon request, *KHA* staff may assist with explaining the HCV Program to their landlord.

15-XI.F. PORTABILITY OF MAINSTREAM VOUCHERS

The Mainstream HCV Program family cannot move with their voucher under portability provisions before the end of their initial (first) year as a program participant. However, if *KHA* approves a request for a Reasonable Accommodation that requires a move, the family can move under portability provisions. When any portability move is authorized by *KHA*, the move must be made in accordance with the Portability policies of [*24 CFR 982.355*], the Receiving PHA Administrative Plan and *KHA's* policies in [*KHA Plan: Chapter 10, Moving With Continued Assistance and Portability*].

15-XI.G. CHANGE FROM MAINSTREAM TO REGULAR HCV

At any time after the end of their initial (first) year as a program participant, *KHA* may offer the family a regular HCV in the tenant-based program – if available – to make the Mainstream HCV available for another non-elderly disabled family on the *KHA* HCV waiting list. The offer of regular HCV assistance is pending funding availability.

Additionally, and if available, *KHA* may offer a Mainstream voucher family a regular HCV in the tenant-based program that no longer has a household member 18 to 61 with a qualifying disability in order to make the Mainstream HCV available for another non-elderly disabled family on the *KHA* HCV waiting list.

In either case, any Mainstream family that is offered a regular HCV will not be subject to the initial total household income limit requirements outlined in [*KHA Plan: Chapter 3, Program Eligibility*], but all other program eligibility requirements still apply.

15-XI.H. MAINSTREAM, SEMAP AND VMS REPORTING

Mainstream HCV's are monitored in the ***Voucher Management System*** (VMS) separately from all other Tenant Based vouchers and are included in the ***Section Eight Management Assessment Program*** (SEMAP) leasing indicator denominator because they are not dependent on referrals from the Will-Grundy and Kendall Counties CoC. The code for Mainstream HCV Program will be recorded in Section 2n of the *Form HUD-50058* to indicate in PIC that the family is a Mainstream HCV Program participant.

CHAPTER 16 : PROGRAM ADMINISTRATION

Introduction

This chapter discusses HCV Program administrative policies and practices that are relevant to the activities covered in this plan. The policies are discussed in ten parts as described below:

Part I: Administrative Fee Reserve. This part describes *KHA*'s policies with regard to oversight of expenditures from its administrative fee reserve.

Part II: Setting Program Standards and Schedules. This part describes what subsidy standards are, and how they are updated, as well as how utility allowances are established and revised.

Part III: Informal Reviews and Hearings. This part outlines the requirements and procedures for Informal Reviews and hearings, and for Informal Hearings regarding citizenship status.

Part IV: Owner or Family Debts to KHA. This part describes policies for recovery of monies that *KHA* has overpaid on behalf of families, or to owners, and describes the circumstances under which *KHA* may offer payment agreements to owners and families. Also discussed are the consequences for failure to make payments in accordance with a repayment agreement.

Part V: Section 8 Management Assessment Program (SEMAP). This part describes what the SEMAP scores represent, how they are established, and how those scores affect *KHA*.

Part VI: Record-Keeping. All aspects of the program involve certain types of record-keeping. This part outlines the privacy rights of applicants and participants and record retention policies *KHA* will follow.

Part VII: Reporting and Record Keeping for Children with Environmental Intervention Blood Lead Level. This part describes *KHA*'s responsibilities for reporting, data collection, and record keeping relative to children with environmental intervention blood lead levels that are less than six years of age and are receiving HCV assistance.

Part VIII: Determination of Insufficient Funding. This part describes *KHA*'s policies for determining if there is sufficient funding to issue vouchers, to approve moves to higher cost units or areas, and to continue assistance for all participant families.

Part IX: Violence Against Women Act. This part describes *KHA*'s policies under VAWA.

PART I: ADMINISTRATIVE FEE RESERVE

[*24 CFR 982.155*]

Overview

KHA must maintain an administrative fee reserve for the program to pay program administrative expenses in excess of administrative fees paid by HUD for a *KHA* fiscal year. If funds in the administrative fee reserve are not needed to cover *KHA* administrative expenses, *KHA* may use these funds for other housing purposes permitted by Federal, State and local law.

If *KHA* has not adequately administered any program, HUD may prohibit use of funds in the administrative fee reserve, and may direct *KHA* to use funds in the reserve to improve administration of the program or to reimburse ineligible expenses. HUD also may prohibit use of the funds for certain purposes.

HUD requires the *KHA* Board of Commissioners to establish the maximum amount that may be charged against the administrative fee reserve without specific approval.

➢ ***KHA Policy***: *Expenditures from the administrative fee reserve will be made in accordance with all applicable Federal requirements. Expenditures will not exceed Twenty-Five Thousand Dollars ($25,000.00) per occurrence without the prior approval of KHA's Board of Commissioners*.

PART II: SETTING PROGRAM STANDARDS AND SCHEDULES

Overview

Although many of the program's requirements are established centrally by HUD, the HCV program's regulations recognize that some flexibility is required to allow *KHA* to adapt the program to local conditions. This part discusses how *KHA* establishes and updates certain schedules and standards that are used to administer the program locally. Details about how these schedules are applied to individual families are provided in other chapters. The schedules and standards discussed here include:

- *Subsidy Standards*, also known as *payment standards* – which dictate the maximum subsidy a family can receive (application of the subsidy standards is discussed in [*KHA Plan: Chapter 6, Income and Subsidy Determinations*]; and
- *Utility Allowances*, which specify how a family's payment should be adjusted to account for tenant-paid utilities (application of utility allowances is discussed in [*KHA Plan: Chapter 6, Income and Subsidy Determinations]*).

➢ ***KHA Policy***: *Copies of the subsidy standard and utility allowance schedules are available for review in KHA's offices during normal business hours and on our agency website* www.dupagehousing.org. *Families, owners, and members of the public may*

submit written comments on the schedules discussed in this part, at any time, for consideration during the next revision cycle. KHA will maintain documentation to support its annual review of subsidy standards and utility allowance schedules. This documentation will be retained for at least 3 years.

NOTE: *Establishing and updating KHA passbook rate, which is used to calculate imputed income from assets, is covered in* [*KHA Plan: 6-I.F.*].

16-II.A. SUBSIDY STANDARDS

[*24 CFR 982.503*]

The subsidy standard sets the maximum subsidy payment a family can receive from *KHA* each month [*24 CFR 982.505(a)*]. Subsidy standards are based on small area fair market rents (SAFMRs) published annually by HUD. SAFMRs are set at a percentile within the rent distribution of standard quality rental housing units in each SAFMR area. For most jurisdictions SAFMRs are set at the 40th percentile of rents in the market area.

KHA must establish a subsidy standard schedule that establishes subsidy standard amounts for each SAFMR zip code within *KHA*'s jurisdiction, and for each unit size within each of the SAFMR zip codes. For each unit size, *KHA* may establish a single subsidy standard amount for the whole SAFMR zip code or may set different subsidy standards for different parts of the SAFMR zip code. Unless HUD grants an exception, *KHA* is required to establish a subsidy standard within a "basic range" established by HUD – between 90 and 110 percent of the published SAFMR for each unit size.

Updating Subsidy Standards

When HUD updates its SAFMRs, *KHA* must update its subsidy standards if the standards are no longer within the basic range [*24 CFR 982.503(b)*]. HUD may require *KHA* to make further adjustments if it determines that rent burdens for assisted families in *KHA*'s jurisdiction are unacceptably high [*24 CFR 982.503(g)*].

- ***KHA Policy***: *KHA will review the appropriateness of the subsidy standards on an annual basis when the new SAFMR is published. In addition to ensuring the subsidy standards are always within the "basic range" KHA may consider the following factors when determining whether an adjustment should be made to the subsidy standard schedule:*
  - ***Funding Availability****: KHA will review the budget to determine the impact projected subsidy adjustments will have on funding available for the program and the number of families served.*
  - ***Rent Burden of Participating Families****: Rent burden will be determined by identifying the percentage of families, for each unit size, that are paying more than 30 percent of their monthly adjusted income as the family share. When 40 percent or more of families, for any given unit size, are paying more than 30 percent of adjusted monthly income as the family share, KHA will consider increasing the subsidy standard. In evaluating rent burdens, KHA will not include families renting a larger unit than their family unit size.*

- ***Changes in Rent to Owner**: KHA may review a sample of the units to determine how often owners are increasing or decreasing rents and the average percent of increases/decreases by bedroom size.*
- *Unit Availability: KHA will review the availability of units for each unit size, particularly in areas with low concentrations of poor and minority families.*
- ***Lease-up Time and Success Rate**: KHA will consider the percentage of families that are unable to locate suitable housing before the voucher expires and whether families are leaving the jurisdiction to find affordable housing.*

Changes to subsidy standard amounts will be effective on the date indicated when the final SAFMRs are published.

Exception Subsidy Standards

[*24 CFR 982.503(c)*]
KHA must request HUD approval to establish subsidy standards that are higher than the basic range. At HUD's sole discretion, HUD may approve a subsidy standard amount that is higher than the basic range for a designated part of the SAFMR area. HUD may approve an exception subsidy standard amount (in accordance with program requirements) for all units, or for all units of a given size, leased by program families in the exception area. Any PHA with jurisdiction in the exception area may use the HUD-approved exception subsidy standard amount. The total population of all HUD-approved exception areas in a SAFMR zip code may not include more than 50 percent of the population of the SAFMR zip code.

Unit-by-Unit Exception

[*24 CFR 982.503(c)(2)(ii)], [24 CFR 982.505(d)], [Notice PIH 2010-26*]
Unit-by-unit exceptions to *KHA*'s subsidy standards generally are not permitted. However, an exception may be made as a Reasonable Accommodation for a family that includes a person with disabilities. See [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity*] for a discussion of Reasonable Accommodations. This type of exception does not affect *KHA*'s subsidy standard schedule.

When needed as a Reasonable Accommodation, *KHA* may make an exception to the subsidy standard without HUD approval if the exception amount does not exceed 110 percent of the applicable SAFMR for the unit size [*HCV Guide Book, pp 7-9*]. *KHA* may request HUD approval for an exception to the subsidy standard for a particular family if the required amount falls above 110 percent of the SAFMR.

➢ ***KHA Policy**: A family that requires a Reasonable Accommodation may request a higher subsidy standard at the time the Request for Tenancy Approval (RFTA) is submitted. The family must document the need for the exception. In order to approve an exception, or request an exception from HUD, KHA must determine that:*
- *There is a shortage of affordable units that would be appropriate for the family;*
- *The family's TTP would otherwise exceed 40 percent of adjusted monthly income; and*
- *The rent for the unit is reasonable.*

Success Rate Subsidy Standard Amounts

[*24 CFR 982.503(e)*]

If a substantial percentage of families have difficulty finding a suitable unit, *KHA* may request a "success rate subsidy standard" that applies to the entire jurisdiction. If approved by HUD, a success rate subsidy standard allows *KHA* to set its subsidy standards at 90-110 percent of a higher SAFMR (the 50th, rather than the 40th percentile SAFMR). To support the request, *KHA* must demonstrate that during the most recent 6-month period for which information is available:

- Fewer than 75 percent of families who were issued vouchers became participants;
- *KHA* had established subsidy standards for all unit sizes, and for the entire jurisdiction, at 110 percent of the published SAFMR; and
- *KHA* had a policy of allowing voucher holders who made sustained efforts to locate units at least 90 days to search for a unit.

Although HUD approves the success rate subsidy standard for all unit sizes in the SAFMR area, *KHA* may choose to adjust the subsidy standard for only some unit sizes in all, or a designated part, of *KHA*'s jurisdiction within the SAFMR zip code.

Decreases in the Subsidy Standard Below the Basic Range

[*24 CFR 982.503(d)*]

KHA must request HUD approval to establish a subsidy standard amount that is lower than the basic range. At HUD's sole discretion, HUD may approve establishment of a subsidy standard lower than the basic range. HUD will not approve a lower subsidy standard if the family share for more than 40 percent of program participants exceeds 30 percent of adjusted monthly income.

16-II.B. UTILITY ALLOWANCES

[*24 CFR 982.517*]

A *KHA*-established utility allowance schedule is used in determining family share and *KHA* subsidy. *KHA* must maintain a utility allowance schedule for (1) all tenant-paid utilities, (2) the cost of tenant-supplied refrigerators and ranges, and (3) other tenant-paid housing services such as trash collection.

The utility allowance schedule must be determined based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. In developing the schedule, *KHA* must use normal patterns of consumption for the community as a whole, and current utility rates.

The utility allowance must include the utilities and services that are necessary in the locality to provide housing that complies with housing quality standards. Costs for telephone, cable/satellite television, and internet services are not included in the utility allowance schedule.

In the utility allowance schedule, *KHA* must classify utilities and other housing services according to the following general categories: space heating; air conditioning; cooking; water heating; water; sewer; trash collection; other electric; cost of tenant-supplied refrigerator; cost of tenant-supplied range; and other specified housing services.

The cost of each utility and housing service must be stated separately by unit size and type. [*HCV Guide Book, Chapter 16*] provides detailed guidance to *KHA* about establishing utility allowance schedules.

Air Conditioning

An allowance for air-conditioning must be provided when the majority of housing units in the market have central air-conditioning or are wired for tenant-installed air conditioners.

- ***KHA Policy***: *The majority of rental housing units in KHA's jurisdiction do not include central air-conditioning and is not wired for tenant-installed air conditioners. Therefore, KHA has not included an allowance for air-conditioning in its utility allowance schedule.*

Reasonable Accommodation

HCV program regulations require a PHA to approve a utility allowance amount higher than shown on the PHA's schedule if a higher allowance is needed as a Reasonable Accommodation for a family member with a disability. For example, if a family member with a disability requires such an accommodation, *KHA* will approve an allowance for air-conditioning, even if *KHA* has determined that an allowance for air-conditioning generally is not needed. See [*KHA Plan: Chapter 2, Fair Housing and Equal Opportunity*].

Utility Allowance Revisions

KHA must review its schedule of utility allowances each year, and must revise the schedule if there has been a change of 10 percent or more in any utility rate since the last time the allowance for that utility was revised.

KHA must maintain information supporting its annual review of utility allowance and any revisions made in its utility allowance schedule.

PART III: MEDIATION, INFORMAL REVIEWS AND INFORMAL HEARINGS

Overview

When *KHA* 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)*].

Mediation

- ***KHA Policy***: *At KHA's sole discretion and choosing, Mediation by unrelated outside third parties like Prairie State Legal Services and The Better Business Bureau can also be engaged, in lieu of, or in addition to, any Informal Review or Informal Hearing process described in this Plan. In those cases, KHA will utilize the mediation process engaged by the entity mediating - provided their process is not in conflict with statutory or regulatory program guidelines, this Plan, or other federal, state or local requirements, however KHA* is not bound by any Mediation decision.

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

16-III.A. INFORMAL REVIEWS FOR APPLICANTS

[*24 CFR 982.554*]
An Informal Review is a document and process review available to program applicants, and 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, and other than Mediation, the Informal Review process is the only "in-house" appeal process available and is not conducted remotely or in-person with the program applicant present.

Decisions Subject to Informal Review

Reasons for denial of assistance and subject to an Informal Review, may include any or all the following [*24 CFR 982.552(a)(2)*]:

- Denying listing on *KHA* waiting list;
- Denying or withdrawing a voucher;
- Refusing to enter a HAP Contract or approve a lease;
- Refusing to process or provide assistance under portability procedures;

KHA will NOT offer Informal Reviews for the following reasons [*24 CFR 982.554(c)*]:

- Discretionary administrative determinations by *KHA*;
- General policy issues or class grievances;
- A determination of the family unit size under *KHA* subsidy standards;
- A *KHA* determination not to approve an extension of the voucher term;
- A *KHA* determination not to grant approval of the tenancy;
- A *KHA* determination that the unit selected by the applicant is not in compliance with HQS; or

- A *KHA* determination that the unit is not in accordance with HQS due to family size or composition.

➢ ***KHA Policy***: *KHA will only offer applicants the opportunity for an Informal Review when required to by the regulations and this Plan*.

Notice to the Applicant

[*24 CFR 982.554(a)*]
KHA must give an applicant prompt notice of a decision denying assistance. The notice must contain a brief statement of the reasons for *KHA* decision, and if eligible for review, must also state that the applicant may request an Informal Review of the decision. The notice must describe how to request the Informal Review.

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

If KHA denies admission based upon ineligible citizenship or a criminal record, the family is eligible for an Informal Hearing, and upon request, KHA will provide a copy of the records to the applicant. The applicant may contest the accuracy of the records under the Informal Hearing procedures, covered in this Plan.

Requesting an Informal Review

➢ ***KHA 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 KHA's notice letter of denial of assistance. KHA 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 objections to the decision of *KHA*.

➢ ***KHA Policy***: *Informal Reviews are completed by KHA Program Managers or other persons authorized to complete Informal Reviews.*
- *The family must submit any documents to KHA in support of their position within the KHA 14 business day Informal Review period.*
- *Any documents submitted by the family to KHA for review received on or after the tenth business day, may delay the Informal Review Decision.*

Informal Review Decision

[*24 CFR 982.554(b)*]
KHA must notify the applicant of *KHA*'s final decision, including a brief statement of the reasons for the final decision.

- ***KHA Policy***: *KHA 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 or 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.*

- ***KHA Policy***: *Informal Review decision:*
  - *Concerning a matter for which KHA 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 Informal Review under KHA Informal Review procedures, or*
  - *Contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.*

If *KHA* determines that it is not bound by an Informal Review decision, *KHA* 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

[*24 CFR 982.555*]
KHA must give a participant family an *opportunity* for an Informal Hearing for certain *KHA* determinations relating to the individual circumstances of a participant family. A participant is defined as a family that has been admitted to *KHA*'s HCV program and is currently assisted in the program. The purpose of the Informal Hearing is to consider whether *KHA*'s decisions related to the family's circumstances are in accordance with the law, HUD regulations and *KHA* policies.

KHA is not permitted to terminate a family's assistance until the time allowed for the family to request an Informal Hearing has elapsed, and any requested hearing has been completed. Termination of assistance for a participant may include any or all of the following:

- Refusing to enter into a HAP Contract or approve a lease;
- Terminating housing assistance payments under an outstanding HAP Contract; or
- Refusing to process or provide assistance under portability procedures.

Decisions Subject to Informal Hearing

Circumstances for which *KHA* 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 *KHA* utility allowance schedule;
- A determination of the family unit size under *KHA's* subsidy standards;
- A determination to terminate assistance for a participant family because of the family's actions or failure to act [*24 CFR 982.552*];
- A determination to terminate assistance because the participant has been absent from the assisted unit for longer than the maximum period permitted under *KHA* policy and HUD rules; or
- In the cases under HUD rules where *KHA* must give the opportunity for an Informal Hearing before *KHA* terminates housing assistance payments (HAP) for the family under an outstanding HAP Contract.

Circumstances for which an Informal Hearing is not required are as follows:

- Discretionary administrative determinations by *KHA*;
- General policy issues or class grievances;
- Establishment of *KHA* schedule of utility allowances for families in the program;
- A *KHA* determination not to approve an extension or suspension of a voucher term;
- A *KHA* determination not to approve a unit or tenancy;
- A *KHA* determination that a unit selected by the applicant is not in compliance with the HQS (However, *KHA* must provide the opportunity for an Informal Hearing for a decision to terminate assistance for a breach of the HQS caused by the family as described in [*24 CFR 982.551(c)*]);
- A *KHA* determination that the unit is not in accordance with HQS because of family size; or
- A determination by *KHA* to exercise or not to exercise any right or remedy against an owner under a HAP Contract.

➢ ***KHA Policy***: *KHA will only offer participants the opportunity for an Informal Hearing when required to by the regulations and this Plan*.

Remote Informal Hearings

[*PIH Notice 2020-32; COVID-19-Related Frequently Asked Questions (FAQs) for Public Housing Agencies (PHAs) Version 7 Updated March 24, 2021*]

The *KHA's* essential responsibility is to ensure informal hearings meet the requirements of due process and comply with HUD regulations. Therefore, all *KHA* policies and processes for remote informal hearings will be conducted in accordance with due process requirements and will be in compliance with HUD regulations.

➢ ***KHA Policy***. *The KHA has the sole discretion to require that informal hearings be conducted remotely in case of local, state, or national physical distancing orders, and in cases of inclement weather, natural disaster or the convenience of the parties*.

In addition, the KHA will conduct an informal hearing remotely upon request as a reasonable accommodation for a person with a disability, if a participant does not have child care or transportation that would enable them to attend the informal hearing, or if the participant believes an in-person hearing would create an undue health risk. The KHA will consider other reasonable requests for a remote informal hearing on a case-by-case basis.

Conducting Informal Hearings Remotely

In conducting any informal hearing remotely, the *KHA* shall ensure due process and that all parties are able to have full access to the hearing.

- ***KHA Policy**. The KHA will conduct remote informal hearings via telephone conferencing call-in or via videoconferencing. If the informal hearing will be conducted via videoconferencing, the KHA will ensure that all participants, participant representatives, advocates, witnesses, representatives, and the hearing officer can adequately access the platform (i.e., hear, be heard, see, and be seen)*.

If any participant, representative, advocate, witness, *KHA* representative, or hearing officer is unable to effectively utilize the videoconferencing platform, the informal hearing will be conducted by telephone conferencing call-in.

Whether the informal hearing is to be conducted via videoconferencing or telephone call-in, the *KHA* will provide all parties login information and/or telephone call-in information before the hearing.

Notice to the Family

[*24 CFR 982.555(c)*]
When *KHA* makes a decision that is subject to Informal Hearing procedures, *KHA* must inform the family of its right to an Informal Hearing at the same time that it informs the family of the decision.

For decisions related to the family's annual or adjusted income, the determination of the appropriate utility allowance, and the determination of the family unit size, *KHA* must notify the family that they may ask for an explanation of the basis of the determination, and that if they do not agree with the decision, they may request an Informal Hearing on the decision.

For decisions related to the termination of the family's assistance, or the denial of a family's request for an exception to *KHA*'s subsidy standards, the notice must contain a brief statement of the reasons for the decision, a statement that if the family does not agree with the decision, the family may request an Informal Hearing on the decision, and a statement of the deadline for the family to request an Informal Hearing.

- ***KHA Policy**: In cases where KHA makes a decision for which an Informal Hearing must be offered, the notice to the family will include all of the following:*
  - *The proposed action or decision of KHA;*

- *A brief statement of the reasons for the decision including the regulatory reference.*
- *The date the proposed action will take place;*
- *A statement of the family's right to an explanation of the basis for KHA's decision*;
- *A statement that if the family does not agree with the decision the family may request an Informal Hearing of the decision;*
- *A deadline for the family to request the Informal Hearing; and*
- *To whom the hearing request should be addressed.*
- *That the family may request a remote informal hearing.*

If the *KHA* will require that the hearing be conducted remotely, at the time the notice is sent to the family informing them of the right to request an informal hearing, the family will be notified that the informal hearing will be conducted remotely. The family will be informed of the processes involved in a remote informal hearing and that the *KHA* will provide technical assistance, if needed, before the informal hearing

Scheduling an Informal Hearing

[*24 CFR 982.555(d)*]
When an Informal Hearing is required, *KHA* must proceed with the hearing in a reasonably expeditious manner upon the request of the family.

- ***KHA Policy**: A request for an Informal Hearing must be made in writing and delivered to KHA in person, by first class mail, by fax or by email, by the close of the business day, no later than 10 business days from the date of KHA's decision, or notice of intent to terminate assistance.*
  - *KHA will schedule and send written notice of the Informal Hearing to the family, usually within 30 business days of the family's request.*
  - *The family may request to reschedule a hearing one time for good cause, or if it is needed as a Reasonable Accommodation for a person with disabilities. Good cause is defined as an unavoidable conflict which seriously affects the health, safety or welfare of the family. Requests to reschedule a hearing must be made orally or in writing prior to the hearing date. At its discretion, KHA may request documentation of the "good cause" prior to rescheduling the hearing.*
  - *If the family does not appear at the scheduled time, and was unable to reschedule the hearing in advance due to the nature of the conflict, the family must contact KHA within 24 hours of the scheduled hearing date, excluding weekends and holidays. KHA will reschedule the hearing only if the family can show good cause for the failure to appear, or if it is needed as a Reasonable Accommodation for a person with disabilities*.

Pre-Hearing Right to Discovery

[*24 CFR 982.555(e)*]
Participants and *KHA* are permitted pre-hearing discovery rights. The family must be given the opportunity to examine before the hearing any *KHA* documents that are directly relevant to the hearing. The family must be allowed to copy any such documents at their

own expense. If *KHA* does not make the document available for examination on request of the family, *KHA* may not rely on the document at the hearing.

KHA hearing procedures may provide that *KHA* must be given the opportunity to examine at *KHA* offices before the hearing, any family documents that are directly relevant to the hearing. *KHA* must be allowed to copy any such document at *KHA*'s expense. If the family does not make the document available for examination on request of *KHA*, the family may not rely on the document at the hearing.

For the purpose of Informal Hearings, documents include records and regulations.

- ***KHA Policy***: *The family will be allowed to copy any documents related to the hearing. KHA will charge $0.25 per page for the reproduction of allowable documents. The family must request discovery of KHA documents no later than 48 hours prior to the scheduled hearing date*

  KHA must be given an opportunity to examine at KHA offices before the hearing any family documents that are directly relevant to the hearing and make copies at its own expense. The participant must provide KHA with any documentation that will be brought to the Hearing prior, or it will not be allowed to be used at the Hearing.

  The documentation must be provided to KHA offices no less than 48 hours prior to the Hearing. The participant must provide KHA with the names, addresses and relationship of any person that will be attending the Hearing on their behalf; prior to the Hearing, or they will NOT be allowed to attend the Hearing. The names, address and relationship of attendees MUST be provided to KHA offices no less than 48 hours prior to the Hearing.

Post Discovery Review Determinations

If after review of discovery evidence, *KHA* determines that the participant has sufficiently supported their position to have the *KHA* decision overturned, no Informal Hearing is required or necessary and the *KHA* decision will be immediately reversed.

Participant's Right to Bring Counsel

[*24 CFR 982.555(e)(3)*]
At its own expense, the family may be represented by a lawyer or other representative at the Informal Hearing.

Informal Hearing Officer

[*24 CFR 982.555(e)(4)*]
Informal Hearings will be conducted by a person or persons approved by *KHA*, other than the person who made or approved the decision or a subordinate of the person who made or approved the decision.

- ***KHA Policy***: *KHA has designated the following to serve as Hearing Officers:*
  - *KHA management level staff; or*

- *Third-party contractors.*

Attendance at the Informal Hearing

➢ ***KHA Policy***: *Hearings may be attended by a Hearing Officer and the following applicable persons:*
- *A KHA representative and any witnesses for KHA;*
- *The participant and any witnesses for the participant;*
- *The participant's counsel or other representative; or*
- *Any other person approved by KHA as a Reasonable Accommodation for a person with a disability.*

Conduct at Hearings

The person who conducts the hearing may regulate the conduct of the hearing in accordance with *KHA*'s hearing procedures [*24 CFR 982.555(4)(ii)*].

➢ ***KHA Policy***: *The Hearing Officer is responsible to manage the order of business and to ensure that hearings are conducted in a professional and businesslike manner. Attendees are expected to comply with all hearing procedures established by the Hearing Officer and guidelines for conduct. Any person demonstrating disruptive, abusive or otherwise* inappropriate behavior will be excused from the hearing at the discretion of the Hearing Officer.
- *Participation of attendees will be restricted to providing statements of facts only;*
- *Either party 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*.

Evidence

[*24 CFR 982.555(e)(5)*]
KHA and the family must be given the opportunity to present evidence and question any witnesses. In general, all evidence is admissible at an Informal Hearing. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

➢ ***KHA Policy***: *Any evidence to be considered by the Hearing Officer must be presented at the time of the hearing. There are four categories of evidence.*
- ***Oral evidence****: the testimony of witnesses*
- ***Documentary evidence****: a writing which is relevant to the case, for example, a letter written to KHA. Writings include all forms of recorded communication or representation, including letters, words, pictures, sounds, videotapes or symbols or combinations thereof.*
- ***Demonstrative evidence****: Evidence created specifically for the hearing and presented as an illustrative aid to assist the Hearing Officer, such as a model, a chart or other diagram.*
- ***Real evidence****: A tangible item relating directly to the case.*

Hearsay Evidence is evidence of a statement that was made other than by a witness while testifying at the hearing and that is offered to prove the truth of the matter. Even though evidence, including hearsay, is generally admissible, hearsay evidence alone cannot be used as the sole basis for the Hearing Officer's decision.

If either *KHA* or the family fail to comply with the discovery requirements described above, the Hearing Officer will refuse to admit such evidence.

Other than the failure of a party to comply with discovery, the Hearing Officer has the authority to overrule any objections to evidence.

Hearing Officer's Decision

[*24 CFR 982.555(e)(6)*]
The person who conducts the Hearing must issue a written decision, stating briefly the reasons for the decision. Factual determinations relating to the individual circumstances of the family must be based on a preponderance of evidence presented at the hearing. A copy of the hearing must be furnished promptly to the family.

- ***KHA Policy***: *In rendering an Informal Hearing decision, the Hearing Officer will consider the following matters:*
  - ***KHA Notice to the Family****: The Hearing Officer will determine if the reasons for KHA's decision are factually stated in the Notice.*
  - ***Discovery****: The Hearing Officer will determine if KHA and the family were given the opportunity to examine any relevant documents in accordance with KHA policy.*
  - ***KHA Evidence to Support KHA Decision****: The evidence consists of the facts presented. Evidence is not conclusion and it is not argument. The Hearing Officer will evaluate the facts to determine if they support KHA's conclusion.*
  - ***Validity of Grounds for Termination of Assistance*** *(when applicable): The Hearing Officer will determine if the termination of assistance is for one of the grounds specified in the HUD regulations and KHA policies. If the grounds for termination are not specified in the regulations or in compliance with KHA policies, then the decision of KHA will be overturned.*

  The Hearing Officer will issue a written decision to the family and KHA no later than 10 business days after the hearing. The report will contain the following information:
  Hearing information*:*
  - *Name of the participant;*
  - *Date, time and place of the hearing;*
  - *Name of the Hearing Officer;*
  - *Name of KHA representative; and*
  - *Name of family representative (if any).*

  Background*: A brief, impartial statement of the reason for the hearing.*
  - ***Summary of the Evidence****: The Hearing Officer will summarize the evidence presented through testimony at the hearing and identify any documents that a*

witness produced in support of his/her testimony and that are admitted into evidence.

- ***Findings of Fact****: The Hearing Officer will include all findings of fact, based on a preponderance of the evidence. Preponderance of the evidence is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not. Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.*
- ***Conclusions****: The Hearing Officer will render a conclusion derived from the facts that were found to be true by a preponderance of the evidence. The conclusion will result in a determination of whether these facts uphold KHA's decision.*
- ***Order****: The hearing report will include a statement of whether KHA's decision is upheld or overturned.*

Procedures for Rehearing or Further Hearing

➢ ***KHA Policy****: The Hearing Officer may ask the family for additional information and/or might adjourn the hearing in order to reconvene at a later date, before reaching a decision. If the family misses an appointment or deadline ordered by the Hearing Officer, the action of KHA will take effect and another hearing will not be granted. It shall be within the sole discretion of KHA to grant or deny the request for further hearing. A further hearing will be limited to written submissions by the parties, in the manner specified by the Hearing Officer.*

KHA Notice of Final Decision

[*24 CFR 982.555(f)*]

KHA is not bound by the decision of the Hearing Officer for matters in which *KHA* is not required to provide an opportunity for a hearing, decisions that exceed the authority of the Hearing Officer, decisions that conflict with or contradict HUD regulations, requirements, or are otherwise contrary to Federal, State or local laws.

If *KHA* determines it is not bound by the Hearing Officer's decision in accordance with HUD regulations, *KHA* must promptly notify the family of the determination and the reason for the determination.

➢ ***KHA Policy****: KHA will mail a "Notice of Final Decision" including the Hearing Officer's report, to the participant and their representative, if requested. This Notice will be sent by first-class mail. The participant will be mailed the original "Notice of Final Decision." A copy of the "Notice of Final Decision" will be maintained in KHA's file.*

16-III.C. HEARING AND APPEAL PROVISIONS FOR NON-CITIZENS

[*24 CFR 5.514*]

Denial or termination of assistance based on immigration status is subject to special hearing and notice rules. Applicants who are denied assistance due to immigration status are entitled to an Informal Hearing, not an Informal Review.

Assistance to a family may not be delayed, denied, or terminated on the basis of immigration status at any time prior to a decision under the *United States Citizenship and Immigration Services* (USCIS) appeal process. Assistance to a family may not be terminated or denied while *KHA* hearing is pending, but assistance to an applicant may be delayed pending the completion of the Informal Hearing.

A decision against a family member, issued in accordance with the USCIS appeal process or *KHA* Informal Hearing process, does not preclude the family from exercising the right, that may otherwise be available, to seek redress directly through judicial procedures.

Notice of Denial or Termination of Assistance

[*24 CFR 5.514(d)*]

As discussed in Chapters 3 and 11, the notice of denial or termination of assistance for non-citizens must advise the family:

- That financial assistance will be denied or terminated, and provide a brief explanation of the reasons for the proposed denial or termination of assistance;
- The family may be eligible for proration of assistance;
- In the case of a participant, the criteria and procedures for obtaining relief fund the provisions for preservation of families [*24 CFR 5.514*] *and* [*24 CFR 5.518*];
- That the family has a right to request an appeal to the USCIS of the results of secondary verification of immigration status and to submit additional documentation or explanation in support of the appeal;
- That the family has a right to request an Informal Hearing with *KHA* either upon completion of the USCIS appeal or in lieu of the USCIS appeal; and
- For applicants, assistance may not be delayed until the conclusion of the USCIS appeal process, but assistance may be delayed during the period of the Informal Hearing process.

USCIS Appeal Process

[*24 CFR 5.514(e)*]

When *KHA* receives notification that the USCIS secondary verification failed to confirm eligible immigration status, *KHA* must notify the family of the results of the USCIS verification. The family will have 30 days from the date of the notification to request an appeal of the USCIS results. The request for appeal must be made by the family in writing directly to the USCIS. The family must provide *KHA* with a copy of the written request for appeal and the proof of mailing.

➢ ***KHA Policy***: *KHA will notify the family in writing of the results of the USCIS secondary verification, usually within 14 business days of receiving the results.*
  - *The family must provide KHA with a copy of the written request for appeal and proof of mailing within 14 business days of sending the request to the USCIS.*

The family must forward to the designated USCIS office any additional documentation or written explanation in support of the appeal. This material must include a copy of the USCIS document verification request (used to process the secondary request) or such other form specified by the USCIS, and a letter indicating that the family is requesting an appeal of the USCIS immigration status verification results.

The USCIS will notify the family, with a copy to *KHA*, of its decision. When the USCIS notifies *KHA* of the decision, *KHA* must notify the family of its right to request an Informal Hearing.

- ***KHA Policy***: *KHA will send written notice to the family of its right to request an Informal Hearing, by electronic mail or US mail with first-class postage, usually within 14 business days of receiving notice of the USCIS decision regarding the family's immigration status*.

Informal Hearing Procedures for Applicants

[*24 CFR 5.514(f)*]
After notification of the USCIS decision on appeal, or in lieu of an appeal to the USCIS, the family may request that *KHA* provide a hearing. The request for a hearing must be made either within 30 days of receipt of *KHA* notice of denial or termination, or within 30 days of receipt of the USCIS appeal decision.

For the Informal Hearing procedures that apply to participant families whose assistance is being terminated based on immigration status. See [*KHA Plan: 16-III.B*.].

The Informal Hearing procedures for applicant families are described below.

Informal Hearing Officer

KHA must provide an Informal Hearing before an impartial individual, other than a person who made or approved the decision under review, and other than a person who is a subordinate of the person who made or approved the decision. See [*KHA Plan: 16-III.B*.] for a listing of individuals eligible to serve as Informal Hearing Officers.

Evidence

The family must be provided the opportunity to examine and copy at the family's expense, at a reasonable time in advance of the hearing, any documents in the possession of *KHA* pertaining to the family's eligibility status, or in the possession of the USCIS (as permitted by USCIS requirements), including any records and regulations that may be relevant to the hearing.

- ***KHA Policy***: *The family will be allowed to copy any documents related to the hearing. KHA may charge $0.25 per page for the reproduction of allowable documents. The family must request discovery of KHA documents no later than 48 hours prior to hearing*.

The family must be provided the opportunity to present evidence and arguments in support of eligible status. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

The family must also be provided the opportunity to refute evidence relied upon by *KHA*, and to confront and cross-examine all witnesses on whose testimony or information *KHA* relies.

Representation and Interpretive Services

The family is entitled to be represented by an attorney or other designee, at the family's expense, and to have such person make statements on the family's behalf.

The family is entitled to arrange for an interpreter to attend the hearing, at the expense of the family, or *KHA*, as may be agreed upon by the two parties.

Recording and Transcript

The family is entitled to have the hearing recorded by audiotape. *KHA* may, but is not required to provide a transcript of the hearing

➢ ***KHA Policy***: *KHA will not provide a transcript of an audio taped hearing*.

Hearing Decision

KHA must provide the family with a written final decision, based solely on the facts presented at the hearing, usually within 14 calendar days of the date of the Informal Hearing. The decision must state the basis for the decision.

Informal Hearing Procedures for Residents

[*24 CFR 5.514(f)*]
After notification of the USCIS decision on appeal, or in lieu of an appeal to the USCIS, the family may request that *KHA* provide a hearing. The request for a hearing must be made either within 30 days of receipt of *KHA* notice of termination, or within 30 days of receipt of the USCIS appeal decision.

For the Informal Hearing procedures that apply to participant families whose assistance is being terminated based on immigration status. See [*KHA Plan: 16-III.C*].

Retention of Documents

[*24 CFR 5.514(h)*]
KHA must retain for a minimum of 3 years the following documents that may have been submitted to *KHA* by the family, or provided to *KHA* as part of the USCIS appeal or *KHA* Informal Hearing process:

- The application for assistance;
- The form completed by the family for income reexamination;
- Photocopies of any original documents, including original USCIS documents;

- The signed verification consent form;
- The USCIS verification results;
- The request for an USCIS appeal;
- The final USCIS determination;
- The request for an Informal Hearing; and
- The final Informal Hearing decision.

PART IV. OWNER OR FAMILY DEBTS TO KHA

Overview

PHAs are required to include in the administrative plan, policies concerning repayment by a family of amounts owed to the PHA [*24 CFR 982.54*]. This part describes *KHA*'s policies for recovery of monies owed to *KHA* by families or owners.

➢ ***KHA Policy***: *When an action or inaction of an owner or participant solely or in part results in an overpayment of housing assistance, KHA holds the owner or participant liable to return any overpayments to KHA.*

KHA may enter into repayment agreements in accordance with the policies contained in this part as a means to recover overpayments.

When an owner or participant refuses to repay monies owed to KHA, KHA may utilize other available collection alternatives including, but not limited to, the following:

- *Collection agencies;*
- *Small claims court;*
- *Civil law suit; or*
- *IL Revenue Recapture action.*

16-IV.A. REPAYMENT POLICY

Owner Debts to KHA

➢ ***KHA Policy***: *Any amount due to KHA by an owner must be repaid by the owner within 30 calendar days of receiving KHA notification of the debt.*

- *If the owner fails to repay the debt within the required time frame and is entitled to future Housing Assistance Payments (HAP), KHA will reduce the future HAP by the amount owed until the debt is paid in full.*
- *If the owner is not entitled to future HAP, KHA may, in its sole discretion, offer a repayment agreement on terms prescribed by KHA.*
- *If the owner refuses to repay the debt, does not execute (sign) a repayment agreement, or breaches a repayment agreement, KHA will debar the owner from future participation in the program for a time period determined by KHA of not less than one (1) year, and pursue other modes of collection.*

Family Debts to KHA

- ***KHA Policy***: *A family must pay to KHA any amount due to KHA. If the family is unable to repay the debt within 30 calendar days of receiving KHA notification of the debt, KHA may offer a Tenant Payment Agreement (TPA) for amounts owed in accordance with the policies below.*
  - *If the family refuses to repay the debt, execute (sign) a TPA, or breaches a TPA, KHA will terminate assistance in accordance with the policies in [KHA Plan: Chapter 12, Termination of Assistance and Tenancy] and pursue other modes of collection*.

Tenant Payment Agreement

[*24 CFR 792.103*]

Repayment Agreement

The term repayment agreement refers to a formal written document (*Payment Agreement*) executed (signed) by a tenant or owner and provided to *KHA* in which a tenant or owner acknowledges a debt in a specific amount and agrees to repay the amount due at specific time periods..

- ***KHA Policy***: *KHA can offer a Tenant Payment Agreement (TPA) to a HCV participant family if the family has not executed more than the maximum two (2) TPA's during the term of the family's program participation to that point, the debt owed to KHA is more than the $300.00 minimum TPA, and the debt owed to KHA does not exceed the $2,400 maximum TPA. All amounts owed to KHA that are greater than this amount must be paid in full to KHA first to reduce the debt owed to the $2,400 maximum level before a TPA is offered by KHA. All amounts owed to KHA below the $300.00 TPA minimum and above the $2,400.00 TPA maximum that are not paid in full will require the family to have their HCV program participation terminated.*

  HCV participant family must fully execute (sign) the Tenant Payment Agreement before the repayment agreement is accepted by KHA.
  - *Failure to have a fully executed Tenant Payment Agreement will result in the termination of the participant family's HCV program assistance.*
  - *Failure of the HCV participant family to make regular payments as agreed upon in the Tenant Payment Agreement will result in the termination of the participant family's HCV program assistance.*
  - *The original executed (signed) copy of the Tenant Payment Agreement will be maintained in the client record with a copy placed in the electronic system of record file. A copy will be provided to the Finance department for billing purposes. A Memo will also be placed in the electronic system of record to described the reason for the repayment, date initiated and total amount due to KHA.*

General Repayment Agreement Guidelines for Families

Payment Thresholds

[Notice PIH 2010-19] recommends that the total amount that a family must pay each month—the family's monthly share of rent plus the monthly debt repayment amount—should not exceed 40 percent of the family's monthly adjusted income. However, a family may already be paying 40 per cent or more of its monthly adjusted income in rent. Moreover, the Notice acknowledges that PHAs have the discretion to establish "thresholds and policies" for repayment agreements with families [*24 CFR 982.552(c)(1)(vii)*].

- ***KHA Policy***: *KHA has established the following thresholds for repayment of debts:*
  - *A minimum monthly payment of $50.00 is required for any Tenant Payment Agreement (TPA);*
  - *The minimum amount of a TPA with a participant family is $300.00;*
  - *The maximum amount of a TPA with a participant family is $2,400;*
  - *The maximum length of a TPA is twenty-four months; and*
  - *KHA will not offer a second TPA while an initial TPA debt is still owed to KHA by the family.*

  If a family can provide evidence satisfactory to KHA that the threshold applicable to the family's debt would impose an undue hardship, KHA may, in its sole discretion, determine that adjustments to elements of the TPA are reasonable to accommodate. In making its determination, KHA will consider all relevant information, including the following:
  - *The amount owed by the family to KHA;*
  - *The reason for the debt, including whether the debt was the result of program abuse or fraud, family action/inaction or circumstances beyond the family's control;*
  - *The family's current and potential income and expenses;*
  - *The family's current family share, as calculated under [24 CFR 982.515]; and*
  - *The family's history of unreported income and meeting its financial responsibilities*

Execution of the Agreement

- ***KHA Policy***: *Any repayment agreement between KHA and a family must be executed (signed) and dated by KHA and by the head of household or co-head.*
  - *HCV participant family must fully execute (sign) the Tenant Payment Agreement before the repayment agreement is accepted by KHA.*
  - *When a repayment is owed to KHA, failure to have a fully executed Tenant Payment Agreement will result in KHA rescinding the offer of the TPA, and the termination of the participant family's assistance.*
  - *The original executed (signed) copy of the Tenant Payment Agreement will be maintained in the client record with a copy placed in the electronic system of record file. A copy will be provided to the Finance department for billing purposes. A Memo will also be placed in the electronic system of record to described the reason for the repayment, date initiated and total amount due to KHA.*

Due Dates

- ***KHA Policy***: *All payments are due by the close of business on the 1st day of the month. If the 1st does not fall on a business day, the due date is the close of business on the first business day after the 1st.*

Late or Missed Payments

- ***KHA Policy***: *Failure of the HCV participant family to make regular payments as agreed upon in the Tenant Payment Agreement will result in the termination of the participant family's HCV program assistance.*
  - *If a payment is not received by the end of the business day on the date due, and prior approval for the missed payment has not been given by KHA, KHA may send the family a delinquency notice giving the family 30 calendar days to make the late payment. If the payment is not received by the due date of the delinquency notice, it will be considered a breach of the agreement and KHA will terminate assistance in accordance with the policies in [KHA Plan: Chapter 12, Termination of Assistance and Tenancy].*
  - *If a family receives three delinquency notices for unexcused late payments in a 12-month period, the TPA will be considered in default, and KHA may terminate assistance in accordance with the policies in [KHA Plan: Chapter 12, Termination of Assistance and Tenancy].*

No Offer of Repayment Agreement

- ***KHA Policy***: *At its discretion and on a case by case basis, KHA reserves the right to not offer a Tenant Payment Agreement to a family:*
  - *if the amount owed to KHA is below the $300.00 TPA minimum;*
  - *if the amount owed to KHA is above the $2,400.00 TPA maximum;*
  - *if there is already a TPA in place with the family;*
  - *if the family has already executed the maximum of two (2) TPA's during the term of the family's program participation to that point;*
  - *if the amount owed by the family exceeds the federal or state threshold for criminal prosecution; or*
  - *for any instances of program abuse or fraud* – defined as any intentional deception, *or any misrepresentation of facts, over a period of time that exceeds three hundred sixty-five days or the next annual or interim reexamination (whichever comes first), that can result in unauthorized benefit or payment of federal housing subsidy by KHA in behalf of the family.*

At its discretion and on a case by case basis, KHA reserves the right to offer a Tenant Payment Agreement:

- for amounts less than the $50.00 monthly minimum payment;
- for amounts exceeding the $2,400 maximum TPA amount; and

- for TPA lengths longer than 24 months.

Repayment Agreements Involving Improper Payments

[*Notice PIH 2010-19*] requires certain provisions to be included in any repayment agreement involving amounts owed by a family because it underreported or failed to report income:

- A reference to the items in the family briefing packet that state the family's obligation to provide true and complete information at every reexamination and the grounds on which *KHA* may terminate assistance because of a family's action or failure to act;
- A statement clarifying that each month the family not only must pay to *KHA* the monthly payment amount specified in the agreement but must also pay to the owner the family's monthly share of the rent to owner;
- A statement that the terms of the repayment agreement may be renegotiated if the family's income decreases or increases; and
- A statement that late or missed payments constitute default of the repayment agreement and may result in termination of assistance.

PART V MANAGEMENT ASSESSMENT (SEMAP)

Overview

The *Section Eight Management Assessment Program* (SEMAP) is HUD's performance measurement tool for the Housing Choice Voucher Program when *KHA* self-certifies to HUD after the end of the fiscal year. The HUD Field Office will then issue a score based on their review.

SEMAP scores translate into a rating for each PHA as high performing, standard, or troubled. High performers have a score above 90. Troubled performers have a score below 60. Scores on individual SEMAP indicators, as well as overall SEMAP ratings, can affect the PHA in several ways:

- High-performing PHA's can be given a competitive advantage under Notices of Funding Availability (NOFA) [*24 CFR 985.103*];
- PHA's with deficiencies on one or more indicators are required to correct the deficiencies and report to HUD [*24 CFR 985.106*];
- PHA's with an overall rating of "troubled" are subject to additional HUD oversight, including on-site reviews by HUD staff, a requirement to develop a corrective action plan, and monitoring to ensure the successful implementation of the corrective action plan. In addition, PHA's that are designated "troubled" may not use any part of the administrative fee reserve for other housing purposes [*24 CFR 985.107*]; or
- HUD may determine that a PHA's failure to correct identified SEMAP deficiencies or to prepare and implement a corrective action plan required by HUD constitutes a default under the ACC [*24 CFR 985.109*].

16-V.A. THE BOARD'S ROLE IN SEMAP

KHA's SEMAP score is an important tool for the Board of Commissioners. They can use the SEMAP indicators to guide the way they may assess *KHA*'s performance by focusing their attention on any weak performance areas indicated to effectively and efficiently use scarce resources. Failing to meet SEMAP standards means a failure to ensure residents are living in quality housing.

16-V.B. SEMAP CERTIFICATION

[*24 CFR 985.101*]
KHA must submit the HUD-required SEMAP certification form within 60 calendar days after the end of its fiscal year. The certification must be approved by a *KHA* Board Resolution and signed by *KHA* Executive Director.

PHAs with less than 250 voucher units are only required to be assessed every other PHA fiscal year. HUD will assess such PHAs annually if the PHA elects to have its performance assessed on an annual basis; or is designated as "troubled" [*24 CFR 985.105*].

- Failure of a PHA to submit its SEMAP certification within the required time frame will result in an overall performance rating of "troubled".
- A PHA's SEMAP certification is subject to HUD verification by an on-site confirmatory review at any time.
- Upon receipt of the PHA's SEMAP certification, HUD will rate the PHA's performance under each SEMAP indicator in accordance with program requirements.

16-V.C. HUD'S ROLE IN SEMAP

HUD reviews and monitors *KHA*'s SEMAP scores. The SEMAP certification is analyzed by HUD Field Offices, and may also be confirmed on site. Within 120 days of the end of *KHA*'s fiscal year, HUD staff will then provide recommendations for improving any failing SEMAP indicators, and will assist in preparing a *Corrective Action Plan* (CAP) if necessary.

Several of the SEMAP indicators are scored based on a review of a quality control sample selected for this purpose. *KHA* or the Independent Public Auditor (IPA) must select an unbiased sample that provides an adequate representation of the types of information to be assessed, in accordance with SEMAP requirements [*24 CFR 985.2*].

If the HUD verification method for the indicator relies on data in the Form-50058 module (formerly known as MTCS) in the *PIH Information Center* (PIC), and HUD determines that those data metrics are insufficient to verify the PHA's certification on the indicator due to the PHA's failure to adequately report family data, HUD will assign a zero rating for the indicator [*24 CFR 985.3*].

16-V.D. SEMAP INDICATORS

[*24 CFR 985.3*] and form [*HUD-52648*]

All SEMAP performance indicators set a standard for a key area of HCV program management. *KHA* is assessed against these standards to show whether *KHA* administers the program properly and effectively. The following table lists each of the SEMAP indicators, contains a description of each indicator, and explains the basis for points awarded under each indicator. A PHA that expends less than $300,000 in Federal awards and whose HCV programs are not audited by an independent auditor, is not to be rated under indicators 1-7:

SEMAP Indicators
Indicator 1: Selection from the waiting list. Maximum Score: 15 points • This indicator shows whether the PHA has written policies in its administrative plan for selecting applicants from the waiting list and whether the PHA follows these policies when selecting applicants for admission from the waiting list. • Points are based on the percent of families that are selected from the waiting list in accordance with the PHA's written policies, according to the PHA's quality control sample
Indicator 2: Rent reasonableness. Maximum Score: 20 points • This indicator shows whether the PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units. • Points are based on the percent of units for which the PHA follows its written method to determine reasonable rent and has documented its determination that the rent to owner is reasonable, according to the PHA's quality control sample.
Indicator 3: Determination of adjusted income. Maximum Score: 20 points • This indicator measures whether the PHA verifies and correctly determines adjusted income for each assisted family, and where applicable, uses the appropriate utility allowances for the unit leased in determining the gross rent. • Points are based on the percent of files that are calculated and verified correctly, according to the PHA's quality control sample.
Indicator 4: Utility allowance schedule. Maximum Score: 5 points • This indicator shows whether the PHA maintains an up-to-date utility allowance schedule. • Points are based on whether the PHA has reviewed the utility allowance schedule and adjusted it when required, according to the PHA's certification.
Indicator 5: HQS quality control inspections. Maximum Score: 5 points • This indicator shows whether a PHA supervisor reinspects a sample of units under contract during the PHA fiscal year, which meets the minimum sample size requirements for quality control of HQS inspections. • Points are based on whether the required quality control reinspections were completed, according to the PHA's certification.
Indicator 6: HQS enforcement. Maximum Score: 10 points • This indicator shows whether, following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life-threatening deficiencies are corrected

within 24 hours from the inspection and all other deficiencies are corrected within no more than 30 calendar days from the inspection or any PHA -approved extension. • Points are based on whether the PHA corrects all HQS deficiencies in accordance with required time frames, according to *KHA*'s certification
Indicator 7: Expanding housing opportunities. Maximum Score: 5 points • Only applies to PHAs with jurisdiction in metropolitan FMR areas. • This indicator shows whether the PHA has adopted and implemented a written policy to encourage participation by owners of units located outside areas of poverty or minority concentration; informs voucher holders of the full range of areas where they may lease units both inside and outside the PHA's jurisdiction; and supplies a list of landlords or other parties who are willing to lease units or help families find units, including units outside areas of poverty or minority concentration. • Points are based on whether the PHA has adopted and implemented written policies in accordance with SEMAP requirements, according to the PHA's certification.
Indicator 8: FMR limit and payment standards. Maximum Score: 5 points • This indicator shows whether the PHA has adopted a payment standard schedule that establishes payment standard amounts by unit size for each FMR area in the PHA's jurisdiction, that are within the basic range of 90 to 110 percent of the published FMR. • Points are based on whether the PHA has appropriately adopted a payment standard schedule(s), according to the PHA's certification.
Indicator 9: Annual reexaminations. Maximum Score: 10 points • This indicator shows whether the PHA completes a reexamination for each participating family at least every 12 months. • Points are based on the percent of reexaminations that are more than 2 months overdue, according to data from PIC.
Indicator 10: Correct tenant rent calculations. Maximum Score: 5 points • This indicator shows whether the PHA correctly calculates the family's share of the rent to owner. • Points are based on the percent of correct calculations of family share of the rent, according to data from PIC.
Indicator 11: Pre-contract HQS inspections. Maximum Score: 5 points • This indicator shows whether newly leased units pass HQS inspection on or before the effective date of the assisted lease and HAP Contract. • Points are based on the percent of newly leased units that passed HQS inspection prior to the effective date of the lease and HAP Contract, according to data from PIC.
Indicator 12: Annual HQS inspections. Maximum Score: 10 points • This indicator shows whether the PHA inspects each unit under contract at least annually. • Points are based on the percent of annual HQS inspections of units under contract that are more than 2 months overdue, according to data from PIC.
Indicator 13: Lease-up. Maximum Score: 20 points • This indicator shows whether the PHA enters HAP Contracts for the number of units or funding reserved under ACC for at least one year.

• Points are based on the percent of units leased during the last completed PHA fiscal year, or the percent of allocated budget authority that has been expended by the PHA, according to data from the PHA's last year-end operating statement that is recorded in HUD's accounting system.
Indicator 14: Family Self-Sufficiency (FSS) enrollment and escrow account balances. Maximum Score: 10 points • Only applies to PHAs with mandatory FSS programs. • This indicator shows whether the PHA has enrolled families in the FSS program as required, and measures the percent of current FSS participants that have had increases in earned income which resulted in escrow account balances. • Points are based on the percent of mandatory FSS slots that are filled and the percent of families with escrow account balances, according to data from PIC.
Success Rate of Voucher Holders. Maximum Score: 5 points • Only applies to PHAs that have received approval to establish success rate payment standard amounts, and isn't effective until the second full *KHA* fiscal year following the date of HUD approval of success rate payment standard amounts. • This indicator shows whether voucher holders were successful in leasing units with voucher assistance. • Points are based on the percent of families that were issued vouchers, and that became participants in the voucher program.
De-concentration Bonus Indicator. Maximum Score: 5 points • Submission of data for this indicator is mandatory for a PHA using one or more payment standard amount(s) that exceed(s) 100 percent of the published FMR set at the 50th percentile rent, starting with the second full PHA fiscal year following initial use of payment standard amounts based on the FMRs set at the 50th percentile. • Additional points are available to PHAs that have jurisdiction in metropolitan FMR areas and that choose to submit the required data. • Points are based on whether the data that is submitted meets the requirements for bonus points.

PART VI: RECORD KEEPING

Overview

Every PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. All such records must be made available to HUD or the *Comptroller General of the United States* upon request. In addition, every PHA must ensure that all applicant and participant files are maintained in a way that protects an individual's privacy rights.

16-VI.A. PROGRAM ACCOUNTS AND RECORDS

[*24 CFR 908.101; 24 CFR 982.158*]

KHA will maintain complete and accurate accounts and other records for the program in accordance with State and HUD requirements in a manner that permits quick and effective audit. Records will be in the form required by the State of Illinois and HUD, including

requirements governing computerized or electronic forms of record keeping. Where State and HUD requirements differ, *KHA* will maintain the more stringent requirement.

- ***KHA Policy***: *In adherence to state and federal requirements and during the term of each assisted lease, KHA will retain all documents related to the term of each lease, including: leases; HAP Contracts; records that provide income, racial, ethnic, gender, and disability status data on program participants; HUD required reports; inspection reports; lead-based paint records; records that document the basis for KHA determination that rent to owner is a reasonable rent during the term of a HAP Contract; and records of complaints, investigations, notices and corrective actions related to violations of the Fair Housing Act or the Equal Access Final Rule in the following:*

  1. *KHA will maintain tenant records for current tenants for the program admission year, plus the three (3) most current, consecutive years of program participation. Tenant records for current tenants older than three (3) years can be destroyed.*

  The destruction of most other tenant records can also occur three years after:

  a. *the participants end of program participation (EOP);* or
  b. *the applicants withdrawal for cause by KHA as an applicant on any waiting list*; or
  c. *the expiration of any voucher issued that was not leased in the required timeframe*; or
  d. *the determination by KHA of program ineligibility during any program eligibility process; or*
  e. *any other program application, eligibility or leasing process that terminates before the intended conclusion.*

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

Additionally:

1. *KHA will maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. The records will be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping. KHA will comply with the financial reporting requirements in 24 CFR Part 5, Subpart H.*
2. *KHA will furnish to HUD, accounts and other records, reports, documents and information, as required by HUD. For provisions on electronic transmission of required family data [24 CFR Part 908].*
3. *HUD and the Comptroller General of the United States shall have full and free access to all KHA offices and facilities, and to all accounts and other records of KHA that are pertinent to administration of the program, including the right to examine or audit the records, and to make copies. KHA will grant such access to computerized or other electronic records, and to any computers, equipment or facilities containing such records, and shall provide any information or assistance needed to access the records.*

4. *KHA will prepare a unit inspection report.*
5. *During the term of each assisted lease, and for at least three years thereafter, KHA will keep:*
   - **a.** *A copy of the executed lease;*
   - **b.** *The HAP contract; and*
   - **c.** *The application from the family.*
6. *KHA will keep the following records for at least three years:*
   - **a.** *Records that provide income, racial, ethnic, gender, and disability status data on program applicants and participants;*
   - **b.** *An application from each ineligible family and notice that the applicant is not eligible;*
   - **c.** *HUD required reports;*
   - **d.** *Unit inspection reports;*
   - **e.** *Lead-based paint records as required by [24 CFR Part 35, Subpart B].*
   - **f.** *Accounts and other records supporting DHA budget and financial statements for the program;*
   - **g.** *Records to document the basis for KHA determination that rent to owner is a reasonable rent (initially and during the term of a HAP contract); and*
   - **h.** *Other records specified by HUD.*

16-VI.B. PROGRAM FINANCIAL DOCUMENTS

HUD regulations at [*24 CFR 990.325*] requires *KHA* to retain documents related to all financial management and activities funded under the Operating Fund for a period of five fiscal years after the fiscal year in which the funds were received. However, guidance in the Office of Management and Budget (OMB) Super circular – [*2 CFR 200.333(b)*] – allows Federal agencies (hence HUD) to extend the record-retention period for non-Federal entities, provided that this is done in writing. Therefore, HUD reserves the right to extend the record-retention period beyond five fiscal years and will notify *KHA* in writing when such extensions are warranted.

16-VI.C. RECORD MANAGEMENT

Though not a federal or state agency, *KHA* must maintain applicant and participant files and information in accordance with the regulatory requirements described in [5 ILCS 160/] *State Records Act* and any applicable requirements under *The General Records Schedule* (GRS), issued by the *National Archives and Records Administration* (NARA) which provides retention periods for temporary administrative records common to several or all agencies of the Federal Government. They include civilian personnel, fiscal accounting, procurement, communications, printing and other common functions.

KHA records contain the personal information of the participant families. This information is CONFIDENTIAL and intended to allow for the assessment of program eligibility and the provision of HCV services. *KHA* staff will not discuss personal family information unless there is a business reason to do so. Inappropriate discussion of family information or improper disclosure of family information by staff will result in disciplinary action. Staff

members who willfully or knowingly violate a client's confidentiality will be subject to disciplinary action, up to and including termination.

- ***KHA Policy**: All applicant and participant information will be kept in a secure location and access will be limited to authorized KHA staff. Records management at KHA includes KHA File Retention and Disposition Plan which is approved by the State of Illinois. For disposition of records, KHA will contract with a professional file disposition contractor to accomplish this task.*

Privacy Act Requirements

[*24 CFR 5.212 and Form-9886*]
The collection, maintenance, use, and dissemination of *Social Security Numbers* (SSN), *Employer Identification Numbers* (EIN), any information derived from these numbers, and income information of applicants and participants must be conducted, to the extent applicable, in compliance with the *Privacy Act* of 1974, and all other provisions of Federal, State, and local laws.

Applicants and participants, including all adults in the household, are required to sign a consent form, HUD-9886, *Authorization for Release of Information*. This form incorporates the *Federal Privacy Act Statement* and describes how the information collected using the form may be used, and under what conditions HUD or *KHA* may release the information collected.

Upfront Income Verification (UIV) Records

PHAs that access UIV data through HUD's *Enterprise Income Verification* (EIV) System are required to adopt and follow specific security procedures to ensure that all EIV data is protected in accordance with Federal laws, regardless of the media on which the data is recorded (e.g. electronic, paper). These requirements are contained in the HUD-issued document, *Enterprise Income Verification (EIV) System, Security Procedures for Upfront Income Verification Data*.

- ***KHA Policy**: KHA has adopted and implement EIV security procedures required by HUD.*

Criminal Records

KHA may only disclose the criminal conviction records which *KHA* receives from a law enforcement agency to officers or employees of *KHA*, or to authorized representatives of *KHA* who have a job-related need to have access to the information [*24 CFR 5.903(e)*].

KHA must establish and implement a system of records management that ensures that any criminal record received by *KHA* from a law enforcement agency is maintained confidentially, not misused or improperly disseminated, and destroyed, once the purpose for which the record was requested has been accomplished, including expiration of the period for filing a challenge to *KHA* action without institution of a challenge or final disposition of any such litigation [*24 CFR 5.903(g)*].

KHA must establish and implement a system of records management that ensures that any sex offender registration information received by *KHA* from a State or local agency is maintained confidentially, not misused or improperly disseminated, and destroyed, once the purpose for which the record was requested has been accomplished, including expiration of the period for filing a challenge to *KHA* action without institution of a challenge or final disposition of any such litigation. This requirement does not apply to information that is public information, or is obtained by a *KHA* other than under [*24 CFR 5.905*].

Medical/Disability Records

PHA's are not permitted to inquire about the nature or extent of a person's disability. *KHA* may not inquire about a person's diagnosis or details of treatment for a disability or medical condition. If *KHA* receives a verification document that provides such information, *KHA* should not place this information in the tenant file. *KHA* should destroy the document.

Documentation of Domestic Violence, Dating Violence, Sexual Assault or Stalking

KHA will comply with its VAWA policy. See [*KHA Plan: 16-IX*].

16-VI.D. TENANT FILE COPIES OF RECORDS

- ***KHA Policy***: *The family will be allowed to copy any documents in their existing tenant file related to their program participation. KHA will charge $0.25 per page for the reproduction of allowable documents.*

PART VII: REPORTING & RECORD KEEPING- CHILDREN WITH ENVIRONMENTAL INTERVENTION BLOOD LEAD LEVEL

Overview

KHA has certain responsibilities relative to children with environmental intervention blood lead levels that are receiving HCV assistance. The notification, verification, and hazard reduction requirements are discussed in [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*]. This part deals with the reporting requirements, and data collection and record keeping responsibilities that *KHA* is subject to.

16-VII.A. REPORTING REQUIREMENT

[*24 CFR 35.1225(e)*]

KHA must report the name and address of a child identified as having an environmental intervention blood lead level to the public health department within 5 business days of being so notified by any other medical health care professional.

- ***KHA Policy***: *KHA will provide the public health department written notice of the name and address of any child identified as having an environmental intervention blood lead level*.

16-VII.B. DATA COLLECTION AND RECORD KEEPING

[*24 CFR 35.1225(f)*]
At least quarterly, *KHA* must attempt to obtain from the public health department(s) with a similar area of jurisdiction, the names and/or addresses of children less than 6 years old with an identified environmental intervention blood lead level.

If *KHA* obtains names and addresses of Environmental Intervention Blood Lead Level (EIBLL) children from the public health department, *KHA* must match this information with the names and addresses of families receiving HCV assistance, unless the public health department performs such a procedure. If a match occurs, *KHA* must carry out the notification, verification, and hazard reduction requirements discussed in [*KHA Plan: Chapter 8, Housing Quality Standards and Rent Reasonableness Determinations*], and the reporting requirement discussed above.

At least quarterly, *KHA* must also report an updated list of the addresses of units receiving assistance under the HCV program to the same public health department(s), unless the public health department(s) states that it does not wish to receive such a report.

- ***KHA Policy***; *The public health department has stated they do not wish to receive a report of an updated list of the addresses of units receiving assistance under the HCV program, on a quarterly basis. Therefore, KHA is not providing such a report*.

PART VIII: DETERMINATION OF INSUFFICIENT FUNDING

Overview

The HCV regulations allow PHA's to deny families permission to move and to terminate *Housing Assistance Payments* (HAP) contracts if funding under the consolidated ACC is insufficient to support continued assistance [*24 CFR 982.314(e)(1)*] *and* [*24 CFR 982.454*]. Insufficient funding may also impact *KHA*'s ability to issue vouchers to families on the waiting list. This part discusses the methodology *KHA* will use to determine whether or not *KHA* has sufficient funding to issue vouchers, approve moves, and to continue subsidizing all families currently under a HAP Contract.

16-VIII.A. METHODOLOGY

- ***KHA Policy***: *KHA will determine whether there is adequate funding to issue vouchers, approve moves to higher cost units and areas, and continue subsidizing all current participants by comparing KHA's annual budget authority to the annual total HAP needs*

on a monthly basis. The total HAP needs for the calendar year will be projected by establishing the actual HAP costs year to date. To that figure, KHA will add anticipated HAP expenditures for the remainder of the calendar year. Projected HAP expenditures will be calculated by multiplying the projected number of units leased per remaining months by the most current month's average HAP. The projected number of units leased per month will take into account the average monthly turnover of participant families. If the total annual HAP needs equal or exceed the annual budget authority, or if KHA cannot support the cost of the proposed subsidy commitment (voucher issuance or move) based on the funding analysis, KHA will be considered to have insufficient funding.

KHA may also use the HUD 2 Year Forecasting Tool to track its HAP obligations and estimate future funding requirements. The HUD tool will be used by the Finance Director and conclusions reviewed regularly with the Executive Director.

PART IX: VIOLENCE AGAINST WOMEN ACT

Overview

The *Violence against Women Act* of 2013 (VAWA) provides special protections for victims of domestic violence, dating violence, sexual assault and stalking who are applying for or receiving assistance under the HCV program. If state or local laws provide greater protection for such victims, those laws take precedence over VAWA. In addition to definitions of key terms used in VAWA, this part contains general VAWA requirements and *KHA* policies in three areas: *Notification*, *Documentation*, and *Confidentiality*. Specific VAWA requirements and *KHA* policies are located primarily in the following sections of this Plan: [*KHA Plan: 3-I.B.*]: "*Family Breakup and Remaining Member of Tenant Family*"; [*KHA Plan: 3-III.F.*]: "*Prohibition against Denial of Assistance to Victims of Domestic Violence, Dating Violence, Sexual Assault and Stalking*"; [*KHA Plan: 10-I.A.*]: "*Allowable Moves*"; [*KHA Plan: 10-I.C.*]: "*Restrictions on Moves*"; [*KHA Plan: 12-II.C.*]: "*Terminations Related to Domestic Violence, Dating Violence, Sexual Assault or Stalking*"; and [*KHA Plan: 12-II.D.*]: "*Termination Notice*."

16-IX.A. VAWA DEFINITIONS

[*24 CFR 5.2003*]

As referenced in VAWA:

- The term *bifurcate* means, with respect to a public housing or Section 8 lease, to divide a lease as a matter of law such that certain tenants can be evicted or removed while the remaining family members' lease and occupancy rights are allowed to remain intact.
- The term *dating violence* means violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors:
  - The length of the relationship
  - The type of relationship

- The frequency of interaction between the persons involved in the relationship.

- The term *domestic violence* includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.
- The term *affiliated individual* means, with respect to a person:
  - A spouse, parent, brother or sister, or child of that individual, or an individual to whom that individual stands in the position or place of a parent; or
  - Any other individual, tenant or lawful occupant living in the household of that individual.
- The term *sexual assault* means:
  - Any nonconsensual sexual act proscribed by federal, tribal, or state law, including when the victim lacks the capacity to consent.
- The term *stalking* means:
  - To follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate; or
  - To place under surveillance with the intent to kill, injure, harass, or intimidate another person; and
  - In the course of, or as a result of, such following, pursuit, surveillance, or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to (1) that person, (2) a member of the immediate family of that person, or (3) the spouse or intimate partner of that person

16-IX.B. NOTIFICATION

[*24 CFR 5.2005(a)*]

Notification to Public

KHA adopts the following policy to help ensure that all actual and potential beneficiaries of its HCV program are aware of their rights under VAWA.

➢ ***KHA Policy***: *KHA will post the following information regarding VAWA in its offices and on its Web site. It will also make the information readily available to anyone who requests it.*

- *A summary of the rights and protections provided by VAWA to housing choice voucher program applicants and participants who are or have been victims of domestic violence, dating violence, sexual assault, or stalking. See [KHA Plan: Exhibits 16-1 and 16-2] for sample notices;*
- *The definitions of domestic violence, dating violence, sexual assault, and stalking provided in VAWA (included in KHA Plan: Exhibits 16-1 and 16-2);*

- *An explanation of the documentation that KHA may require from an individual who claims the protections provided by VAWA (included in KHA Plan: Exhibits 16-1 and 16-2);*
- *A copy of form HUD-50066, Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking;*
- *A statement of KHA's obligation to keep confidential any information that it receives from a victim unless (a) KHA has the victim's written permission to release the information, (b) it needs to use the information in an eviction proceeding, or (c) it is compelled by law to release the information (included in KHA Plan: Exhibits 16-1 and 16-2);*
- *The National Domestic Violence Hot Line: 1-800-799-SAFE (7233) or 1-800-787-3224 (TTY) (included in KHA Plan: Exhibits 16-1 and 16-2); and*
- *Contact information for local victim advocacy groups or service providers*.

Notification to Program Applicants and Participants

[*24 CFR 5.2005(a)(1)*]

Public Housing Authorities are required to inform program applicants and participants of their rights under VAWA, including their right to confidentiality and the limits thereof, when they are denied assistance, when they are admitted to the program, and when they are notified of an eviction or termination of housing benefits.

➢ ***KHA Policy***: *KHA will provide all applicants with information about VAWA at the time they request an application for housing assistance. KHA will also include information about VAWA in all notices of denial of assistance [KHA Plan: 3-III.F].*
  - *KHA will provide all participants with information about VAWA at the time of admission* [*KHA Plan: 5-I.A.*] *and at annual reexamination. KHA will also include information about VAWA in notices of termination of assistance, as provided in [KHA Plan:12-II.D.].*
  - *The VAWA information provided to applicants and participants will consist of the notice in* [*KHA Plan: Exhibit 16-1*] *and a copy of form HUD-50066, Certification of Domestic Violence, Dating Violence, Sexual Assault, and Stalking*.

Notification to Owners and Managers

[*24 CFR 5.2005(a)(2)*]

PHAs are required to notify owners and managers participating in the HCV program of their rights and obligations under VAWA.

➢ ***KHA Policy***: *KHA will provide owners and managers with information about their rights and obligations under VAWA when they begin their participation in the HCV program and at least annually thereafter*.

16-IX.C. DOCUMENTATION

[*24 CFR 5.2007*]

A PHA presented with a claim for initial or continued assistance based on status as a victim of domestic violence, dating violence, sexual assault, stalking, or criminal activity related to

any of these forms of abuse may—but is not required to—request that the individual making the claim document the abuse. Any request for documentation must be in writing, and the individual must be allowed at least 14 business days after receipt of the request to submit the documentation. *KHA* may extend this time period at its discretion. [*24 CFR 5.2007(a)*].

The individual may satisfy *KHA*'s request by providing any **one** of the following **three** forms of documentation [*24 CFR 5.2007(b)*]:

1. A completed and signed HUD-approved certification form (*HUD-50066, Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking*), which must include the name of the perpetrator only if the name of the perpetrator is safe to provide and is known to the victim; or
2. A federal, state, tribal, territorial, or local police report or court record; or
3. Documentation signed by a person who has assisted the victim in addressing domestic violence, dating violence, sexual assault or stalking, or the effects of such abuse. This person may be an employee, agent, or volunteer of a victim service provider; an attorney; or a medical professional. Acceptable documentation also includes a record of an administrative agency, and documentation from a mental health professional. The person signing the documentation must attest under penalty of perjury to the person's belief that the incidents in question are bona fide incidents of abuse. The victim must also sign the documentation.

KHA may not require third-party documentation (forms 2 and 3) in addition to certification described in [*KHA Plan: 16-IX.C. (form 1)*], except as specified below under "*Conflicting Documentation*," nor may *KHA* require certification in addition to third-party documentation [*VAWA Final Rule*].

- ***KHA Policy***: *Any request for documentation of domestic violence, dating violence, sexual assault or stalking will specify a deadline of 14 business days following receipt of the request, will describe the three forms of acceptable documentation, will provide explicit instructions on where and to whom the documentation must be submitted, and will state the consequences for failure to submit the documentation or request an extension in writing by the deadline. KHA may, in its discretion, extend the deadline for an additional 10 business days. Any extension granted by KHA will be in writing*.

Conflicting Documentation

[24 CFR 5.2007(e)]

In cases where *KHA* receives conflicting certification documents from two or more members of a household, each claiming to be a victim and naming one or more of the other petitioning household members as the perpetrator, *KHA* may determine which is the true victim by requiring each to provide acceptable third-party documentation, described in [*KHA Plan: 16-IX.C. (forms 2 and 3)*]. *KHA* must honor any court orders issued to protect the victim or to address the distribution of property.

- ***KHA Policy***: *If presented with conflicting certification documents (two or more forms HUD-50066) from members of the same household, KHA will attempt to determine which is the true victim by requiring each of them to provide third-party documentation in accordance with [24 CFR 5.2007(b)(2) or (3)] and by following any HUD guidance on how such determinations should be made*.

Discretion to Require No Formal Documentation

[*24 CFR 5.2007(d)*]
KHA has the discretion to provide benefits to an individual based solely on the individual's statement or other corroborating evidence—i.e., without requiring formal documentation of abuse in accordance with [*24 CFR 5.2007(b)*].

- ***KHA Policy***: *If KHA accepts an individual's statement or other corroborating evidence of domestic violence, dating violence, sexual assault or stalking, KHA will document acceptance of the statement or evidence in the individual's file*.

Failure to Provide Documentation

[*24 CFR 5.2007(c)*]
In order to deny relief for protection under VAWA, a *KHA* must provide the individual requesting relief with a written request for documentation of abuse. If the individual fails to provide the documentation within 14 business days from the date of receipt, or such longer time as *KHA* may allow, *KHA* may deny relief for protection under VAWA.

16-IX.D. CONFIDENTIALITY

[*24 CFR 5.2007(b)(4)*]
All information provided to *KHA* regarding domestic violence, dating violence, sexual assault, or stalking, including the fact that an individual is a victim of such violence or stalking, must be retained in confidence. This means that *KHA* (1) may not enter the information into any shared database, (2) may not allow employees or others to access the information unless they are explicitly authorized to do so and have a need to know the information for purposes of their work, and (3) may not provide the information to any other entity or individual, except to the extent that the disclosure is (a) requested or consented to by the individual in writing, (b) required for use in an eviction proceeding, or (c) otherwise required by applicable law.

- ***KHA Policy***: *If disclosure is required for use in an eviction proceeding or is otherwise required by applicable law, KHA will inform the victim before disclosure occurs so that safety risks can be identified and addressed*.

16-IX.E. VAWA PROTECTIONS

KHA provides the following protections for victims who are HCV applicants or participants:

- *KHA* may not deny admission to the HCV program if a victim of domestic violence, dating violence, sexual assault or stalking can show that the reason for the denial is connected to domestic violence, dating violence, sexual assault or stalking.

- *KHA* may not terminate a participant because they are a victim or threatened victim of domestic violence, dating violence, sexual assault or stalking.
- If a domestic violence victim leaves the unit because of domestic violence, dating violence, sexual assault or stalking, *KHA* will not consider him or her in violation of the lease or HCV program requirements.
- *KHA* can 'separate' the family by terminating the abuser from the HCV program while protecting the victim and other household members. The abuser will NOT be issued a separate voucher.
- *KHA* may provide an emergency termination of the HAP Contract and issue the participant expedited moving papers as part of an emergency transfer.

16-IX.F. VAWA EMERGENCY TRANSFERS

KHA will authorize an emergency transfer from a unit if:

- Documentation required to verify initial determination of status under VAWA has been received and is a part of the participant file;
- A written request for an emergency transfer has been received and is in the form required by *KHA*'s, "*VAWA Emergency Transfer Plan"*; and
- Evidence of notice to the landlord of the emergency move (if the move has just occurred), or *need* for an emergency move - even if currently under a written lease.

16-IX.G. LIMITATIONS OF VAWA PROTECTIONS

Because of the limitations under the VAWA protections:

- *KHA* has the authority to terminate any participant, including the victim, if it can demonstrate a threat to other tenants or to *KHA* staff.
- *KHA* can terminate a participant for any violation of the program or the lease that was not based on domestic violence, dating violence, sexual assault or stalking.

EXHIBITS 16-1: SAMPLE NOTICE TO HOUSING CHOICE VOUCHER APPLICANTS AND TENANTS REGARDING THE VIOLENCE AGAINST WOMEN ACT (VAWA)

This sample notice was adapted from a notice prepared by the National Housing Law Project.

A federal law that went into effect in 2013 protects individuals who are victims of domestic violence, dating violence, sexual assault, or stalking. The name of the law is the Violence against Women Act, or "VAWA." This notice explains your rights under VAWA.

Protections for Victims. If you are eligible for a Section 8 voucher, the housing authority cannot deny you rental assistance solely because you are a victim of domestic violence, dating violence, sexual assault, or stalking.

If you are the victim of domestic violence, dating violence, sexual assault, or stalking, you cannot be terminated from the Section 8 program or evicted based on acts or threats of violence committed against you. Also, criminal acts directly related to the domestic violence, dating violence, sexual assault, or stalking that are caused by a member of your household or a guest can't be the reason for evicting you or terminating your rental assistance if you were the victim of the abuse.

Reasons You Can Be Evicted. You can be evicted and your rental assistance can be terminated if the housing authority or your landlord can show there is an actual and imminent (immediate) threat to other tenants or employees at the property if you remain in your housing. Also, you can be evicted and your rental assistance can be terminated for serious or repeated lease violations that are not related to the domestic violence, dating violence, sexual assault, or stalking committed against you. The housing authority and your landlord cannot hold you to a more demanding set of rules than it applies to tenants who are not victims.

Removing the Abuser from the Household. Your landlord may split the lease to evict a tenant who has committed criminal acts of violence against family members or others, while allowing the victim and other household members to stay in the assisted unit. Also, the housing authority can terminate the abuser's Section 8 rental assistance while allowing you to continue to receive assistance. If the landlord or housing authority chooses to remove the abuser, it may not take away the remaining tenants' rights to the unit or otherwise punish the remaining tenants. In removing the abuser from the household, your landlord must follow federal, state, and local eviction procedures.

Moving to Protect Your Safety. The housing authority may permit you to move and still keep your rental assistance, even if your current lease has not yet expired. The housing authority may require that you be current on your rent or other obligations in the housing choice voucher program. The housing authority may ask you to provide proof that you are moving because of incidences of abuse.

Proving That You Are a Victim of Domestic Violence, Dating Violence, Sexual Assault, or Stalking. The housing authority and your landlord can ask you to prove or "certify" that you are a victim of domestic violence, dating violence, sexual assault, or stalking. The housing authority or your landlord must give you at least 14 business days (i.e., Saturdays, Sundays, and holidays do not count) to provide this proof. The housing authority and your landlord are free to extend the deadline. There are three ways you can prove that you are a victim:

- Complete the certification form given to you by the housing authority or your landlord. The form will ask for your name, the name of your abuser, the abuser's relationship to you, the date, time, and location of the incident of violence, and a description of the violence. You are only required to provide the name of the abuser if it is safe to provide and you know their name; or
- Provide a statement from a victim service provider, attorney, or medical professional who has helped you address incidents of domestic violence, dating violence, sexual assault, or stalking. The professional must state that he or she believes that the incidents of abuse are real. Both you and the professional must sign the statement, and both of you must state that you are signing "under penalty of perjury"; or
- Provide a police or court record, such as a protective order.

If you fail to provide one of these documents within the required time, the landlord may evict you, and the housing authority may terminate your rental assistance.

Confidentiality. The housing authority and your landlord must keep confidential any information you provide about the violence against you, unless:

- You give written permission to the housing authority or your landlord to release the information;
- Your landlord needs to use the information in an eviction proceeding, such as to evict your abuser; or
- A law requires the housing authority or your landlord to release the information.

If release of the information would put your safety at risk, you should inform the housing authority and your landlord.

VAWA and Other Laws. VAWA does not limit the housing authority's or your landlord's duty to honor court orders about access to or control of the property. This includes orders issued to protect a victim and orders dividing property among household members in cases where a family breaks up.

VAWA does not replace any federal, state, or local law that provides greater protection for victims of domestic violence, dating violence, sexual assault, or stalking.

For Additional Information. If you have any questions regarding VAWA, please contact

_____ at _____.

For help and advice on escaping an abusive relationship, call the *National Domestic Violence Hotline* at 1-800-799-SAFE (7233) or 1-800-787-3224 (TTY).

Definitions. For purposes of determining whether a tenant may be covered by VAWA, the following list of definitions applies:

VAWA defines *domestic violence* to include felony or misdemeanor crimes of violence committed by any of the following:

- A current or former spouse of the victim;
- A person with whom the victim shares a child in common;
- A person who is cohabitating with or has cohabitated with the victim as a spouse;
- A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies; or
- Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

VAWA defines *dating violence* as violence committed by a person (1) who is or has been in a social relationship of a romantic or intimate nature with the victim AND (2) where the existence of such a relationship shall be determined based on a consideration of the following factors:

- The length of the relationship;
- The type of relationship; and
- The frequency of interaction between the persons involved in the relationship

VAWA defines *sexual assault* as "any nonconsensual sexual act proscribed by Federal, tribal, or State law, including when the victim lacks capacity to consent" [*42 U.S.C. 13925(a)*].

VAWA defines *stalking* as (A)(i) to follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate another person OR (ii) to place under surveillance with the intent to kill, injure, harass, or intimidate another person AND (B) in the course of, or as a result of, such following, pursuit, surveillance, or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to (i) that person, (ii) a member of the immediate family of that person, or (iii) the spouse or intimate partner of that person.

EXHIBIT 16-2: SAMPLE NOTICE TO HOUSING CHOICE VOUCHER OWNERS AND MANAGERS REGARDING THE VIOLENCE AGAINST WOMEN ACT (VAWA)

This sample notice was adapted from a notice prepared by the National Housing Law Project.

A federal law that went into effect in 2013 protects individuals who are victims of domestic violence, dating violence, sexual assault, and stalking. The name of the law is the Violence against Women Act, or "VAWA." This notice explains your obligations under VAWA.

Protections for Victims. You cannot refuse to rent to an applicant solely because he or she is a victim of domestic violence, dating violence, sexual assault, or stalking.

You cannot evict a tenant who is the victim of domestic violence, dating violence, sexual assault, or stalking based on acts or threats of violence committed against the victim. Also, criminal acts directly related to the domestic violence, dating violence, sexual assault, or stalking that are caused by a household member or guest cannot be cause for evicting the victim of the abuse.

Permissible Evictions. You can evict a victim of domestic violence, dating violence, sexual assault, or stalking if you can demonstrate that there is an actual and imminent (immediate) threat to other tenants or employees at the property if the victim is not evicted. Also, you may evict a victim for serious or repeated lease violations that are not related to the domestic violence, sexual assault, dating violence, or stalking. You cannot hold a victim of domestic violence, dating violence, sexual assault, or stalking to a more demanding standard than you hold tenants who are not victims.

Removing the Abuser from the Household. You may bifurcate (split) the lease to evict a tenant who has committed criminal acts of violence against family members or others, while allowing the victim and other household members to stay in the unit. If you choose to remove the abuser, you may not take away the remaining tenants' rights to the unit or otherwise punish the remaining tenants. In removing the abuser from the household, you must follow federal, state, and local eviction procedures.

Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking. If a tenant asserts VAWA's protections, you can ask the tenant to certify that he or she is a victim of domestic violence, dating violence, sexual assault, or stalking. You are not required to demand official documentation and may rely upon the victim's statement alone. If you choose to request certification, you must do so in writing and give the tenant at least 14 business days to provide documentation. You are free to extend this deadline.

A tenant can certify that he or she is a victim by providing any one of the following three documents:

- A completed, signed HUD-approved certification form. The most recent form is HUD- 50066. This form is available at the housing authority or online at http://www.hud.gov/offices/adm/hudclips/forms/hud5.cfm.
- A statement from a victim service provider, attorney, or medical professional who has helped the victim address incidents of domestic violence, dating violence, sexual assault, or stalking. The professional must state that he or she believes that the incidents of abuse are

real. Both the victim and the professional must sign the statement under penalty of perjury: or
- A police or court record, such as a protective order.

If the tenant fails to provide one of these documents within 14 business days, you may evict the tenant if authorized by otherwise applicable law and lease provisions.

Confidentiality. You must keep confidential any information a tenant provides to certify that he or she is a victim of domestic violence, dating violence, sexual assault, or stalking. You cannot enter the information into a shared database or reveal it to outside entities unless:
- The tenant provides written permission releasing the information.
- The information is required for use in an eviction proceeding, such as to evict the abuser.
- Release of the information is otherwise required by law.

The victim should inform you if the release of the information would put his or her safety at risk.

VAWA and Other Laws. VAWA does not limit your obligation to honor court orders regarding access to or control of the property. This includes orders issued to protect the victim and orders dividing property among household members in cases where a family breaks up.

VAWA does not replace any federal, state, or local law that provides greater protection for victims of domestic violence, dating violence, sexual assault, or stalking.

Additional Information
- If you have any questions regarding VAWA, please contact

_____.
- HUD Notice PIH 2006-42 contains detailed information regarding VAWA's certification requirements. The notice is available at http://www.hud.gov/offices/adm/hudclips/notices/pih/06pihnotices.cfm.
- For a discussion of VAWA's housing provisions, see the preamble to the final VAWA rule, which is available at http://www.gpo.gov/fdsys/pkg/FR-2010-10-27/pdf/2010-26914.pdf.

Definitions
For purposes of determining whether a tenant may be covered by VAWA, the following list of definitions applies:

VAWA defines *domestic violence* to include felony or misdemeanor crimes of violence committed by any of the following:
- A current or former spouse of the victim;
- A person with whom the victim shares a child in common;
- A person who is cohabitating with or has cohabitated with the victim as a spouse;

- A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies; or
- Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction

VAWA defines *dating violence* as violence committed by a person (1) who is or has been in a social relationship of a romantic or intimate nature with the victim AND (2) where the existence of such a relationship shall be determined based on a consideration of the following factors:

- The length of the relationship;
- The type of relationship; and
- The frequency of interaction between the persons involved in the relationship.

VAWA defines *sexual assault* as "any nonconsensual sexual act proscribed by federal, tribal, or state law, including when the victim lacks capacity to consent" [*42 U.S.C. 13925(a)*].

VAWA defines *stalking* as (A)(i) to follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate another person OR (ii) to place under surveillance with the intent to kill, injure, harass, or intimidate another person AND (B) in the course of, or as a result of, such following, pursuit, surveillance, or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to (i) that person, (ii) a member of the immediate family of that person, or (iii) the spouse or intimate partner of that person.

CHAPTER 17 : PROJECT-BASED VOUCHER ASSISTANCE

Introduction

This chapter describes HUD regulations and *KHA* policies related to the Project-based voucher (PBV) program in nine parts:

Part I: General Requirements. This part describes general provisions of the PBV program including maximum budget authority requirements, relocation requirements, and equal opportunity requirements.

Part II: PBV Owner Proposals. This part includes policies related to the submission and selection of owner proposals for PBV assistance. It describes the factors *KHA* will consider when selecting proposals, the type of housing that is eligible to receive PBV assistance, the cap on assistance at projects receiving PBV assistance, subsidy layering requirements, site selection standards, and environmental review requirements.

Part III: Dwelling Units. This part describes requirements related to housing quality standards, the type and frequency of inspections, and housing accessibility for persons with disabilities.

Part IV: Rehabilitated and Newly Constructed Units. This part describes requirements and policies related to the development and completion of rehabilitated and newly constructed housing units that will be receiving PBV assistance.

Part V: Housing Assistance Payments Contract. This part discusses HAP Contract requirements and policies including the execution, term, and termination of the HAP Contract. In addition, it describes how the HAP Contract may be amended and identifies provisions that may be added to the HAP Contract at *KHA*'s discretion.

Part VI: Selection of PBV Program Participants. This part describes the requirements and policies governing how *KHA* and the owner will select a family to receive PBV assistance.

Part VII: Occupancy. This part discusses occupancy requirements related to the lease, and describes under what conditions families are allowed or required to move. In addition, exceptions to the occupancy cap (which limits PBV assistance to 25 percent of the units in any project) are also discussed.

Part VIII: Determining Rent to Owner. This part describes how the initial rent to owner is determined, and how rent will be redetermined throughout the life of the HAP Contract. Rent reasonableness requirements are also discussed.

Part IX: Payments to Owner. This part describes the types of payments owners may receive under this program.

PART I: GENERAL REQUIREMENTS

Overview

[*24 CFR 983.5*]
The Project-based Voucher (PBV) program allows PHAs that already administer a tenant-based voucher program under an *Annual Contributions Contract* (ACC) with HUD to take up to 20 percent of its authorized number of vouchers, plus an additional 10 percent of its' vouchers to assist certain types of households (formerly homeless people, Veterans, persons with disabilities, or elderly persons) or in an area where vouchers are difficult to use. PBVs attached to certain types of previously federally assisted or rent-restricted units are exempt from these limitations. PHAs may only operate a PBV program if doing so is consistent with the PHA's Annual Plan, and the goal of deconcentrating poverty and expanding housing and economic opportunities [*42 U.S.C. 1437f(o)(13)*].

- ***KHA Policy***: *KHA will operate a Project-based voucher program using up to 20 percent of its budget authority for project-based assistance*.

PBV assistance may be attached to existing housing or newly constructed or rehabilitated housing [*24 CFR 983.52*]. If PBV units are already selected for project-based assistance either under an *Agreement to enter into HAP Contract* (AHAP) or a HAP Contract, *KHA* is not required to reduce the number of these units if the amount of budget authority is subsequently reduced. However, *KHA* is responsible for determining the amount of budget authority that is available for project-based vouchers and ensuring that the amount of assistance that is attached to units is within the amounts available under the ACC [*24 CFR 983.6*].

17-I.A. TENANT-BASED VS. PROJECT-BASED VOUCHER ASSISTANCE

[*24 CFR 983.2*]
Much of the tenant-based voucher program regulations also apply to the PBV program. Consequently, many of *KHA* policies related to tenant-based assistance also apply to PBV assistance. The provisions of the tenant-based voucher regulations that do not apply to the PBV program are listed at [*24 CFR 983.2*].

- ***KHA Policy****: Except as otherwise noted in this chapter, or unless specifically prohibited by PBV program regulations, KHA policies for the tenant-based voucher program contained in this Plan also apply to the PBV program and its participants*.

17-I.B. RELOCATION REQUIREMENTS

[*24 CFR 983.7*]

Any persons displaced as a result of implementation of the PBV program must be provided relocation assistance in accordance with the requirements of the *Uniform Relocation Assistance and Real Property Acquisition Policies Act* of 1970 (URA)[*42 U.S.C. 4201-4655*] and implementing regulations at [*49 CFR 24*].

The cost of required relocation assistance may be paid with funds provided by the owner, local public funds, or funds available from other sources. PHAs may not use voucher program funds to cover relocation costs, except that PHAs may use their administrative fee reserve to pay for relocation expenses after all other program administrative expenses are satisfied, and provided that payment of the relocation benefits is consistent with state and local law. Use of the administrative fee for these purposes must also be consistent with other legal and regulatory requirements, including the requirement in [*24 CFR 982.155*] and other official HUD issuances.

The acquisition of real property for a PBV project is subject to the *URA* and [*49 CFR Part 24, subpart B*]. It is the responsibility of *KHA* to ensure the owner complies with these requirements.

17-I.C. EQUAL OPPORTUNITY REQUIREMENTS

[*24 CFR 983.8*]
KHA must comply with all equal opportunity requirements under federal law and regulations in its implementation of the PBV program. This includes the requirements and authorities cited at [*24 CFR 5.105(a)*]. In addition, *KHA* must comply with *KHA* Plan certification on civil rights and affirmatively furthering fair housing, submitted in accordance with [*24 CFR 903.7(o)*].

PART II: PBV OWNER PROPOSALS

Overview

KHA must describe the procedures for owner submission of PBV proposals and for *KHA* selection of PBV proposals [*24 CFR 983.51*]. Before selecting a PBV proposal, *KHA* must determine that the PBV proposal complies with HUD program regulations and requirements, including a determination that the property is eligible housing [*24 CFR 983.53*] *and* [*24 CFR 983.54*], complies with the cap on the number of PBV units per project [*24 CFR 983.56*], and meets the site selection standards [*24 CFR 983.57*]. *KHA* may not commit PBV's until or unless it has followed the proposal selection requirements defined in [*24 CFR 983.51*]; [*Notice PIH 2011-54*]

17-II.A. OWNER PROPOSAL SELECTION PROCEDURES

[*24 CFR 983.51*]

KHA must select PBV proposals in accordance with the selection procedures in the *KHA* Plan. *KHA* must select PBV proposals by either of the following two methods.

- *KHA request for PBV Proposals*. *KHA* may solicit proposals by using a request for proposals to select proposals on a competitive basis in response to *KHA* request. *KHA* may not limit proposals to a single site or impose restrictions that explicitly or practically preclude owner submission of proposals for PBV housing on different sites.
- *KHA may select proposal that were previously selected based on a competition*. This may include selection of a proposal for housing assisted under a federal, state, or local government housing assistance program that was subject to a competition in accordance with the requirements of the applicable program, community development program, or supportive services program that requires competitive selection of proposals (e.g., HOME, and units for which competitively awarded LIHTCs have been provided), where the proposal has been selected in accordance with such program's competitive selection requirements within three years of the PBV proposal selection date, and the earlier competitive selection proposal did not involve any consideration that the project would receive PBV assistance. *KHA* need not conduct another competition.

Solicitation and Selection of PBV Proposals

[*24 CFR 983.51(b) and (c)*]

KHA procedures for selecting PBV proposals must be designed and actually operated to provide broad public notice of the opportunity to offer PBV proposals for consideration by *KHA*. The public notice procedures may include publication of the public notice in a local newspaper of general circulation and other means designed and actually operated to provide broad public notice. The public notice of *KHA* request for PBV proposals must specify the submission deadline. Detailed application and selection information must be provided at the request of interested parties.

➢ ***KHA Policy***:

Request for Proposals for Rehabilitated and Newly Constructed Units.

KHA will advertise its request for proposals (RFP) for rehabilitated and newly constructed housing in the Daily Herald, The Naperville Sun and/or the Tribune. In addition, KHA will post the RFP and proposal submission and rating and ranking procedures on its electronic web site.

KHA will publish its advertisement in the newspapers mentioned above for at least one day per week for three consecutive weeks. The advertisement will specify the number of units KHA estimates that it will be able to assist under the funding KHA is making available. Proposals will be due in KHA office by close of business 30 calendar days from the date of the last publication.

In order for the proposal to be considered, the owner must submit the proposal to KHA by the published deadline date and time, and the proposal must respond to all requirements as outlined in the RFP. Incomplete proposals will not be reviewed.

KHA will rate and rank proposals for rehabilitated and newly constructed housing using the following criteria:

- *Owner experience and capability to build or rehabilitate housing as identified in the RFP;*
- *Extent to which the project furthers KHA goal of deconcentrating poverty and expanding housing and economic opportunities;*
- *If applicable, the extent to which services for special populations are provided on site or in the immediate area for occupants of the property; and*
- *Projects with less than 25 percent of the units assisted will be rated higher than projects with 25 percent of the units assisted. In the case of projects for occupancy by the elderly, persons with disabilities or families needing other services, KHA will rate partially assisted projects on the percent of units assisted. Projects with the lowest percent of assisted units will receive the highest score.*

Requests for Proposals for Existing Housing Units

KHA will advertise its request for proposals (RFP) for existing housing units electronically on the KHA website, in the Daily Herald, The Naperville Sun and/or the Tribune.

In addition, KHA will post the notice inviting such proposal submission and the rating and ranking procedures on its electronic web site.

- *KHA will periodically publish its advertisement in the newspapers mentioned above for at least one day per week for three consecutive weeks. The advertisement will specify the number of units KHA estimates that it will be able to assist under the funding KHA is making available. Owner proposals will be accepted on a first-come first-served basis and will be evaluated using the following criteria:*
- *Experience as an owner in the tenant-based voucher program and owner compliance with the owner's obligations under the tenant-based program;*
- *Extent to which the project furthers KHA goal of deconcentrating poverty and expanding housing and economic opportunities;*
- *If applicable, extent to which services for special populations are provided on site or in the immediate area for occupants of the property; and*
- *Extent to which units are occupied by families that are eligible to participate in the PBV program.*

Selection of Proposal Subject to Previous Competition Under Federal, State, or Local Housing Assistance Program

KHA will accept proposals for PBV assistance from owners that were competitively selected under another federal, state or local housing assistance program, including projects that were competitively awarded Low-Income Housing Tax Credits on an ongoing basis.

KHA may periodically advertise that it is accepting proposals electronically on KHA's website, in the Daily Herald, The Naperville Sun and/or the Tribune.

In addition to, or in place of advertising, KHA may also directly contact specific owners that have already been selected for Federal, state, or local housing assistance based on a previously held competition, to inform them of available PBV assistance.

Proposals will be reviewed on a first-come first-served basis. KHA will evaluate each proposal on its merits using the following factors:

- *Extent to which the project furthers KHA goal of deconcentrating poverty and expanding housing and economic opportunities; and*
- *Extent to which the proposal complements other local activities such as the redevelopment of a public housing site under the HOPE VI program, the HOME program, CDBG activities, other development activities in a HUD-designated Enterprise Zone, Economic Community, or Renewal Community*.

KHA-owned Units

[*24 CFR 983.51(e)*] *and* [*24 CFR 983.59*]

A *KHA*-owned unit may be assisted under the PBV program only if the HUD field office or HUD-approved independent entity reviews the selection process and determines that *KHA*-owned units were appropriately selected based on the selection procedures specified in *KHA* Plan. If *KHA* selects a proposal for housing that is owned or controlled by *KHA*, *KHA* must identify the entity that will review *KHA* proposal selection process and perform specific functions with respect to rent determinations and inspections.

In the case of *KHA*-owned units, the initial contract rent must be approved by an independent entity. In addition, housing quality standards inspections must be conducted by an independent entity.

The independent entity that performs these program services may be the unit of general local government for *KHA* jurisdiction (unless *KHA* is itself the unit of general local government or an agency of such government) or another HUD-approved public or private independent entity.

➢ ***KHA Policy***: *KHA may submit a proposal for project-based housing that is owned or controlled by KHA. If the proposal for KHA-owned housing is selected, KHA will use an independent entity to review KHA selection and to administer the PBV program. KHA will obtain HUD approval of the independent entity prior to selecting the proposal for KHA-owned housing*.

KHA may only compensate the independent entity from *KHA* ongoing administrative fee income (including amounts credited to the administrative fee reserve). *KHA* may not use other program receipts to compensate the independent entity for its services. *KHA* and independent entity may not charge the family any fee for the appraisal or the services provided by the independent entity.

KHA Notice of Owner Selection

[*24 CFR 983.51(d)*]

KHA must give prompt written notice to the party that submitted a selected proposal and must also give prompt public notice of such selection. Public notice procedures may include publication of public notice in a local newspaper of general circulation and other means designed and actually operated to provide broad public notice.

- ***KHA Policy***: *Usually within 10 business days of KHA making the selection, KHA will notify the selected owner in writing of the owner's selection for the PBV program. KHA will also notify in writing all owners that submitted proposals that were not selected and advise such owners of the name of the selected owner.*

  In addition, KHA will publish its notice for selection of PBV proposals for two consecutive days in the same newspapers KHA used to solicit the proposals. The announcement will include the name of the owner that was selected for the PBV program. KHA will also post the notice of owner selection on its electronic web site.

  KHA will make available to any interested party its rating and ranking sheets and documents that identify KHA basis for selecting the proposal. These documents will be available for review by the public and other interested parties for one month after publication of the notice of owner selection. KHA will not make available sensitive owner information that is privileged, such as financial statements and similar information about the owner.

  KHA will make these documents available for review at KHA during normal business hours. KHA may charge $0.25 per page for the reproduction of allowable documents.

17-II.B. HOUSING TYPE

[*24 CFR 983.52*]
KHA may attach PBV assistance for units in existing housing or for newly constructed or rehabilitated housing developed under and in accordance with an AHAP contract that was executed prior to the start of construction. A housing unit is considered an existing unit for purposes of the PBV program, if, at the time of notice of *KHA* selection, the units substantially comply with HQS. Units for which new construction or rehabilitation began after the owner's proposal submission but prior to the execution of the HAP do not subsequently qualify as existing housing. Units that were newly constructed or rehabilitated in violation of program requirements also do not qualify as existing housing.

KHA must decide what housing type, new construction, rehabilitation, or existing housing, will be used to develop project-based housing. *KHA* choice of housing type must be reflected in its solicitation for proposals.

17-II.C. PROHIBITION OF ASSISTANCE FOR CERTAIN UNITS

Ineligible Housing Types

[*24 CFR 983.53*]

KHA may not attach or pay PBV assistance to shared housing units; units on the grounds of a penal reformatory, medical, mental, or similar public or private institution; nursing homes or facilities providing continuous psychiatric, medical, nursing services, board and care, or intermediate care (except that assistance may be provided in assisted living facilities); units that are owned or controlled by an educational institution or its affiliate and are designated for occupancy by students; manufactured homes; and transitional housing. In addition, *KHA* may not attach or pay PBV assistance for a unit occupied by an owner and *KHA* may not select or enter into an AHAP or HAP Contract for a unit occupied by a family ineligible for participation in the PBV program. A member of a cooperative who owns shares in the project assisted under the PBV program is not considered an owner for purposes of participation in the PBV program. Finally, PBV assistance may not be attached to units for which construction or rehabilitation has started after the proposal submission and prior to the execution of an AHAP.

Subsidized Housing

[*24 CFR 983.54*]

A PHA may not attach or pay PBV assistance to units in any of the following types of subsidized housing:

- A public housing unit;
- A unit subsidized with any other form of Section 8 assistance;
- A unit subsidized with any governmental rent subsidy;
- A unit subsidized with any governmental subsidy that covers all or any part of the operating costs of the housing;
- A unit subsidized with *Section 236* rental assistance payments (except that *KHA* may attach assistance to a unit subsidized with *Section 236 interest reduction payments*);
- A *Section 202 project* for non-elderly with disabilities;
- *Section 811 project-based supportive housing* for persons with disabilities;
- *Section 202 supportive housing* for the elderly;
- A *Section 101 rent supplement project*;
- A unit subsidized with any form of tenant-based rental assistance;
- A unit with any other duplicative federal, state, or local housing subsidy, as determined by HUD or *KHA* in accordance with HUD requirements.

17-II.D. SUBSIDY LAYERING REQUIREMENTS

[*24 CFR 983.55*];[*Federal Register Notice 11/24/08*];[*Federal Register Notice 7/9/10*] *and* [*Federal Register Notice 6/25/14*]

KHA may provide PBV assistance only in accordance with HUD subsidy layering regulations [*24 CFR 4.13*] and other requirements.

The subsidy layering review is intended to prevent excessive public assistance by combining (layering) housing assistance payment subsidy under the PBV program with other governmental housing assistance from federal, state, or local agencies, including assistance such as tax concessions or tax credits.

Subsidy layering requirements do not apply to existing housing. A further subsidy layering review is not required for new construction or rehabilitation if HUD's designee has conducted a review that included a review of PBV assistance in accordance with the PBV subsidy layering guidelines.

KHA must submit the necessary documentation to HUD for a subsidy layering review. Except in cases noted above *KHA* may not enter into an AHAP or a HAP Contract until HUD or a HUD-approved housing credit agency (HCA), has conducted any required subsidy layering review and determined that the PBV assistance is in accordance with HUD subsidy layering requirements. However, in order to satisfy applicable requirements, HCAs must conduct subsidy layering reviews in compliance with the guidelines set forth in the [*Federal Register Notice, July 9, 2010*].

The HAP Contract must contain the owner's certification that the project has not received and will not receive (before or during the term of the HAP Contract) any public assistance for acquisition, development, or operation of the housing other than assistance disclosed in the subsidy layering review in accordance with HUD requirements.

17-II.E. CAP ON NUMBER OF PBV UNITS IN EACH PROJECT

25 Percent per Project Cap

[*24 CFR 983.56*]
In general, *KHA* may not select a proposal to provide PBV assistance for units in a project or enter into an AHAP or a HAP Contract to provide PBV assistance for units in a project, if the total number of dwelling units in the project that will receive PBV assistance during the term of the PBV HAP Contract is more than 25 percent of the number of dwelling units (assisted or unassisted) in the project.

Exceptions to 25 Percent per Project Cap

[*24 CFR 983.56(b)*]
Exceptions are allowed and PBV units are not counted against the 25 percent per project cap if:

- The units are in a single-family building (one to four units);
- The units are excepted units in a multifamily project because they are specifically made available for elderly and/or disabled families or families receiving supportive services (also known as qualifying families).

KHA must include in the *KHA Plan* the type of services offered to families for a project to qualify for the exception and the extent to which such services will be provided. It is not necessary that the services be provided at or by the project, if they are approved services. To qualify, a family must have at least one member receiving at least one qualifying supportive service. *KHA* may not require participation in medical or disability-related services other than drug and alcohol treatment in the case of current abusers as a condition of living in an excepted unit, although such services may be offered.

If a family at the time of initial tenancy is receiving, and while the resident of an excepted unit has received, FSS supportive services or any other supportive services as defined in *KHA*'s Plan, and successfully completes the FSS Contract of participation or the supportive services requirement, the unit continues to count as an excepted unit for as long as the family resides in the unit.

KHA must monitor the excepted family's continued receipt of supportive services and take appropriate action regarding those families that fail without good cause to complete their supportive services requirement. *KHA*'s Plan must state the form and frequency of such monitoring.

- ***KHA Policy***: *KHA will not require families living in excepted units to receive supportive services. Therefore, excepted units will be limited to units in single-family buildings and those made available for elderly or disabled families*.

Promoting Partially-Assisted Projects

[*24 CFR 983.56(c)*]
A PHA may establish local requirements designed to promote PBV assistance in partially assisted projects. A partially assisted project is a project in which there are fewer units covered by a HAP Contract than residential units [*24 CFR 983.3*].

A PHA may establish a per-project cap on the number of units that will receive PBV assistance or other project-based assistance in a multifamily project containing excepted units or in a single-family project. A PHA may also determine not to provide PBV assistance for excepted units, or the PHA may establish a per-project cap of less than 25 percent.

- ***KHA Policy***: *KHA will not impose any further cap on the number of PBV units assisted per project*.

17-II.F. SITE SELECTION STANDARDS

Compliance with PBV Goals, Civil Rights Requirements, and HQS Site Standards

[*24 CFR 983.57(b)*]
KHA may not select a proposal for existing, newly constructed, or rehabilitated PBV housing on a site or enter into an AHAP or HAP Contract for units on the site, unless *KHA* has determined that PBV assistance for housing at the selected site is consistent with the goal of deconcentrating poverty and expanding housing and economic opportunities. The standard for deconcentrating poverty and expanding housing and economic opportunities must be consistent with the Plan under [*24 CFR 903*] and the *KHA Plan*.

In addition, prior to selecting a proposal, *KHA* must determine that the site is suitable from the standpoint of facilitating and furthering full compliance with the applicable Civil Rights Laws, regulations, and Executive Orders, and that the site meets the HQS site and neighborhood standards at [*24 CFR 982.401(l)*].

- ***KHA Policy***: *It is KHA goal to select sites for PBV housing that provide for deconcentrating poverty and expanding housing and economic opportunities. In complying with this goal, KHA will limit approval of sites for PBV housing in census tracts that have poverty concentrations of 20 percent or less.*

  However, KHA will grant exceptions to the 20 percent standard where KHA determines that the PBV assistance will complement other local redevelopment activities designed to deconcentrate poverty and expand housing and economic opportunities in census tracts with poverty concentrations greater than 20 percent, such as sites in:
  - *A census tract in which the proposed PBV development will be located in a HUD-designated Enterprise Zone, Economic Community, or Renewal Community;*
  - *A census tract where the concentration of assisted units will be or has decreased as a result of public housing demolition and HOPE VI redevelopment;*
  - *A census tract in which the proposed PBV development will be located is undergoing significant revitalization as a result of state, local, or federal dollars invested in the area;*
  - *A census tract where new market rate units are being developed where such market rate units will positively impact the poverty rate in the area;*
  - *A census tract where there has been an overall decline in the poverty rate within the past five years; or*
  - *A census tract where there are meaningful opportunities for educational and economic advancement*.

Existing and Rehabilitated Housing Site and Neighborhood Standards

[*24 CFR 983.57(d)*]

KHA may not enter into an AHAP or HAP Contract for existing or rehabilitated housing until it has determined that the site complies with the HUD required site and neighborhood standards. The site must:

- Be adequate in size, exposure, and contour to accommodate the number and type of units proposed;
- Have adequate utilities and streets available to service the site;
- Promote a greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons;
- Be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services equivalent to those found in neighborhoods consisting largely of unassisted similar units; and
- Be located so that travel time and cost via public transportation or private automobile from the neighborhood to places of employment is not excessive.

New Construction Site and Neighborhood Standards

[*24 CFR 983.57(e)*]

In order to be selected for PBV assistance, a site for newly constructed housing must meet the following HUD required site and neighborhood standards:

- The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed;
- The site must have adequate utilities and streets available to service the site;
- The site must not be located in an area of minority concentration unless *KHA* determines that sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration or that the project is necessary to meet overriding housing needs that cannot be met in that housing market area;
- The site must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.
- The site must promote a greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons;
- The neighborhood must not be one that is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate;
- The housing must be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services equivalent to those found in neighborhoods consisting largely of unassisted similar units; and
- Except for housing designed for elderly persons, the housing must be located so that travel time and cost via public transportation or private automobile from the neighborhood to places of employment is not excessive.

17-II.G. ENVIRONMENTAL REVIEW

[*24 CFR 983.58*]

KHA activities under the PBV program are subject to HUD environmental regulations in [*24 CFR Parts 50 and 58*]. The responsible entity is responsible for performing the federal environmental review under the *National Environmental Policy Act* of 1969 [*42 U.S.C. 4321 et seq*.]. *KHA* may not enter into an AHAP or HAP Contract until it has complied with the environmental review requirements.

In the case of existing housing, the responsible entity that is responsible for the environmental review under [*24 CFR 58*] must determine whether or not PBV assistance is categorically excluded from review under the *National Environmental Policy Act* and whether or not the assistance is subject to review under the laws and authorities listed in [*24 CFR 58.5*].

KHA may not enter into an AHAP or HAP Contract with an owner, and *KHA*, the owner, and its contractors may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct real property or commit or expend program or local funds for PBV activities under this part, until the environmental review is completed.

KHA must supply all available, relevant information necessary for the responsible entity to perform any required environmental review for any site. *KHA* must require the owner to

carry out mitigating measures required by the responsible entity (or HUD, if applicable) as a result of the environmental review.

PART III: DWELLING UNITS

Overview

This part identifies the special housing quality standards that apply to the PBV program, housing accessibility for persons with disabilities, and special procedures for conducting housing quality standards inspections.

17-III.A. HOUSING QUALITY STANDARDS

[*24 CFR 983.101*]
The housing quality standards (HQS) for the tenant-based program, including those for special housing types, generally apply to the PBV program. HQS requirements for shared housing, manufactured home space rental, and the homeownership option do not apply because these housing types are not assisted under the PBV program.

The physical condition standards at [*24 CFR 5.703*] do not apply to the PBV program.

Lead-based Paint

[*24 CFR 983.101(c)]*]
The lead-based paint requirements for the tenant-based voucher program do not apply to the PBV program. Instead, The *Lead-based Paint Poisoning Prevention Act* [*42 U.S.C. 4821-4846*], the *Residential Lead-based Paint Hazard Reduction Act* of 1992 [*42 U.S.C. 4851-4856*], and implementing regulations at [*24 CFR 35, Subparts A, B, H, and R*], apply to the PBV program.

17-III.B. HOUSING ACCESSIBILITY FOR PERSONS WITH DISABILITIES

The housing must comply with program accessibility requirements of Section 504 of the *Rehabilitation Act* of 1973 [*29 U.S.C. 794*] and implementing regulations at [*24 CFR 8*]. *KHA* must ensure that the percentage of accessible dwelling units complies with the requirements of Section 504 of the *Rehabilitation Act* of 1973, as implemented by HUD's regulations at [*24 CFR 8, Subpart C*].

Housing first occupied after March 13, 1991, must comply with design and construction requirements of the *Fair Housing Amendments Act* of 1988 and implementing regulations at [*24 CFR 100.205*], as applicable. [*24 CFR 983.102*]

17-III.C. INSPECTING UNITS

Pre-selection Inspection

[*24 CFR 983.103(a)*]

KHA must examine the proposed site before the proposal selection date. If the units to be assisted already exist, *KHA* must inspect all the units before the proposal selection date, and must determine whether the units substantially comply with HQS. To qualify as existing housing, units must substantially comply with HQS on the proposal selection date. However, *KHA* may not execute the HAP Contract until the units fully comply with HQS.

Pre-HAP Contract Inspections

[*24 CFR 983.103(b)*]
KHA must inspect each contract unit before execution of the HAP Contract. *KHA* may not enter into a HAP Contract covering a unit until the unit fully complies with HQS.

Turnover Inspections

[*24 CFR 983.103(c)*]
Before providing assistance to a new family in a contract unit, *KHA* must inspect the unit. *KHA* may not provide assistance on behalf of the family until the unit fully complies with HQS.

Annual/Biennial Inspections

[*24 CFR 983.103(d)*]; [*Federal Register Notice 6/25/14*]
At least annually during the term of the HAP Contract, *KHA* must inspect a random sample, consisting of at least 20 percent of the contract units in each project to determine if the contract units and the premises are maintained in accordance with HQS. Turnover inspections are not counted toward meeting this inspection requirement.

- ***KHA Policy***: *KHA will inspect on an annual basis a random sample consisting of at least 20 percent of the contract units in each building to determine if the contract units and the premises are maintained in accordance with HQS*.

If more than 20 percent of the sample of inspected contract units in a building fails the initial inspection, *KHA* must reinspect 100 percent of the contract units in the project.

Other Inspections

[*24 CFR 983.103(e)*]
KHA must inspect contract units whenever needed to determine that the contract units comply with HQS and that the owner is providing maintenance, utilities, and other services in accordance with the HAP Contract. *KHA* must take into account complaints and any other information coming to its attention in scheduling inspections.

KHA must conduct follow-up inspections needed to determine if the owner (or, if applicable, the family) has corrected an HQS violation, and must conduct inspections to determine the basis for exercise of contractual and other remedies for owner or family violation of HQS.

In conducting *KHA* supervisory quality control HQS inspections, *KHA* should include a representative sample of both tenant-based and project-based units

Inspecting KHA-owned Units

[*24 CFR 983.103(f)*]
In the case of *KHA*-owned units, the inspections must be performed by an independent agency designated by *KHA* and approved by HUD. The independent entity must furnish a copy of each inspection report to *KHA* and to the HUD field office where the project is located. *KHA* must take all necessary actions in response to inspection reports from the independent agency, including exercise of contractual remedies for violation of the HAP Contract by *KHA*-owner.

PART IV: REHABILITATED AND NEWLY CONSTRUCTED UNITS

Overview

[*24 CFR 983.151*]
There are specific requirements that apply to PBV assistance for newly constructed or rehabilitated housing that do not apply to PBV assistance in existing housing. This part describes the requirements unique to this type of assistance.

Housing selected for this type of assistance may not at a later date be selected for PBV assistance as existing housing.

17-IV.A. AGREEMENT TO ENTER INTO HAP CONTRACT

In order to offer PBV assistance in rehabilitated or newly constructed units, *KHA* must enter into an *Agreement to enter into HAP Contract* (AHAP) with the owner of the property. The AHAP must be in the form required by HUD [*24 CFR 983.152(b)*]. *KHA* may not enter into an AHAP if construction or rehabilitation has started after proposal submission [*24 CFR 983.152(c)*]. Construction begins when excavation or site preparation (including clearing of the land) begins for the housing. Rehabilitation begins with the physical commencement of rehabilitation activity on the housing.

In the AHAP, the owner agrees to develop the PBV Contract units to comply with HQS, and *KHA* agrees that upon timely completion of such development in accordance with the terms of the AHAP, *KHA* will enter into a HAP Contract with the owner for the contract units [*24 CFR 983.152(a)*].

Content of the Agreement (AHAP)

[*24 CFR 983.152(d)*]
At a minimum, the AHAP must describe the following features of the housing to be developed and assisted under the PBV program:

- Site and the location of the contract units;
- Number of contract units by area (size) and number of bedrooms and bathrooms;
- Services, maintenance, or equipment to be supplied by the owner without charges in addition to the rent;

- Utilities available to the contract units, including a specification of utility services to be paid by the owner and utility services to be paid by the tenant;
- An indication of whether or not the design and construction requirements of the *Fair Housing Act* and Section 504 of the *Rehabilitation Act* of 1973 apply to units under the AHAP. If applicable, any required work item resulting from these requirements must be included in the description of work to be performed under the AHAP;
- Estimated initial rents to owner for the contract units;
- Description of the work to be performed under the AHAP. For rehabilitated units, the description must include the rehabilitation work write up and, where determined necessary by *KHA*, specifications and plans. For new construction units, the description must include the working drawings and specification; and
- Any additional requirements for quality, architecture, or design over and above HQS.

Execution of the Agreement to enter into HAP Contract (AHAP)

[*24 CFR 983.153*]

The AHAP must be executed promptly after *KHA* notice of proposal selection to the selected owner. *KHA* may not enter into the AHAP if construction or rehabilitation has started after proposal submission. Generally, *KHA* may not enter into the AHAP with the owner until the subsidy layering review is completed. Likewise, *KHA* may not enter into the AHAP until the environmental review is completed and *KHA* has received environmental approval. However, *KHA* does not need to conduct a subsidy layering review in the case of a HAP Contract for existing housing or if the applicable state or local agency has conducted such a review. Similarly, environmental reviews are not required for existing structures unless otherwise required by law or regulation.

- ***KHA Policy***: *KHA will enter into the AHAP with the owner, usually within 10 business days of receiving both environmental approval and notice that subsidy layering requirements have been met, and before construction or rehabilitation work is started*.

17-IV.B. CONDUCT OF DEVELOPMENT WORK

Labor Standards

[*24 CFR 983.154(b)*]

If an AHAP covers the development of nine or more contract units (whether or not completed in stages), the owner and the owner's contractors and subcontractors must pay *Davis-Bacon* wages to laborers and mechanics employed in the development of housing. The HUD-prescribed form of the AHAP will include the labor standards clauses required by HUD, such as those involving *Davis-Bacon* wage rates.

The owner, contractors, and subcontractors must also comply with the *Contract Work Hours and Safety Standards Act*, *Department of Labor* regulations in [*29 CFR 5*], and other applicable federal labor relations laws and regulations. *KHA* must monitor compliance with labor standards.

Equal Opportunity

[*24 CFR 983.154(c)*]
The owner must comply with Section 3 of the *Housing and Urban Development Act* of 1968 and the implementing regulations at [*24 CFR 135*]. The owner must also comply with federal equal employment opportunity requirements.

Owner Disclosure

[*24 CFR 983.154(d) and (e)*]
The AHAP and HAP Contract must include a certification by the owner that the owner and other project principals are not on the *US General Services Administration* list of parties excluded from federal procurement and non-procurement programs.

The owner must also disclose any possible conflict of interest that would be a violation of the AHAP, the HAP Contract, or HUD regulations.

17-IV.C. COMPLETION OF HOUSING

The AHAP must specify the deadlines for completion of the housing, and the owner must develop and complete the housing in accordance with these deadlines. The AHAP must also specify the deadline for submission by the owner of the required evidence of completion.

Evidence of Completion

[*24 CFR 983.155(b)*]
At a minimum, the owner must submit the following evidence of completion to *KHA* in the form and manner required by *KHA*:

- Owner certification that the work has been completed in accordance with HQS and all requirements of the AHAP; and
- Owner certification that the owner has complied with labor standards and equal opportunity requirements in development of the housing.

At *KHA*'s discretion, the AHAP may specify additional documentation that must be submitted by the owner as evidence of housing completion.

➢ ***KHA Policy***: *KHA will determine the need for the owner to submit additional documentation as evidence of housing completion on a case-by-case basis depending on the nature of the PBV project. KHA will specify any additional documentation requirements in the AHAP.*

KHA Acceptance of Completed Units

[*24 CFR 983.156*]
Upon notice from the owner that the housing is completed, *KHA* must inspect to determine if the housing has been completed in accordance with the AHAP, including compliance with HQS and any additional requirements imposed under the AHAP. *KHA* must also determine if the owner has submitted all required evidence of completion.

If the work has not been completed in accordance with the AHAP, *KHA* must not enter into the HAP Contract.

If *KHA* determines the work has been completed in accordance with the AHAP and that the owner has submitted all required evidence of completion, *KHA* must submit the HAP Contract for execution by the owner and must then execute the HAP Contract.

PART V: HOUSING ASSISTANCE PAYMENTS CONTRACT

Overview

KHA must enter into a *Housing Assistance Payments* (HAP) *Contract* with an owner for units that are receiving PBV assistance. The purpose of the HAP Contract is to provide housing assistance payments for eligible families. Housing assistance is paid for contract units leased and occupied by eligible families during the HAP Contract term. With the exception of single-family scattered-site projects, a HAP Contract shall cover a single project. If multiple projects exist, each project is covered by a separate HAP Contract. The HAP Contract must be in the form required by HUD [*24 CFR 983.202(a)*].

17-V.A. HAP CONTRACT REQUIREMENTS

Contract Information

[*24 CFR 983.203*]

The HAP Contract must specify the following information:

- The total number of contract units by number of bedrooms;
- The project's name, street address, city or county, state and zip code, block and lot number (if known), and any other information necessary to clearly identify the site and the project;
- The number of contract units in each building, the location of each contract unit, the area of each contract unit, and the number of bedrooms and bathrooms in each contract unit;
- Services, maintenance, and equipment to be supplied by the owner and included in the rent to owner;
- Utilities available to the contract units, including a specification of utility services to be paid by the owner (included in rent) and utility services to be paid by the tenant;
- Features provided to comply with program accessibility requirements of Section 504 of the *Rehabilitation Act* of 1973 and implementing regulations at [*24 CFR Part 8*];
- The HAP Contract term;
- The number of units in any project that will exceed the 25 percent per project cap, which will be set-aside for occupancy by qualifying families; (elderly and/or disabled families and families receiving supportive services); and
- The initial rent to owner for the first 12 months of the HAP Contract term.

Execution of the HAP Contract

[*24 CFR 983.204*]

KHA may not enter into a HAP Contract until each contract unit has been inspected and *KHA* has determined that the unit complies with the *Housing Quality Standards* (HQS). For existing housing, the HAP Contract must be executed promptly after *KHA* selects the owner proposal and inspects the housing units. For newly constructed or rehabilitated housing the HAP Contract must be executed after *KHA* has inspected the completed units and has determined that the units have been completed in accordance with the AHAP, and the owner furnishes all required evidence of completion.

- ***KHA Policy***: *For existing housing, the HAP Contract will be executed, usually within 10 business days of KHA determining that all units pass HQS.*

  For rehabilitated or newly constructed housing, the HAP Contract will be executed, usually within 10 business days of KHA determining that the units have been completed in accordance with the AHAP, all units meet HQS, and the owner has submitted all required evidence of completion.

Term of HAP Contract

[*24 CFR 983.205*]

KHA may enter into a HAP Contract with an owner for an initial term of no less than one year and no more than twenty years for each contract unit. The length of the term of the HAP Contract for any contract unit may not be less than one year, nor more than 20 years. In the case of *KHA*-owned units, the term of the HAP Contract must be agreed upon by *KHA* and the independent entity approved by HUD [*24 CFR 983.59(b)(2)*].

- ***KHA Policy***: *The term of all PBV HAP Contracts will be no more than ten (10) years. A longer term can be negotiated, but only on a case-by-case basis*.

At the time of the initial HAP Contract term or any time before expiration of the HAP Contract, *KHA* may extend the term of the contract for an additional term of up to 20 years if *KHA* determines an extension is appropriate to continue providing affordable housing for low-income families. A HAP Contract extension may not exceed 20 years. A PHA may provide for multiple extensions; however, in no circumstances may such extensions exceed 20 years, cumulatively. Extensions after the initial extension are allowed at the end of any extension term, provided that not more than 24 months prior to the expiration of the previous extension contract *KHA* agrees to extend the term, and that such extension is appropriate to continue providing affordable housing for low-income families or to expand housing opportunities. Extensions after the initial extension term shall not begin prior to the expiration date of the previous extension term. Subsequent extensions are subject to the same limitations. All extensions must be on the form and subject to the conditions prescribed by HUD at the time of the extension. In the case of *KHA*-owned units, any extension of the term of the HAP Contract must be agreed upon by *KHA* and the independent entity approved by HUD [*24 CFR 983.59(b)(2)*].

- ***KHA Policy***: *When determining whether or not to extend an expiring PBV contract, KHA will consider several factors including, but not limited to:*
  - *The cost of extending the contract and the amount of available budget authority;*
  - *The condition of the contract units;*
  - *The owner's record of compliance with obligations under the HAP Contract and lease(s);*
  - *Whether the location of the units continues to support the goals of deconcentrating poverty and expanding housing opportunities; and*
  - *Whether the funding could be used more appropriately for tenant-based assistance*.

Termination by KHA

[*24 CFR 983.205(c)*]

The HAP Contract must provide that the term of *KHA*'s contractual commitment is subject to the availability of sufficient appropriated funding as determined by HUD or by *KHA* in accordance with HUD instructions. For these purposes, sufficient funding means the availability of appropriations, and of funding under the ACC from such appropriations, to make full payment of housing assistance payments payable to the owner for any contract year in accordance with the terms of the HAP Contract.

If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP Contract, *KHA* may terminate the HAP Contract by notice to the owner. The termination must be implemented in accordance with HUD instructions.

Termination by Owner

[*24 CFR 983.205(d)*]

If in accordance with program requirements the amount of rent to an owner for any contract unit is reduced below the amount of the rent to owner at the beginning of the HAP Contract term, the owner may terminate the HAP Contract by giving notice to *KHA*. In this case, families living in the contract units must be offered tenant-based assistance.

Statutory Notice Requirements: Contract Termination or Expiration

[*24 CFR 983.206*]

Not less than one year before the HAP Contract terminates, or if the owner refuses to renew the HAP Contract, the owner must notify *KHA* and assisted tenants of the termination. The notice must be provided in the form prescribed by HUD. If the owner does not give timely notice, the owner must permit the tenants in assisted units to remain in their units for the required notice period with no increase in the tenant portion of their rent, and with no eviction as a result of the owner's inability to collect an increased tenant portion of rent. An owner may renew the terminating contract for a period of time sufficient to give tenants one-year advance notice under such terms as HUD may require.

Remedies for HQS Violations

[*24 CFR 983.20 8(b)*]

KHA may not make any HAP payment to the owner for a contract unit during any period in which the unit does not comply with HQS. If *KHA* determines that a contract does not comply with HQS, *KHA* may exercise any of its remedies under the HAP Contract, for any or all of the contract units. Available remedies include termination of housing assistance payments, abatement or reduction of housing assistance payments, reduction of contract units, and termination of the HAP Contract.

- ***KHA Policy***: *KHA will abate and terminate PBV HAP Contracts for non-compliance with HQS in accordance with the policies used in the tenant-based voucher program. These policies are contained in* [*KHA Plan: 8-II.K.*], *"Enforcing Owner Compliance"*.

17-V.B. AMENDMENTS TO THE HAP CONTRACT

Substitution of Contract Units

[*24 CFR 983.207(a)*]
At *KHA*'s discretion and subject to all PBV requirements, the HAP Contract may be amended to substitute a different unit with the same number of bedrooms in the same project for a previously covered contract unit. Before any such substitution can take place, *KHA* must inspect the proposed unit and determine the reasonable rent for the unit.

Addition of Contract Units

[*24 CFR 983.206(b)*]
At *KHA*'s discretion and subject to the restrictions on the number of dwelling units that can receive PBV assistance per project and on the overall size of *KHA*'s PBV program, a HAP Contract may be amended during the three-year period following the execution date of the HAP Contract to add additional PBV units in the same project. This type of amendment is subject to all PBV program requirements except that a new PBV proposal is not required.

- ***KHA Policy***: *KHA will consider adding contract units to the HAP Contract when KHA determines that additional housing is needed to serve eligible low-income families. Circumstances may include, but are not limited to:*
  - *The local housing inventory is reduced due to a disaster (either due to loss of housing units, or an influx of displaced families); and*
  - *Voucher holders are having difficulty finding units that meet program requirements*.

Subtraction of Contract Units

[*24 CFR 983.207(b)(2)*]
If *KHA* determines that a contract unit is not in accordance with the housing quality standards or any other HAP contract requirement, *KHA* may exercise any of its remedies under the HAP contract for all or any contract units. Such remedies include termination of housing assistance payments, abatement or reduction of housing assistance payments, reduction of contract units, and termination of the HAP contract.

- ***KHA Policy***: *KHA will consider subtracting contract units to the HAP Contract when KHA determines that a contract unit is not in accordance with any HAP contract requirements. KHA may exercise any of its remedies under the HAP contract for all or any contract units. Such remedies include termination of housing assistance payments, abatement or reduction of housing assistance payments, reduction of contract units, and termination of the HAP contract. Circumstances may include, but are not limited to:*
  - *A project unit becomes uninhabitable for any reason for a period of thirty (30) or more calendar days;*
  - *A project unit has remained vacant for a period of one hundred twenty (120) or more calendar days since owner notice of vacancy (and notwithstanding the reasonably good faith efforts of the KHA to fill such vacancies; and*
  - *A project unit that project ownership has requested to be subtracted from the PBV HAP Contract*.

17-V.C. HAP CONTRACT YEAR, ANNIVERSARY AND EXPIRATION DATES

[*24 CFR 983.20 7(b)*] *and* [*22 CFR 983.302(e)*]

The HAP Contract year is the period of 12 calendar months preceding each annual anniversary of the HAP Contract during the HAP Contract term. The initial contract year is calculated from the first day of the first calendar month of the HAP Contract term.

The annual anniversary of the HAP Contract is the first day of the first calendar month after the end of the preceding contract year.

There is a single annual anniversary and expiration date for all units under a particular HAP Contract, even in cases where contract units are placed under the HAP Contract in stages (on different dates) or units are added by amendment. The anniversary and expiration dates for all units coincide with the dates for the contract units that were originally placed under contract.

Upon termination or expiration of a contract, families have the right to use their vouchers to remain in the property.

17-V.D. OWNER RESPONSIBILITIES UNDER THE HAP

[*24 CFR 983.210*]

When the owner executes the HAP Contract they certify that at such execution and at all times during the term of the HAP Contract:

- All contract units are in good condition and the owner is maintaining the premises and contract units in accordance with HQS;
- The owner is providing all services, maintenance, equipment and utilities as agreed to under the HAP Contract and the leases;
- Each contract unit for which the owner is receiving HAP, is leased to an eligible family referred by *KHA*, and the lease is in accordance with the HAP Contract and HUD requirements;

- To the best of the owner's knowledge the family resides in the contract unit for which the owner is receiving HAP, and the unit is the family's only residence;
- The owner (including a principal or other interested party) is not the spouse, parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit;
- The amount of the HAP the owner is receiving is correct under the HAP Contract;
- The rent for contract units does not exceed rents charged by the owner for comparable unassisted units;
- Except for HAP and tenant rent, the owner has not received and will not receive any other payment or consideration for rental of the contract unit;
- The family does not own or have any interest in the contract unit (does not apply to family's membership in a cooperative); and
- Repair work on the project selected as an existing project that is performed after HAP execution within such post-execution period as specified by HUD may constitute development activity, and if determined to be development activity, the repair work undertaken shall be in compliance with Davis-Bacon wage requirements.

17-V.E. ADDITIONAL HAP REQUIREMENTS

Housing Quality and Design Requirements

[*24 CFR 983.101(e) and 983.20 8(a)*]
The owner is required to maintain and operate the contract units and premises in accordance with HQS, including performance of ordinary and extraordinary maintenance. The owner must provide all the services, maintenance, equipment, and utilities specified in the HAP Contract with *KHA* and in the lease with each assisted family. In addition, maintenance, replacement and redecoration must be in accordance with the standard practice for the project as established by the owner.

KHA may elect to establish additional requirements for quality, architecture, or design of PBV housing. Any such additional requirements must be specified in the AHAP and the HAP Contract. These requirements must be in addition to, not in place of, compliance with HQS.

➢ ***KHA Policy***: *KHA will identify the need for any special features on a case-by-case basis depending on the intended occupancy of the PBV project. KHA will specify any special design standards or additional requirements in the invitation for PBV proposals, the AHAP, and the HAP contract*.

Vacancy Payments

[*24 CFR 983.352(b)*]
At the discretion of the PHA, the HAP Contract may provide for vacancy payments to the owner for a PHA-determined period of vacancy extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month. The amount of the vacancy payment will be determined by

the PHA and cannot exceed the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner (including amounts available from the tenant's security deposit).

The owner must submit a request for vacancy payments in the form and manner required by the PHA and must provide any information or substantiation required by the PHA to determine the amount of any vacancy payment.

- ***KHA Policy***: *KHA strikes this provision from the HAP Contract and will not enter any HAP Contract for a PBV project which contains a provision for vacancy payments to the owner. HAP Contracts for PBV projects initiated prior to January 1, 2014 may continue to provide vacancy payments as may be prescribed in their HAP Contract with KHA until the HAP Contract expiration date, or is otherwise terminated for cause. For those HAP Contracts with vacancy payment provisions:*
  - *The owner must give KHA prompt, written notice certifying that the family has vacated the unit and identify the date when the family moved out;*
  - *The owner must certify that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;*
  - *The owner must certify that it has taken every reasonable action to minimize the likelihood and length of vacancy; and*
  - *For a vacancy payment request to be considered, prompt written notice – defined as notice to KHA made within 30 calendar days of the end of the period for which the owner is requesting the vacancy payment – must be received by KHA. The request must include the required owner certifications and KHA may require the owner to provide documentation to support the request. If the owner does not provide prompt written notice to KHA, or if the information requested by KHA is not received within seven (7) calendar days of KHA's request, no vacancy payments will be made*.

NOTE: *Since KHA has no provisions for making vacancy payments, Housing Assistance Payments (HAP) can only be paid to the owner while the family is residing in the contract unit during the term of the HAP Contract. KHA does not pay HAP to the owner for any month after the month when the family moves out. If an assisted family moves out of the unit on a day other than the last day of the month, the owner may keep the entire HAP for the month the family moves out. This is not considered a vacancy payment*.

PART VI: SELECTION OF PBV PROGRAM PARTICIPANTS

Overview

Many of the provisions of the tenant-based voucher regulations [*24 CFR 982*] also apply to the PBV program. This includes requirements related to determining eligibility and selecting applicants from the waiting list. Even with these similarities, there are requirements that are unique to the PBV program. This part describes the requirements and policies related to eligibility and admission to the PBV program.

17-VI.A. ELIGIBILITY FOR PBV ASSISTANCE

[*24 CFR 983.251(a) and (b)*]
KHA may select families for the PBV program from those who are participants in *KHA*'s tenant-based voucher program and from those who have applied for admission to the voucher program. For voucher participants, eligibility was determined at original admission to the voucher program and does not need to be redetermined at the commencement of PBV assistance. For all others, eligibility for admission must be determined at the commencement of PBV assistance.

Applicants for PBV assistance must meet the same eligibility requirements as applicants for the tenant-based voucher program. Applicants must qualify as a family as defined by HUD and *KHA*, have income at or below HUD-specified income limits, and qualify on the basis of citizenship or the eligible immigration status of family members [*24 CFR 982.201(a)*] *and* [*24 CFR 983.2(a)*]. In addition, an applicant family must provide social security information for family members [*24 CFR 5.216*] *and* [*24 CFR 5.218*] and consent to *KHA*'s collection and use of family information regarding income, expenses, and family composition [*24 CFR 5.230*]. *KHA* may also not approve a tenancy if the owner (including a principal or other interested party) of the unit is the parent, child, grandparent, grandchild or sibling of any member of the family, unless needed as a Reasonable Accommodation. An applicant family must also meet HUD requirements related to current or past criminal activity.

- ***KHA Policy***: *KHA will determine an applicant family's eligibility for the PBV program in accordance with the policies in [KHA Plan: Chapter 3, Program Eligibility].*

  In accordance to these requirements, KHA recognizes that through its various partnerships with project owners and under the Project Based program there are owners who offer program components that provide housing and services specifically to individuals and families who have recent criminal histories and/or history of other related criminal or drug-related criminal conduct. In those specific instances where program components allow for participants with criminal histories and/or other related behaviors and the applicant meets all other KHA and other requirements of KHA's Partner for eligibility, including required participation in supportive services offered by the Project Based Housing Program, KHA may permit the applicant to participate in the specific Project Based Housing Program. After one year of participation, should the individual or family wish to obtain a tenant-based voucher, the individual or family would be required to meet the same KHA Applicant Screening Guidelines as all other tenant-based voucher waiting list applicants are required to meet. The PBV family MUST remain in the PBV unit until the issuance of the tenant-based voucher.

In-Place Families

[*24 CFR 983.251(b)*]
An eligible family residing in a proposed PBV contract unit on the date the proposal is selected by *KHA* is considered an "in-place family." These families are afforded protection from displacement under the PBV rule. If a unit to be placed under contract (either an existing unit or a unit requiring rehabilitation) is occupied by an eligible family on the date

the proposal is selected, the in-place family must be placed on *KHA*'s waiting list. Once the family's continued eligibility is determined (*KHA* may deny assistance to an in-place family for the grounds specified in [*24 CFR 982.552*] *and* [*24 CFR 982.553*]), the family must be given an absolute selection preference and *KHA* must refer these families to the project owner for an appropriately sized PBV unit in the project. Admission of eligible in-place families is not subject to income targeting requirements.

This regulatory protection from displacement does not apply to families that are not eligible to participate in the program on the proposal selection date.

17-VI.B. ORGANIZATION OF THE WAITING LIST

[*24 CFR 983.251(c)*]
KHA may establish a separate waiting list for PBV units or it may use the same waiting list for both tenant-based and PBV assistance. *KHA* may also merge the PBV waiting list with a waiting list for other assisted housing programs offered by *KHA*. If *KHA* chooses to offer a separate waiting list for PBV assistance, *KHA* must offer to place applicants who are listed on the tenant-based waiting list on the waiting list for PBV assistance.

If a PHA decides to establish a separate PBV waiting list, the PHA may use a single waiting list for the PHA's whole PBV program, or it may establish separate waiting lists for PBV units in particular projects or buildings or for sets of such units.

➢ ***KHA Policy***: *KHA will organize the PBV unit waiting list in the following manner:*
- *A separate site-based waiting list will be established for each project. For new projects where KHA has no established site-based PBV waiting list, any site-based waiting lists that were previously maintained and managed by the owner of the PBV project will become the initial KHA site-based waiting list. Future openings of any PBV site-based waiting lists will be opened for new applications, maintained and managed by KHA; and*
- *Applicants on the tenant-based HCV waiting list will be offered the opportunity to also be placed on any established PBV project site-based waiting list*.

KHA currently has no site-based waiting lists for any PBV projects.

17-VI.C. SELECTION FROM THE WAITING LIST

[*24 CFR 983.251(c)*]
Applicants who will occupy units with PBV assistance must be selected from *KHA*'s waiting list. *KHA* may establish selection criteria or preferences for occupancy of particular PBV units. *KHA* may place families referred by the PBV owner on its PBV waiting list.

Income Targeting

[24 *CFR 983.251(c)(6)*]
At least 75 percent of the families admitted to *KHA*'s tenant-based and project-based voucher programs during *KHA* fiscal year from the waiting list must be extremely-low

income families. The income targeting requirement applies to the total of admissions to both programs.

Units with Accessibility Features

[*24 CFR 983.251(c)(7)*]
When selecting families to occupy PBV units that have special accessibility features for persons with disabilities, *KHA* must first refer families who require such features to the owner.

Preferences

[24 *CFR 983.251(d)*]
KHA may use the same selection preferences that are used for the tenant-based voucher program, establish selection criteria or preferences for the PBV program as a whole, or for occupancy of particular PBV developments or units. *KHA* must provide an absolute selection preference for eligible in-place families as described in [*KHA Plan: 17-VI.A*.].

Although *KHA* is prohibited from granting preferences to persons with a specific disability, *KHA* may give preference to disabled families who need services offered at a particular project or site if the preference is limited to families (including individuals):

- With disabilities that significantly interfere with their ability to obtain and maintain themselves in housing;
- Who, without appropriate supportive services, will not be able to obtain or maintain themselves in housing; and
- For whom such services cannot be provided in a non-segregated setting.

In advertising such a project, the owner may advertise the project as offering services for a particular type of disability; however, the project must be open to all otherwise eligible disabled persons who may benefit from services provided in the project. In these projects, disabled residents may not be required to accept the particular services offered as a condition of occupancy.

If *KHA* has projects with more than 25 percent of the units receiving project-based assistance because those projects include “excepted units” (units specifically made available for elderly or disabled families, or families receiving supportive services), *KHA* must give preference to such families when referring families to these units [*24 CFR 983.261(b)*].

➢ ***KHA Policy***: *KHA will provide a selection preference when required by the regulation (e.g., eligible in-place families, qualifying families for “excepted units,” mobility impaired persons for accessible units).*
  - *For new PBV projects, KHA will allow a preference to be provided for applicants who are residents of a specific town, village or municipality if that entity provided direct funding that allowed the housing project to be developed.*
  - *KHA will provide a selection preference for PBV projects that serve persons with disabilities. This preference is specifically for persons who are disabled and ready to*

exit institutional care settings (covered by the Olmstead class). It is understood that the total number of Olmstead class individuals in any given PBV project will be limited to the number of state issued vouchers dedicated for this purpose.

Preference Exemption Under IL Olmstead Coordinated Remedial Plan

[24 *CFR 982.54*]; [24 *CFR 982.207(b)(3)*]
For information on this preference exemption, refer to [*KHA Plan: 4-III.B.*]

17-VI.D. OFFER OF PBV ASSISTANCE

Refusal of Offer

[*24 CFR 983.251(e)(3)*]
KHA is prohibited from taking any of the following actions against a family who has applied for, received, or refused an offer of PBV assistance:

- Refuse to list the applicant on the waiting list for tenant-based voucher assistance;
- Deny any admission preference for which the applicant qualifies;
- Change the applicant's place on the waiting list based on preference, date, and time of application, or other factors affecting selection under *KHA*'s selection policy; or
- Remove the applicant from the tenant-based voucher waiting list.

➢ ***KHA Policy***: *For PBV site-based waiting lists, applicants will be removed from the site-based waiting list if they are non-responsive to or deny an offer of a unit for that site. Exceptions will be considered on a case by case basis for various reasons to include: lease commitment issues, sequestered jurors, medical emergencies that prevent moving at that time, or death of a family member. All requests for exceptions must be made in writing*.

Disapproval by Landlord

[*24 CFR 983.251(e)(2)*]
If a PBV owner rejects a family for admission to the owner's units, such rejection may not affect the family's position on the tenant-based voucher waiting list.

Acceptance of Offer

[*24 CFR 983.252*]

Family Briefing

When a family accepts an offer for PBV assistance, *KHA* must give the family an oral briefing. The briefing must include information on how the program works and the responsibilities of the family and owner. In addition to the oral briefing, *KHA* must provide a briefing packet that explains how *KHA* determines the total tenant payment for a family, the Obligations of the Family under the program, and applicable fair housing information.

Persons with Disabilities

If an applicant family's head or spouse is disabled, *KHA* must assure effective communication, in accordance with [*24 CFR 8.6*], in conducting the oral briefing and in

providing the written information packet. This may include making alternative formats available [*KHA Plan: Chapter 2, Part II*]. In addition, *KHA* must have a mechanism for referring a family that includes a member with a mobility impairment to an appropriate accessible PBV unit.

Persons with Limited English Proficiency
KHA should take reasonable steps to assure meaningful access by persons with limited English proficiency in accordance with Title VI of the *Civil Rights Act* of 1964 and [*Executive Order 13166*, "*Improving Access to Services for Persons with Limited English Proficiency*"], requiring Federal agencies to examine the services they provide, identify any need for services to those with LEP, and develop and implement a system to provide those services so LEP persons can have meaningful access to them.

17-VI.E. OWNER SELECTION OF TENANTS

The owner is responsible for developing written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant's ability to fulfill their obligations under the lease. An owner must promptly notify in writing any rejected applicant of the grounds for any rejection [*24 CFR 983.253(a)(2) and (a)(3)*].

Leasing

[*24 CFR 983.253(a)*]
During the term of the HAP Contract, the owner must lease contract units to eligible families that are selected and referred by *KHA* from *KHA*'s waiting list. The contract unit leased to the family must be the appropriate size unit for the size of the family, based on *KHA*'s subsidy standards.

Filling Vacancies

[*24 CFR 983.254(a)*]

Notification
The owner must promptly notify *KHA* of any vacancy or expected vacancy in a contract unit. After receiving such notice, *KHA* must make every reasonable effort to promptly refer a sufficient number of families for the owner to fill such vacancies. *KHA* and the owner must make reasonable efforts to minimize the likelihood and length of any vacancy.

When property management notifies *KHA* a vacancy exists at a PBV site, *KHA* will notify the next families on the applicable waiting list. *KHA*'s letter to the applicants will also state that if the applicant is interested in residing in the vacant PBV unit, that applicant will not lose their place on *KHA*'s HCV waiting list. All applicants indicating interest in the PBV unit will be prescreened by *KHA* for HCV program eligibility. Once determined to be eligible, the applicant will be referred to property management in the order in which the screening has been completed.

First Ready

First ready, is first referred back to property management for suitability determination and leasing. Readiness is defined to mean certified eligible for the voucher program. In the event that multiple families are certified eligible for a PBV unit, as a tie breaker for who is assigned the unit, the family who has the highest rank from the referral list of all "ready" families will be processed by property management for their suitability as a tenant and offered the available unit. However, if the tenant selection criterion of the property manager includes screening for credit or criminal background, these procedures may be performed prior to completion of the full eligibility process.

If, on the basis of property management's screening for suitability, including the credit and criminal background screening process, tenancy is not offered to the applicant, *KHA* will not complete the voucher eligibility process and the applicant will be removed from the selected site-based project-based waiting list and sent a notice to this effect. The applicant is then returned to their original position on the HCV program waiting list. *KHA* waiting list referrals to property management will remain active for consideration for a PBV unit vacancy for a period of 30 days from the date of selection from the waiting list. Referrals will be screened by the owner and readied for occupancy. A property manager may continue to work on suitability screening for up to three families from the latest referral list in anticipation of any additional vacancies that may arise during the 30-day referral period. If no unit is scheduled to be vacated by an existing tenant or there are no impending vacancies prior to the expiration of the 30-day period, all unassigned referrals will be returned to the project's PBV waiting list.

Referrals to KHA From Property Management

If *KHA* referrals do not provide property management with a suitable tenant for the unit and the *KHA* site-based PBV waiting list is exhausted, the owner may refer a HCV program eligible applicant from the property management site-based list to *KHA*'s site based PBV waiting list if it is open. The referred family must meet *KHA*'s HCV program eligibility criteria. If any PBV waiting list has been exhausted, and prior to opening the PBV waiting list for targeted outreach, *KHA* may query HCV program participants to see if any tenant-based assisted household is interested in a PBV unit. Admission to the PBV program for HCV program participants will be on a first ready, first served basis. Any additional HCV program participants interested in PBV units will be informed that the unit(s) has been leased and no further action will be taken on their behalf.

PBV Waiting List applicants shall have priority over all HCV assisted tenants for PBV units.

- ***KHA Policy***: *The owner must notify KHA in writing (mail, fax, or e-mail) within 10 business days of learning about any vacancy or expected vacancy. KHA will make every reasonable effort to refer families to the owner, usually within 10 business days of receiving such notice from the owner.*

Opportunities for (FUP) Youth Participants

Family Unification Program (FUP) Youth participants will be advised of their opportunity for housing at project-based communities and will be directed to *KHA*'s website. This

information will be provided at several different times such as intake, annual recertification and near the end of their 36-month program participation.

- FUP youth participants will be advised to contact the projects directly to apply to each project for which they are qualified. The project-based community must confirm if any applicant on their waiting list is a FUP Youth participant. The project-based community must accept an application from the FUP Youth participant, even if their waiting list is closed.
- Project-based communities must give first priority for available units to persons who are on their waiting list and have been confirmed to be a FUP Youth participant. If there are multiple applicants that meet these criteria, priority will be given to the applicant whose FUP assistance will end earliest.
- If the FUP Youth participant is offered a unit and it is subsequently declined by the FUP Youth participant or they are found to be ineligible for the project, they will be removed from the project's waiting list.

Reduction in HAP Contract Units Due to Vacancies

[*24 CFR 983.254(b)*]

If any contract units have been vacant for 120 or more days since owner notice of the vacancy, *KHA* may give notice to the owner amending the HAP Contract to reduce the number of contract units by subtracting the number of contract units (according to the bedroom size) that have been vacant for this period.

➢ ***KHA Policy***: *If any contract units have been vacant for 120 days for any reason, KHA will give notice to the owner that the HAP Contract will be amended to reduce the number of contract units that have been vacant for this period. KHA will provide the notice to the owner, usually within 10 business days of the 120th day of the vacancy. The amendment to the HAP Contract will be effective the 1st day of the month following the date of KHA's notice*.

17-VI.F. TENANT SCREENING

[*24 CFR 983.255*]

KHA Responsibility

KHA is not responsible or liable to the owner or any other person for the family's behavior or suitability for tenancy. However, *KHA* may opt to screen applicants for family behavior or suitability for tenancy and may deny applicants based on such screening.

➢ ***KHA Policy***: *KHA will not conduct screening to determine a PBV applicant family's suitability for tenancy*.

KHA must provide the owner with an applicant family's current and prior address (as shown in *KHA* records) and the name and address (if known by *KHA*) of the family's current landlord and any prior landlords.

In addition, *KHA* may offer the owner other information *KHA* may have about a family, including information about the tenancy history of family members or about drug trafficking and criminal activity by family members. *KHA* must provide applicant families a description of *KHA* policy on providing information to owners, and *KHA* must give the same types of information to all owners.

KHA may not disclose to the owner any confidential information provided in response to a request for documentation of domestic violence, dating violence, sexual assault, or stalking except at the written request or with the written consent of the individual providing the documentation [*24 CFR 5.2007(a)(4)*].

- ***KHA Policy***: *KHA will inform owners of their responsibility to screen prospective tenants, and at their request, will provide owners with the required known name and address information, at the time of the turnover HQS inspection or before. KHA will not provide any additional information to the owner, such as tenancy history, criminal history, etc.*

Owner Responsibility

The owner is responsible for screening and selection of the family to occupy the owner's unit. When screening families the owner may consider a family's background with respect to the following factors:

- Payment of rent and utility bills;
- Caring for a unit and premises;
- Respecting the rights of other residents to the peaceful enjoyment of their housing;
- Drug-related criminal activity or other criminal activity that is a threat to the health, safety, or property of others; and
- Compliance with other essential conditions of tenancy.

PART VII: OCCUPANCY

Overview

After an applicant has been selected from the waiting list, determined eligible by *KHA*, referred to an owner and determined suitable by the owner, the family will sign the lease and occupancy of the unit will begin.

17-VII.A. LEASE

[*24 CFR 983.256*]

The tenant must have legal capacity to enter a lease under state and local law. *Legal capacity* means that the tenant is bound by the terms of the lease and may enforce the terms of the lease against the owner.

Form of Lease

[*24 CFR 983.256(b)*]

The tenant and the owner must enter into a written lease agreement that is signed by both parties. If an owner uses a standard lease form for rental units to unassisted tenants in the locality or premises, the same lease must be used for assisted tenants, except that the lease must include a HUD-required tenancy addendum. The tenancy addendum must include, word-for-word, all provisions required by HUD.

If the owner does not use a standard lease form for rental to unassisted tenants, the owner may use another form of lease, such as a *KHA* model lease.

KHA may review the owner's lease form to determine if the lease complies with state and local law. If *KHA* determines that the lease does not comply with state or local law, *KHA* may decline to approve the tenancy.

➢ ***KHA Policy***: *KHA may review the owner's lease for compliance with state or local law*.

Lease Requirements

[*24 CFR 983.256(c)*]

The lease for a PBV unit must specify all of the following information:

- The names of the owner and the tenant;
- The unit rented (address, apartment number, if any, and any other information needed to identify the leased contract unit);
- The term of the lease (initial term and any provision for renewal);
- The amount of the tenant rent to owner, which is subject to change during the term of the lease in accordance with HUD requirements;
- A specification of the services, maintenance, equipment, and utilities that will be provide by the owner; and
- The amount of any charges for food, furniture, or supportive services.

Tenancy Addendum

[*24 CFR 983.256(d)*]

The tenancy addendum in the lease must state:

- The program tenancy requirements;
- The composition of the household as approved by *KHA* (the names of family members and any *KHA*-approved live-in aide);
- All provisions in the HUD-required tenancy addendum must be included in the lease. The terms of the tenancy addendum prevail over other provisions of the lease.

Initial Term and Lease Renewal

[*24 CFR 983.256(f)*]

The initial lease term must be for at least one year. The lease must provide for automatic renewal after the initial term of the lease in either successive definitive terms (e.g. month-to-month or year-to-year) or an automatic indefinite extension of the lease term.

For automatic indefinite extension of the lease term, the lease terminates if any of the following occur:

- The owner terminates the lease for good cause;
- The tenant terminates the lease;
- The owner and tenant agree to terminate the lease;
- *KHA* terminates the HAP Contract or
- *KHA* terminates assistance for the family

NOTE: *In the State of IL, unless otherwise indicated, leases automatically renew on a month-to-month term*.

Changes in the Lease

[*24 CFR 983.256(e)*]
If the tenant and owner agree to any change in the lease, the change must be in writing, and the owner must immediately give *KHA* a copy of all changes.

The owner must notify *KHA* in advance of any proposed change in the lease regarding the allocation of tenant and owner responsibilities for utilities. Such changes may only be made if approved by *KHA* and in accordance with the terms of the lease relating to its amendment. *KHA* must redetermine reasonable rent, in accordance with program requirements, based on any change in the allocation of the responsibility for utilities between the owner and the tenant. The redetermined reasonable rent will be used in calculation of the rent to owner from the effective date of the change.

Owner Termination of Tenancy

[*24 CFR 983.257*]
With two exceptions, the owner of a PBV unit may terminate tenancy for the same reasons an owner may in the tenant-based voucher program [*KHA Plan: 12-III.A.*] and [*24 CFR 982.310*]. In the PBV program, terminating tenancy for "good cause" does not include doing so for a business or economic reason, or a desire to use the unit for personal or family use or other non-residential purpose.

Non-Compliance with Supportive Services Requirement

[*24 CFR 983.257(c)*]
If a family is living in a project-based unit that is excepted from the 25 percent per project cap on project-basing because of participation in a supportive services program (e.g., Family Self-Sufficiency), and the family fails to complete its supportive services requirement without good cause, such failure is grounds for lease termination by the owner.

Tenant Absence from the Unit

[*24 CFR 983.256(g)*] *and* [24 CFR *982.312(a)*]
The lease may specify a maximum period of family absence from the unit that may be shorter than the maximum period permitted by *KHA* policy. According to program requirements, the family's assistance must be terminated if they are absent from the unit for more than 90 consecutive days. *KHA* termination of assistance actions due to family

absence from the unit are subject to [*24 CFR 982.312*], except that the unit is not terminated from the HAP Contract if the family is absent for longer than the maximum period permitted.

Continuation of Housing Assistance Payments

[*24 CFR 982.258*]
Housing assistance payments shall continue until the tenant rent equals the rent to owner. The cessation of housing assistance payments at such point will not affect the family's other rights under its lease, nor will such cessation preclude the resumption of payments as a result of later changes in income, rents, or other relevant circumstances if such changes occur within 180 days following the date of the last housing assistance payment by *KHA*. After the 180-day period, the unit shall be removed from the HAP Contract pursuant to [*24 CFR 983.211*].

- ***KHA Policy***: *If a participating family receiving zero assistance experiences a change in circumstances that would result in a HAP payment to the owner, the family must notify KHA of the change and request an interim reexamination before the expiration of the 180-day period*.

Security Deposits

[*24 CFR 983.258*]
The owner may collect a security deposit from the tenant. For the *KHA* service area in Kendall County, that amount is typically equal to one (1) month of the monthly contract rent amount. *KHA* may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted tenants.

- ***KHA Policy***: *KHA prohibits the owner from collecting security deposits in excess of amounts charged by the owner to unassisted tenants*.

When the tenant moves out of a contract unit, the owner, subject to state and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit, or other amounts owed by the tenant under the lease.

The owner must give the tenant a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used to reimburse the owner, the owner must promptly refund the full amount of the balance to the tenant.

If the security deposit does not cover the amount owed by the tenant under the lease, the owner may seek to collect the balance form the tenant. *KHA* has no liability or responsibility for payment of any amount owed by the family to the owner.

17-VII.B. MOVES

Overcrowded, Under-Occupied, and Accessible Units

[*24 CFR 983.260*]

If *KHA* determines that a family is occupying a wrong size unit, based on *KHA*'s subsidy standards, or a unit with accessibility features that the family does not require, and the unit is needed by a family that does require the features, *KHA* must promptly notify the family and the owner of this determination, and *KHA* must offer the family the opportunity to receive continued housing assistance in another unit.

- ***KHA Policy***: *KHA will notify the family and the owner of the family's need to move based on the occupancy of a wrong-size or accessible unit, usually within 10 business days of KHA's determination. KHA will offer the family the following types of continued assistance in the following order, based on the availability of assistance:*
  - *PBV assistance in the same building or project;*
  - *PBV assistance in another project; and*
  - *Tenant-based voucher assistance*.

If *KHA* offers the family a tenant-based voucher, *KHA* must terminate the housing assistance payments for a wrong-sized or accessible unit at the earlier of the expiration of the term of the family's voucher (including any extension granted by *KHA*) or the date upon which the family vacates the unit. If the family does not move out of the wrong-sized unit or accessible unit by the expiration of the term of the family's voucher, *KHA* must remove the unit from the HAP Contract.

If *KHA* offers the family another form of assistance that is not a tenant-based voucher, and the family does not accept the offer, does not move out of the PBV unit within a reasonable time as determined by *KHA*, or both, *KHA* must terminate the housing assistance payments for the unit at the expiration of a reasonable period as determined by *KHA* and remove the unit from the HAP Contract.

- ***KHA Policy***: *When KHA offers a family another form of assistance that is not a tenant-based voucher, the family will be given 60 days from the date of the offer to accept the offer and move out of the PBV unit. If the family does not move out within this 60-day time frame, KHA will terminate the housing assistance payments at the expiration of this 60-day period.*

  KHA may make exceptions to this 60-day period if needed for reasons beyond the family's control such as death, serious illness, or other medical emergency of a family member.

Family Right to Move

[*24 CFR 983.261*]

The family may terminate the lease at any time after the first year of occupancy. The family must give advance written notice to the owner in accordance with the lease and provide a copy of such notice to *KHA*. If the family wishes to move with continued tenant-based assistance, the family must contact *KHA* to request the rental assistance prior to providing notice to terminate the lease.

If the family terminates the lease in accordance with these requirements, *KHA* is required to offer the family the opportunity for continued tenant-based assistance, in the form of a voucher or other comparable tenant-based rental assistance. If voucher or other comparable tenant-based assistance is not immediately available upon termination of the family's lease in the PBV unit, *KHA* must give the family priority to receive the next available opportunity for continued tenant-based assistance.

If the family terminates the assisted lease before the end of the first year, the family relinquishes the opportunity for continued tenant-based assistance.

17-VII.C. EXCEPTIONS TO THE OCCUPANCY CAP

[*24 CFR 983.262*]
KHA may not pay housing assistance under a PBV HAP Contract for more than 25 percent of the number of dwelling units in a project unless the units are [*24 CFR 983.56*]:

- In a single-family project;
- Specifically made available for elderly and/or disabled families; or
- Specifically made available for families receiving supportive services as defined by *KHA*. At least one member must be receiving at least one qualifying supportive service.

If a family at the time of initial tenancy is receiving and while the resident of an excepted unit has received Family Self-Sufficiency (FSS) supportive services or any other service as defined as defined by *KHA* and successfully completes the FSS Contract of participation or the supportive services requirement, the unit continues to count as an excepted unit for as long as the family resides in the unit.

A family (or remaining members of a family) residing in an excepted unit that no longer meets the criteria for a "qualifying family" in connection with the 25 percent per building cap exception (e.g., a family that does not successfully complete its FSS Contract of participation or supportive services requirements, or a family that is no longer elderly or disabled due to a change in family composition where *KHA* does not exercise discretion to allow the family to remain in the excepted unit), must vacate the unit within a reasonable period of time established by *KHA*, and *KHA* must cease paying housing assistance payments on behalf of the non-qualifying family.

If the family fails to vacate the unit within the established time, the unit must be removed from the HAP Contract unless the project is partially assisted, and it is possible for the HAP Contract to be amended to substitute a different unit in the building in accordance with program requirements; or the owner terminates the lease and evicts the family. The housing assistance payments for a family residing in an excepted unit that is not in compliance with its Obligations of the Family to comply with supportive services requirements must be terminated by *KHA*.

KHA may allow a family that initially qualified for occupancy of an excepted unit based on elderly or disabled family status to continue to reside in a unit, where through circumstances beyond the control of the family (e.g., death of the elderly or disabled family member or long-term or permanent hospitalization or nursing care), the elderly or disabled family member no longer resides in the unit. In this case, the unit may continue to be counted as an excepted unit for as long as the family resides in that unit. Once the family vacates the unit, in order to continue as an excepted unit under the HAP Contract, the unit must be made available to and occupied by a qualified family.

- ***KHA Policy***: *KHA will allow families who initially qualified to live in an excepted unit to remain when circumstances change due to circumstances beyond the remaining family members' control.*
  - *In all other cases, when the KHA determines that a family no longer meets the criteria for a "qualifying family" in connection with the 25 percent per project cap exception, KHA will provide written notice to the family and owner, usually within 10 business days of making the determination. The family will be given 30 days from the date of the notice to move out of the PBV unit. If the family does not move out within this 30-day time frame, KHA will terminate the housing assistance payments at the expiration of this 30-day period.*
  - *KHA may make exceptions to this 30-day period if needed for reasons beyond the family's control such as death, serious illness, or other medical emergency of a family member.*
  - *KHA may refer other eligible families to the excepted units. However, if there are no eligible families on the waiting list and the owner does not refer eligible families to KHA, KHA will amend the HAP Contract to reduce the total number of units under contract.*

PART VIII: DETERMINING RENT TO OWNER

Overview

The amount of the initial rent to an owner of units receiving PBV assistance is established at the beginning of the HAP Contract term. Although for rehabilitated or newly constructed housing, the *AHAP* states the estimated amount of the initial rent to owner, the actual amount of the initial rent to owner is established at the beginning of the HAP Contract term.

During the term of the HAP Contract, the rent to owner is redetermined at the owner's request in accordance with program requirements, and at such time that there is a five percent or greater decrease in the published FMR.

17-VIII.A. RENT LIMITS

[*24 CFR 983.301*]

Except for certain tax credit units (discussed below), the rent to owner must not exceed the lowest of the following amounts:

- An amount determined by *KHA*, not to exceed 110 percent of the applicable fair market rent (or any HUD-approved exception subsidy standard) for the unit bedroom size minus any utility allowance;
- The reasonable rent; or
- The rent requested by the owner.

Certain Tax Credit Units

[*24 CFR 983.301(c)*]
For certain tax credit units, the rent limits are determined differently than for other PBV units. Different limits apply to contract units that meet all of the following criteria:

- The contract unit receives a low-income housing tax credit under the *Internal Revenue Code* of 1986;
- The contract unit is not located in a qualified census tract;
- There are comparable tax credit units of the same bedroom size as the contract unit in the same project, and the comparable tax credit units do not have any form of rental assistance other than the tax credit; and
- The tax credit rent exceeds 110 percent of the fair market rent or any approved exception subsidy standard;

For contract units that meet all of these criteria, the rent to owner must not exceed the lowest of:

- The tax credit rent minus any utility allowance;
- The reasonable rent; or
- The rent requested by the owner.

Definitions

A *qualified census tract* is any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50 percent of households have an income of less than 60 percent of *Area Median Gross Income* (AMGI), or where the poverty rate is at least 25 percent and where the census tract is designated as a qualified census tract by HUD.

Tax credit rent is the rent charged for comparable units of the same bedroom size in the project that also receive the low-income housing tax credit but do not have any additional rental assistance (e.g., tenant-based voucher assistance).

Reasonable Rent

[*24 CFR 983.301(e)*] *and* [*24 CFR 983.302(c)(2)*].
KHA must determine reasonable rent in accordable with [*24 CFR 983.303*]. The rent to owner for each contract unit may at no time exceed the reasonable rent, except in cases where *KHA* has elected within the HAP Contract not to reduce rents below the initial rent to owner and, upon redetermination of the rent to owner, the reasonable rent would result in a rent below the initial rent. However, the rent to owner must be reduced in the following cases:

- To correct errors in calculations in accordable with HUD requirements

- If additional housing assistance has been combined with PBV assistance after the execution of the initial HAP Contract and a rent decrease is required pursuant to [*24 CFR 983.55*].
- If a decrease in rent to owner is required based on changes in the allocation of the responsibility for utilities between owner and tenant

If *KHA* has not elected within the HAP Contract to establish the initial rent to owner as the rent floor, the rent to owner shall not at any time exceed the reasonable rent.

➢ ***KHA Policy***: *KHA elects within the HAP Contract not to reduce rents below the initial level, with the exception of circumstances listed in* [*24 CFR 983.302(c)(2)]. If, upon redetermination of the rent to owner, the reasonable rent would result in a rent below the initial rent, KHA will use the higher initial rent to owner amount*.

Use of FMRs, Exception Payment Standards, and Utility Allowances

[*24 CFR 983.301(f)*]

When determining the initial rent to owner, *KHA* must use the most recently published FMR in effect and the utility allowance schedule in effect at execution of the HAP Contract. When redetermining the rent to owner, *KHA* must use the most recently published FMR and the utility allowance schedule in effect at the time of redetermination. At its discretion, *KHA* may for initial rent, use the amounts in effect at any time during the 30-day period immediately before the beginning date of the HAP Contract, or for redeterminations of rent, the 30-day period immediately before the redetermination date.

Any HUD-approved exception subsidy standard amount under the tenant-based voucher program also applies to the project-based voucher program. HUD will not approve a different exception payment stand amount for use in the PBV program.

Likewise, *KHA* may not establish or apply different utility allowance amounts for the PBV program. The same utility allowance schedule applies to both the tenant-based and project-based voucher programs.

➢ ***KHA Policy***: *Upon written request by the owner, KHA will consider using the FMR or utility allowances in effect during the 30-day period before the start date of the HAP, or redetermination of rent. The owner must explain the need to use the previous FMRs or utility allowances and include documentation in support of the request. KHA will review and make a decision based on the circumstances and merit of each request.*

In addition to considering a written request from an owner, KHA may decide to use the FMR or utility allowances in effect during the 30-day period before the start date of the HAP, or redetermination of rent, if KHA determines it is necessary due to KHA budgetary constraints.

Redetermination of Rent

[*24 CFR 983.302*]

KHA must redetermine the rent to owner upon the owner's request or when there is a five percent or greater decrease in the published FMR.

Rent Increase

If an owner wishes to request an increase in the rent to owner from *KHA*, it must be requested at the annual anniversary of the HAP Contract [*KHA Plan: 17-V.C.*]. The request must be in writing and in the form and manner required by *KHA*. *KHA* may only make rent increases in accordance with the rent limits described previously. There are no provisions in the PBV program for special adjustments (e.g., adjustments that reflect increases in the actual and necessary expenses of owning and maintaining the units which have resulted from substantial general increases in real property taxes, utility rates, or similar costs).

- ***KHA Policy***: *An owner's request for a rent increase must be submitted to KHA no less than 60 days prior to the anniversary date of the HAP Contract, and must include the new rent amount the owner is proposing*.

KHA may not approve and the owner may not receive any increase of rent to owner until and unless the owner has complied with requirements of the HAP Contract, including compliance with HQS. The owner may not receive any retroactive increase of rent for any period of noncompliance.

Rent Decrease

If there is a decrease in the rent to owner, as established in accordance with program requirements such as a change in the FMR or exception subsidy standard, or reasonable rent amount, the rent to owner must be decreased regardless of whether the owner requested a rent adjustment, except where *KHA* has elected within the HAP Contract to not reduce rents below the initial rent under the initial HAP Contract.

Notice of Rent Change

The rent to owner is redetermined by written notice by *KHA* to the owner specifying the amount of the redetermined rent. *KHA* notice of rent adjustment constitutes an amendment of the rent to owner specified in the HAP Contract. The adjusted amount of rent to owner applies for the period of 12 calendar months from the annual anniversary of the HAP Contract.

- ***KHA Policy***: *KHA will provide the owner with at least 30 days written notice of any change in the amount of rent to owner.*

KHA-owned Units

[*24 CFR 983.301(g)*]
For *KHA*-owned PBV units, the initial rent to owner and the annual redetermination of rent at the anniversary of the HAP Contract are determined by the independent entity approved by HUD. *KHA* must use the rent to owner established by the independent entity.

17-VIII.B. REASONABLE RENT

[*24 CFR 983.303*]

When the initial rent is established and all times during the term of the HAP Contract, the rent to owner for a contract unit may not exceed the reasonable rent for the unit as determined by *KHA*, except where *KHA* has elected within the HAP Contract to not reduce rents below the initial rent under the initial HAP Contract.

When Rent Reasonable Determinations are Required

KHA must redetermine the reasonable rent for a unit receiving PBV assistance whenever any of the following occur:

- There is a five percent or greater decrease in the published FMR in effect 60 days before the contract anniversary (for the unit sizes specified in the HAP Contract) as compared with the FMR that was in effect one year before the contract anniversary date;
- *KHA* approves a change in the allocation of responsibility for utilities between the owner and the tenant;
- The HAP Contract is amended to substitute a different contract unit in the same building or project; or
- There is any other change that may substantially affect the reasonable rent.

How to Determine Reasonable Rent

The reasonable rent of a unit receiving PBV assistance must be determined by comparison to rent for other comparable unassisted units. When making this determination, *KHA* must consider factors that affect market rent. Such factors include the location, quality, size, type and age of the unit, as well as the amenities, housing services maintenance, and utilities to be provided by the owner.

Comparability Analysis

For each unit, the comparability analysis must use at least three comparable units in the private unassisted market. This may include units in the premises or project that is receiving project-based assistance. The analysis must show how the reasonable rent was determined, including major differences between the contract units and comparable unassisted units, and must be retained by *KHA*. The comparability analysis may be performed by *KHA* staff or by another qualified person or entity. Those who conduct these analyses or are involved in determining the housing assistance payment based on the analyses may not have any direct or indirect interest in the property.

KHA-owned Units

For *KHA*-owned units, the amount of the reasonable rent must be determined by an independent agency approved by HUD in accordance with PBV program requirements. The independent entity must provide a copy of the determination of reasonable rent for *KHA*-owned units to *KHA* and to the HUD field office where the project is located.

Owner Certification of Reasonable Rent

By accepting each monthly housing assistance payment, the owner certifies that the rent to owner is not more than rent charged by the owner for other comparable unassisted units in the premises. At any time, *KHA* may require the owner to submit information on rents charged by the owner for other units in the premises or elsewhere.

17-VIII.C. EFFECT OF OTHER SUBSIDY AND RENT CONTROL

In addition to the rent limits discussed in [*KHA Plan: 17-VIII.B.*] above, other restrictions may limit the amount of rent to owner in a PBV unit. In addition, certain types of subsidized housing are not even eligible to receive PBV assistance see [*KHA Plan: 17-II.C.*].

Other Subsidy

[*24 CFR 983.304*]

To comply with HUD subsidy layering requirements, at the discretion of HUD or its designee, *KHA* shall reduce the rent to owner because of other governmental subsidies, including tax credits or tax exemptions, grants, or other subsidized funding.

For units receiving assistance under the HOME program, rents may not exceed rent limits as required by that program.

For units in any of the following types of federally subsidized projects, the rent to owner may not exceed the subsidized rent (basic rent) or tax credit rent as determined in accordance with requirements for the applicable federal program:

- An insured or non-insured *Section 236 project*;
- A formerly insured or non-insured *Section 236 project* that continues to receive Interest Reduction Payment following a decoupling action;
- A *Section 221(d)(3)* below market interest rate (BMIR) project;
- A *Section 515 project* of the *Rural Housing Service*; or
- Any other type of federally subsidized project specified by HUD.

Combining Subsidy

Rent to owner may not exceed any limitation required to comply with HUD subsidy layering requirements.

Rent Control

[*24 CFR 983.305*]

In addition to the rent limits set by PBV program regulations, the amount of rent to owner may also be subject to rent control or other limits under local, state, or federal law.

PART IX: PAYMENTS TO OWNER

17-IX.A. HOUSING ASSISTANCE PAYMENTS

[*24 CFR 983.351*]

During the term of the HAP Contract, *KHA* must make housing assistance payments to the owner in accordance with the terms of the HAP Contract. During the term of the HAP Contract, payments must be made for each month that a contract unit complies with HQS and is leased to and occupied by an eligible family. The housing assistance payment must be paid to the owner on or about the first day of the month for which payment is due, unless the owner and *KHA* agree on a later date.

Except for discretionary vacancy payments, *KHA* may not make any housing assistance payment to the owner for any month after the month when the family moves out of the unit (even if household goods or property are left in the unit).

The amount of the housing assistance payment by *KHA* is the rent to owner minus the tenant rent (total tenant payment minus the utility allowance).

In order to receive housing assistance payments, the owner must comply with all provisions of the HAP Contract. Unless the owner complies with all provisions of the HAP Contract, the owner does not have a right to receive housing assistance payments.

17-IX.B. VACANCY PAYMENTS

[*24 CFR 983.352*]
If an assisted family moves out of the unit, the owner may keep the housing assistance payment for the calendar month when the family moves out. However, the owner may not keep the payment if *KHA* determines that the vacancy is the owner's fault.

- ***KHA Policy***: *If KHA determines that the owner is responsible for a vacancy and, as a result, is not entitled to the keep the housing assistance payment, KHA will notify the landlord of the amount of housing assistance payment that the owner must repay. KHA will require the owner to repay the amount owed in accordance with the policies in* [*KHA Plan: 16-IV.A.*].

At the discretion of *KHA*, the HAP Contract may provide for vacancy payments to the owner. *KHA* may only make vacancy payments if:

- The owner gives *KHA* prompt, written notice certifying that the family has vacated the unit and identifies the date when the family moved out (to the best of the owner's knowledge);
- The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;
- The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and
- The owner provides any additional information required and requested by *KHA* to verify that the owner is entitled to the vacancy payment.

The owner must submit a request for vacancy payments in the form and manner required by *KHA* and must provide any information or substantiation required by *KHA* to determine the amount of any vacancy payment.

- ***KHA Policy***: *KHA will not enter into any HAP Contract for a PBV project which contains a provision for vacancy payments to the owners. HAP Contracts for PBV projects initiated prior to January 1, 2014 may continue to provide vacancy payments as agreed upon in their individual contract with KHA.*
  - *If an owner's HAP Contract calls for vacancy payments to be made, and the owner wishes to receive vacancy payments, the owner must have properly notified KHA of the vacancy in accordance with the policy in [KHA Plan: 17-V.E.] regarding filling vacancies.*
  - *In order for a vacancy payment request to be considered, it must be made within 10 business days of the end of the period for which the owner is requesting the vacancy payment. The request must include the required owner certifications and KHA may require the owner to provide documentation to support the request. If the owner does not provide the information requested by KHA within 10 business days of KHA's request, no vacancy payments will be made*.

17-IX.C. TENANT RENT TO OWNER

[*24 CFR 983.353*]

The tenant rent is the portion of the rent to owner paid by the family. The amount of tenant rent is determined by *KHA* in accordance with HUD requirements. Any changes in the amount of tenant rent will be effective on the date stated in *KHA* notice to the family and owner.

The family is responsible for paying the tenant rent (total tenant payment minus the utility allowance). The amount of the tenant rent determined by *KHA* is the maximum amount the owner may charge the family for rental of a contract unit. The tenant rent covers all housing services, maintenance, equipment, and utilities to be provided by the owner. The owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by *KHA*. The owner must immediately return any excess payment to the tenant.

Tenant and KHA Responsibilities

The family is not responsible for the portion of rent to owner that is covered by the housing assistance payment and the owner may not terminate the tenancy of an assisted family for nonpayment by *KHA*.

Likewise, *KHA* is responsible only for making the housing assistance payment to the owner in accordance with the HAP Contract. *KHA* is not responsible for paying tenant rent, or any other claim by the owner, including damage to the unit. *KHA* may not use housing assistance payments or other program funds (including administrative fee reserves) to pay any part of the tenant rent or other claim by the owner.

Utility Reimbursements

If the amount of the utility allowance exceeds the total tenant payment, *KHA* must pay the amount of such excess to the tenant as a reimbursement for tenant-paid utilities, and the tenant rent to the owner must be zero.

KHA may pay the utility reimbursement directly to the family or to the utility supplier on behalf of the family. If *KHA* chooses to pay the utility supplier directly, *KHA* must notify the family of the amount paid to the utility supplier.

- ***KHA Policy***: *KHA will make monthly utility reimbursements to the family, typically in the form of an ATM banking card*.

17-IX.D. OTHER FEES AND CHARGES

[*24 CFR 983.354*]

Meals and Supportive Services

With the exception of PBV assistance in assisted living developments, the owner may not require the tenant to pay charges for meals or supportive services. Non-payment of such charges is not grounds for termination of tenancy.

In assisted living developments receiving PBV assistance, the owner may charge for meals or supportive services. These charges may not be included in the rent to owner, nor may the value of meals and supportive services be included in the calculation of the reasonable rent. However, non-payment of such charges is grounds for termination of the lease by the owner in an assisted living development.

Other Charges by Owner

The owner may not charge extra amounts for items customarily included in rent in the locality or provided at no additional cost to unsubsidized tenants in the premises

CHAPTER 18 : RENTAL ASSISTANCE DEMONSTRATION (RAD)

PART I: GENERAL REQUIREMENTS

Introduction

This chapter describes the *Rental Assistance Demonstration* (RAD) program. RAD is authorized by the *Consolidated and Further Continuing Appropriations Act* of 2012 (Pub. L. No. 112-55, approved November 18, 2011), as amended by the *Consolidated Appropriations Act*, 2014 (Public Law 113-76, approved January 17, 2014) and the *Consolidated and Further Continuing Appropriations Act*, 2015 (Public Law 113-235, approved December 6, 2014), collectively, the "RAD Statute." RAD has two components:

18-I.A. DESCRIPTIONS

First Component: allowed projects funded under the public housing program to convert their assistance to long-term, project-based Section 8 rental assistance contracts. Under this component of RAD, public housing agencies (PHAs) may choose between two forms of Section 8 Housing Assistance Payment (HAP) contracts: Project-based Vouchers (PBVs) or *Project-based Rental Assistance* (PBRA). *KHA* owns no public housing units so does not participate in this component of the demonstration.

Second Component (RAD 2): allows owners of projects funded under the *Rent Supplement*, *Rental Assistance Payment* (RAP), and *Mod Rehab* programs to convert tenant protection vouchers (TPV's) to PBV's or PBRA upon contract expiration or termination occurring after October 1, 2006. While there is no cap on the number of units that can convert assistance under this component of RAD, and no requirement for competitive selection, PBV conversions under this component are subject to the availability of TPVs. Collectively, pre-conversion projects whose assistance is converting from one form of rental assistance to another are referred to in this Notice as "Converting Projects." Post-conversion projects with assistance converted from one form of rental assistance to another are referred to in this Notice as "Covered Projects." Previous versions of this Notice were published as follows:

- [*Notice PIH 2012-32 (July 26, 2012)*]
- [*Notice PIH 2012-32 REV-1 (July 2, 2013)*]
- [*Notice PIH 2012-32 REV-1 Technical Correction (February 6, 2014)*]

All conversions under the Second Component will be bound by the Notice in effect at the time of the conversion request. For all conversion types, HUD reserves the right, in its sole discretion, to apply provisions from previous versions of this Notice to program participants that are near conversion.

18-I.B. EXPLANATION OF CHANGES AND MAJOR REVISIONS

[*Notice PIH 2012-32, REV-2.*]

This revised [*Notice PIH 2012-32, REV-2*], includes a change in eligibility and selection criteria as well as clarifications of existing instructions. Major revisions are summarized below. Where indicated, the provisions will be subject to a thirty (30)-day Notice and Comment period.

18-I.C. RAD 2 CONVERSIONS SUBJECT TO THE PLAN

All projects converted to PBV Assistance under RAD 2 are subject to this Plan, any applicable federal regulations and the requirements of [*Notice PIH 2012-32*], as such may be amended from time to time (the "RAD Requirements"). The RAD Requirements are in addition to, and may modify, the requirements for PBV projects as set forth in this Plan. For any PBV project converted under RAD 2, in the event of a conflict between the RAD 2 Requirements and the requirements of this Plan, the RAD 2 Requirements shall control. No RAD 2 projects currently exist within the *KHA* service area.

18-I.D. NO RE-SCREENING OF TENANTS UPON CONVERSION

Pursuant to the RAD statute, at conversion, current households are not subject to rescreening, income eligibility, or income targeting provisions. Consequently, current households will be grandfathered for conditions that occurred prior to conversion but will be subject to any ongoing eligibility requirements for actions that occur after conversion. For example, a unit with a household that was over-income at time of conversion would continue to be treated as an assisted unit. Thus, [*24 CFR 982.201*], concerning eligibility and targeting, will not apply for current households. Once that remaining household moves out, the unit must be leased to an eligible family.

CHAPTER 19 : ACRONYMS & GLOSSARY

PART I: ACRONYMS

19-I.A. ACRONYMS USED IN SUBSIDIZED HOUSING

ADA - Americans with Disabilities Act of 1990
AHAP - Agreement to enter into a Housing Assistance Payment Contract
AMI - Area Median Income
CDBG - Community Development Block Grant (Program)
CFR - Code of Federal Regulations
DCFS - (Illinois) Department of Children and Family Services
KHA - Kendall Housing Authority
EID - Earned Income Disallowance
EIV - Enterprise Income Verification
FHA - Federal Housing Administration
FMR - Fair Market Rent
FSS - Family Self-Sufficiency (Program)
HOME - Home Investment Partnership Program
HAP - Housing Assistance Payment
HCV - Housing Choice Voucher
HQS - Housing Quality Standards
HUD - (US Department of) Housing and Urban Development
IHDA - Illinois Housing Development Authority
ITT - Intent to Terminate
LIHTC - Low-Income Housing Tax Credits
PBV - Project- Based Voucher
PHA - Public Housing Authority
PIH - (HUD Office of) Public and Indian Housing
RAD - Rental Assistance Demonstration
RHI - Regional Housing Initiative
RFTA - Request for Tenancy Approval
SAFMR – Small Area Fair Market Rent
SEMAP - Section Eight Management Assessment Program
SRO - Single Room Occupancy
SSDI - Social Security Disability Insurance
SSI - Supplemental Security Income
SSN - Social Security Number
TANF - Temporary Assistance for Needy Families
TSP - Tenant Selection Plan
TTP - Total Tenant Payment
UIV - Up-front Income Verification

USCIS - United States Citizenship and Immigration Services
VAWA - Violence Against Women Act
VASH - Veterans Affairs Supportive Housing

PART II: TERMS & DEFINITIONS

19-II.A. GLOSSARY OF TERMS AND DEFINITIONS

Abatement. The process used by *KHA* for withholding housing assistance payments from an owner. Abatement is used to enforce *KHA*'s rights and remedies against an owner under the HAP Contract, such as the recovery of overpayments to the owner, or other housing assistance payments for a dwelling unit not maintained in accordance with the housing quality standards (HQS). *KHA* does not reimburse an owner for housing assistance payments that were abated for the period that the unit did not meet HQS.
Abusive or violent behavior. Behavior that includes verbal as well as physical abuse or violence. It also includes the use of racial epithets, or other language written or oral, that is customarily used to intimidate.
Accessible unit. A unit (means of entry route) that meets the standards set forth for accessible units in the Uniform Federal Accessibility Standards and may be entered and used by a disabled person who requires the features of the accessible unit.
Adjusted income. Annual income minus allowable HUD deductions.
Administrative fee. A fee paid by HUD to *KHA* for administration of the program. See [*24 CFR 982.152*].
Administrative fee reserve (formerly "operating reserve"). An account established by *KHA* from excess administrative fee income. The administrative fee reserve must be used for housing purposes. See [*24 CFR 982.155*].
Admission. The point when an applicant family becomes a participant in the program. The date used for this purpose is the effective date of the first HAP Contract for a family (first day of initial lease term) in a tenant-based program.
Agreement to Enter into a Housing Assistance Payment Contract (AHAP). The document signed by *KHA* and a potential PBV owner prior to entering a HAP Contract. The document assures that *KHA* will enter a HAP Contract if the owner complies with inspection requirements.
Americans with Disability Act (ADA). A federal law that prohibits discrimination against people with disabilities in employment, transportation, public accommodation, communications and governmental activities.
Annual income. The anticipated total income of an eligible family from all sources for the 12-month period following the date of determination of income, computed in accordance with HUD regulations.
Unit. A single dwelling (unit).
Applicant or Applicant Household. A household that has applied for, or is currently on the waiting list for the federally-assisted *Housing Choice Voucher* (HCV) program administered by *KHA*.

Area Median Income (AMI). Income amounts estimated and published by HUD for a geographical area and adjusted for different family sizes. HUD uses AMI to calculate income limits for eligibility in a variety of housing programs, including HCV. For *KHA*, the applicable geographical area is the Chicago Metropolitan Statistical Area of Chicago-Joliet-Naperville.

Area of operation. The geographic area within Kendall County. *KHA* does not have jurisdiction to operate outside of Kendall County, even if it will would further *KHA*'s policy or program objectives.

Assets. Cash (including checking accounts), stocks, bonds, savings, equity in real property, or the cash value of life insurance policies. Assets do not include the value of personal property such as furniture, automobiles and household effects or the value of business assets.

Budget Authority. An amount authorized and appropriated by Congress for payment to PHAs under the HCV program. For each funding increment, the budget authority is the maximum amount that may be paid by HUD to *KHA* over the *Annual Contributions Contract* (ACC) term of the funding increment.

Childcare expenses. The amount anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed. Deductions from annual income are only given where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for childcare. In the case of childcare necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income

Co-head. An individual in the household who is equally responsible for the lease with the head of household. A family may have a co-head or spouse but not both. A co-head never qualifies as a dependent and must have legal capacity to enter a lease.

Code of Federal Regulations (CFR). Published federal rules that define and implement laws; commonly referred to as "the regulations".

Community Development Block Grant Program (CDBG). A HUD program that provides communities with resources to address a wide range of unique community development needs. The CDBG program provides annual grants on a formula basis to general units of local government and states.

Congregate housing. Housing for elderly persons or persons with disabilities that meets inspection requirements for congregate housing. A special housing type. See [*24 CFR 982.606 to 982.609*].

Continuously assisted. An applicant is continuously assisted under the 1937 Act if the family is already receiving assistance under any 1937 *Housing Act* program when the family is admitted to the voucher program.

Contract rent. Rent amount agreed upon by *KHA* and an owner (included Tenant share and *KHA* portion of rent payment).

Cooperative (term includes mutual housing). Housing owned by a nonprofit corporation or association, and where a member of the corporation or association has the right to reside in a unit and participate in management of the housing. A special housing type. See [*24 CFR 982.619*].

Dating violence. Violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim. The existence of such a relationship shall be determined based on a consideration of the following factors:

- The length of the relationship;
- The type of relationship; and
- The frequency of interaction between the persons involved in the relationship.

Demonstration programs. Programs for a limited number of participants that allow *KHA* to provide subsidized housing for a special population of people in need.

Department of Child and Family Services (DCFS). The state government agency responsible for child protective services in Illinois.

Department of Housing and Urban Development (HUD). The federal agency that administers programs that provide housing and community development assistance. The department also works to ensure fair and equal housing for all.

Dependent. A member of the family (except foster children and foster adults) other than the head, spouse, co-head or live in aide who is under 18 years of age, or is a person with a disability, or is a full-time student.

Designated Housing. A property or portion of a property designated only for occupancy solely by elderly or disabled households

Disability. The definition of a person with a disability for purposes of a Reasonable Accommodation and fair housing follows the definition in Section 504, the ADA, the federal *Fair Housing Act* and any other applicable statutes:

a. Disability defined as a physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment; or being regarded as having such an impairment. Disability does not include current use or current addiction to illegal drugs.

1. The definition of a person with a disability for purpose of program eligibility is:
   a. A person has a disability as defined in the *Social Security Act* [*42 U.S.C. 423*] which means:
      - Inability to engage in any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months; or
      - In the case of an individual who has attained the age of 55 and is blind, inability because of such blindness to engage in substantial gainful activity requiring skills or abilities comparable to those of any gainful activity in which he has previously engaged with some regularity and over a substantial period

   b. A person with disabilities is determined to have a physical, mental, or emotional impairment that:
      - Is expected to be of long-continued and indefinite duration;
      - Substantially impedes his or her ability to live independently; and
      - Is of such a nature that such ability could be improved by more suitable housing conditions; or
      - Has a developmental disability as defined in section 102 of the *Developmental Disabilities Assistance and Bill of Rights Act* [*42 U.S.C. 6001(5)*].
2. The term "developmental disability" means a severe, chronic disability of an individual 5 years of age or older that -

a. Is attributable to a mental or physical impairment or combination of mental and physical impairments;
b. Is manifested before the individual attains age 22;
c. Is likely to continue indefinitely;
d. Results in substantial functional limitations in three or more of the following areas of major life activity -
- Self-care;
- Receptive and expressive language;
- Learning;
- Mobility;
- Self-direction;
- Capacity for independent living; and Economic self-sufficiency; and
- Reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic services, supports, or other assistance that is of lifelong or extended duration and is individually planned and coordinated, except that such term, when applied to infants and young children means individuals from birth to age 5, inclusive, who have substantial developmental delay or specific congenital or acquired conditions with a high probability of resulting in developmental disabilities if services are not provided.

3. The term “person with disabilities” does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.

***Disability assistance expenses*.** Reasonable expenses anticipated for a disabled family member for attendant care or an auxiliary apparatus that is necessary to enable a family member (including the disabled member) to be employed during the period for which annual income is computed. Participants will only be able to deduct these expenses from their income if they are not paid to a member of the family nor reimbursed by an outside source.

***Disabled family*.** A family whose head, spouse, co-head or sole member is a person with disabilities; or two or more persons with disabilities living together; or one or more persons with disabilities living with one or more live-in aides.

Disabled person. *KHA* utilizes two different definitions of disability: there is a HUD definition that is used for income rent calculations and eligibility determinations as well as a broader *Americans with Disabilities Act* (ADA)/*Fair Housing Act* (FHA) definition that is used for Reasonable Accommodation purposes.

Domestic partners. Individuals who are over the age of 18 who intend to live in the same residence and are responsible for each other’s common welfare. They cannot be legally married to another person or be related by blood closer than would bar marriage in the State of Illinois. In addition, a city, county, or state agency or other unit of government must recognize them as domestic partners. If they are not recognized by a government agency, then they must identify each other as their primary beneficiary in their will and have at least two joint financial arrangements. Examples of such are the following:

- Joint ownership of a motor vehicle;
- A joint credit account;
- A joint checking account; or

- A lease for a residence identifying both domestic partners as tenants.

Domestic violence. Felony or misdemeanor crimes of violence committed by:

- A current or former spouse of the victim;
- A person with whom the victim shares a child in common;
- A person who is cohabitating with or has cohabitated with the victim as a spouse;
- A person similarly situated to a spouse of the victim under domestic or family violence laws; or
- Any other person against whom an adult or youth victim is protected from that person's acts under domestic or family violence laws.

Domicile. The legal residence of the household head or spouse as determined in accordance with state and local laws.

Drug-related criminal activity. As defined in [*24 CFR 5.100*]. The illegal manufacture, sale, distribution, use or possession of a controlled substance with intent to sell, distribute, or use the drug. This includes the use of medical marijuana.

Drug-trafficking. The illegal manufacture, sale or distribution, or the possession with intent to manufacture, sell or distribute, of a controlled substance as defined in the *Controlled Substances Act* [*21 U.S.C. 802(102)*].

Earned Income Disallowance (EID). A program that allows tenants who have been out of work to accept a job without having their rent increase right away. EID encourages self-sufficiency rewarding residents who go to work to increase their earnings.

Elderly Household. A household whose head, spouse and/or sole member is an elderly person. The term "elderly household" includes an elderly person, two or more elderly persons living together, and one or more persons who are determined to be essential to the care or well-being of the elderly person or persons. An elderly household may include elderly persons with disabilities and other household members who are not elderly.

Elderly person. An individual who is at least 62 years of age.

Eligible family. A family that is income eligible and meets the other requirements to participate in the HCV program.

Emancipated minor. A person under eighteen (18) years of age who does not live or intend to live with his or her parents.

Enterprise Income Verification (EIV) System. The *Enterprise Income Verification System* is a system intended to provide a single source of income-related data to Public Housing Authorities and the *U.S. Department of Housing and Urban Development* for use in verifying the income reported by households participating in assisted housing programs. EIV provides *KHA* administrators with income data from several federal databases including, the *Department of Health and Human Services' National Directory of New Hires Data* (NDNH) and the *Social Security Administration*.

Environmental Intervention Blood Lead Level. The level of lead in blood that requires intervention in a child under the age of six.

Eviction. The removal of a tenant from a rental property by the landlord.

Exception subsidy standard. A subsidy standard that is outside of the HUD-established FMR range.

Excluded income. Income that is not counted in determining the family's share of rent.

Fair Housing Act (FHA). Title VIII of the *Civil Rights Act* of 1968, as amended by the *Fair Housing Amendments Act* of 1988.

Fair Market Rent (FMR). The rent, including the cost of utilities, as established by HUD for units of varying sizes that must be paid in the housing market metropolitan area to rent privately owned, existing, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities.

Family. Includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity or marital status:

- A family with a child or children;
- Two or more elderly or disabled persons living together;
- One or more elderly or disabled persons living with one or more live-in aides;
- A single person, who may be an elderly person, a displaced person, a disabled person or any other single person; or
- Two or more individuals who are not related by blood, marriage, adoption or other operation of law but who either can demonstrate that they have lived together previously or certify that everyone's income and other resources will be available to meet the needs of the family.

Family break-up. See [*KHA Plan: 3-I.B.*] or [*24 CFR 982.315*].

Family rent to owner. See Family share.

Family Self-Sufficiency (FSS) Program. The program established by *KHA* in accordance with [*24 CFR 984*] to promote self-sufficiency of assisted families, including the coordination of supportive services [*42 U.S.C. 1437u*] and *KHA*'s *Family Self-Sufficiency Action Plan.*

Family share. The portion of rent and utilities paid by the family. See [*24 CFR 982.515(a)*].

Family Unification Program (FUP). The program under which Housing Choice Vouchers are provided to two different populations:

- Families 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
  - The delay in the discharge of the child or children to the family from out-of-home care. There is no time limitation on FUP family vouchers.
- Youth at least 18 years old and not more than 21 years old who left foster care at age 16 or older and who lack adequate housing. FUP vouchers used by youth are limited by statute to 36 months of housing assistance.

Family unit size. The appropriate number of bedrooms for a family as determined by *KHA* under *KHA* subsidy standards.

Federal Housing Administration (FHA). The federal agency that provides mortgage insurance on loans made by FHA-approved lenders throughout the United States and its territories.

Fixed-income. The term "fixed-income" includes income from:

- Social Security payments to include Supplemental Security Income (SSI) and Supplemental Security Disability Insurance (SSDI);
- Federal, state, local and private pension plans; and
- Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic receipts that are of substantially the same amounts from year to year.

Full-time student. A person who is carrying a subject load that is considered full-time for day students under the standards and practices of the educational institution attended.

Gross rent. Rent to owner plus an allowance for tenant-paid utilities
Group home. A dwelling unit that is licensed by a state as a group home for the exclusive residential use of two to 12 persons who are elderly or persons with disabilities (including any live-in aide). A special housing type. See [*24 CFR 982.610 to 982.614*].
Guest. A person temporarily staying in the unit with the consent of the head of household or another adult member.
Housing Assistance Payment (HAP). *KHA*'s portion of the HCV rent. See [*KHA Plan: 6-III.A.*] and [*24 CFR 982.505(b)*].
HAP Contract. A written contract between *KHA* and an owner for providing housing assistance payments to the owner on behalf of an eligible family.
Hardship exemption. An exemption of a policy given to a participant due to the policy causing a financial hardship. See [*KHA Plan: 6-III.B.*] for the hardship exemption for the minimum rent policy.
Hearsay evidence. Evidence of a statement that was made other than by a witness while testifying at the hearing and that is offered to prove the truth of the matter.
Head of household. The adult member of the family who is the head of the household for purposes of determining income eligibility and rent.
Homeless, homeless individual or homeless person. A person or individual who meets the following criteria:

- Lacks a fixed, regular, and adequate night time residence; or
- Has a primary night time residence that is:
  - A publicly or privately supervised shelter designed to provide temporary living accommodations that meet the following criteria (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
  - An institution that provides a temporary residence for individuals intended to be institutionalized; or
  - A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Homeownership Program. A Program to assist a family residing in a home purchased and owned by one or more members of the family.
Household. A household can be any of the following:

1. Two or more persons residing in the same dwelling as their primary residence
   a. All whose income and resources are available to meet the households needs; and
   b. Who are related by blood, marriage, or operation of law; or
   c. Who have otherwise evidenced a stable inter-dependent relationship.
2. One Person.
3. Disabled Household.
4. Elderly Household.

The following instances do not meet the definition of a household:

5. Boarders, lodgers or transient paying guests;
6. Unrelated adults who have not lived as household members on a regular basis.

Housing Assistance Payment (HAP). The monthly assistance payment by *KHA*, which includes a payment to the owner for rent under the family's lease and any additional payment to the family if the total assistance payment exceeds the rent to owner.
Housing Quality Standards (HQS). The HUD minimum quality standards a unit must meet prior to an owner receiving any payment from *KHA*.

Income. There are 2 types of income calculated by *KHA*:

1. *Annual Income* means all amounts, monetary or not, which go to, or on behalf of the head of household or spouse (even if temporarily absent) or to any other household member; or are anticipated to be received from a source outside the household during the 12–month period following admission or annual reexamination effective date and that are not included in the list of excluded incomes in [*KHA Plan: Chapter 6, Income and Subsidy Determinations*].
2. *Adjusted Income* is the income upon which income-based rent is based, means Annual Income less the allowable childcare or medical deductions.

Income determination is fully described in [*KHA Plan: Chapter 6, Income and Subsidy Determinations*].

In-place family. An eligible family residing in a proposed PBV contract unit on the date the proposal is selected.

Informal Hearing. The process where participants can challenge a decision that has had a negative impact on them.

Informal Review. The process where applicants can challenge a decision that has had a negative impact on them.

Initial PHA. In portability, the term refers to:

- The PHA that originally selected a family that later decides to move out of the jurisdiction of the selecting PHA;
- The PHA that was administering assistance for a family and the family later decides to move out of the jurisdiction of the administering PHA; or
- The PHA that absorbed a family that later decides to move out of the jurisdiction of the absorbing PHA.

Initial subsidy standard. The subsidy standard at the beginning of the HAP Contract term.

Initial rent to owner. The rent to owner at the beginning of the HAP Contract term.

Intent to Terminate (ITT). The initial document that *KHA* sends to the family and their landlord to begin the termination process.

Jurisdiction. The area in which *KHA* has authority under state and local law to administer the program.

Lease. A written agreement between an owner or property manager and a tenant for the leasing of a dwelling unit to the tenant. The lease establishes the conditions for occupancy of the dwelling unit by a family with housing assistance payments under a HAP Contract between the owner and *KHA*.

Live-In Aide. A person residing with elderly, near-elderly and/or disabled persons who is determined to be:

- Essential to care and well-being of the person(s)
- Not obligated for support of the person(s)
- Would not otherwise be living in the unit, except to provide supportive services.

A live-in aide may be assigned a bedroom, but is not added to the voucher or lease. See [*KHA Plan: 3-I.K.*] and [*KHA Plan: 5-II.B.*] for more details on the Live-in Aide requirements.

Local preference. A preference or criteria used by a PHA to select applicants who reside in the PHA's jurisdiction.

Low income family. A family whose income does not exceed 80% of the median income for the area as determined by HUD, with adjustments for smaller or larger families.

Low Income Housing Tax Credits (LIHTC). A dollar for dollar reduction in tax liability provided by the federal government to the owner of a qualified low-income housing development for the acquisition, rehabilitation or construction of low-income rental housing units.
Mainstream Voucher. Targeted Housing Choice Vouchers for households with a non-elderly person 18 to 64 years of age with a disability.
Manufactured home. A manufactured structure that is built on a permanent chassis, is designed for use as a principal place of residence and meets the HQS. A special housing type: see [*24 CFR 982.620*] and [*24 CFR 982.621*].
Medical expenses. The amount of unreimbursed payments made by the household for medical or dental related costs that are anticipated during the period for which annual income is computed and not covered by insurance. For elderly and disabled families, these expenses are deducted from household income and used to calculate adjusted income (deductions given only if they exceed 3% of annual income).
Minimum rent. Participants must pay a minimum rent of $50. See [*KHA Plan: 6-III.A.*] for policies on minimum rent.
Minor. A member of a household other than the head or spouse who is under 18 years of age.
Mixed family. A family whose members include those with citizenship or eligible immigration status and those without citizenship or eligible immigration status.
Mixed financing. A financing structure that allows HUD to mix public, private and non-profit funds to develop and operate housing developments.
Mixed-income. A housing development comprised of housing with various levels of affordability, including market-rate and affordable housing within the same property.
Moderate Rehabilitation. A program that provides project-based rental assistance for low-income families. The program was repealed in 1991 and no new projects are authorized for development.
Monthly gross income. The family's total monthly income.
Net Assets. The cash value, after deducting reasonable costs that would be incurred in disposing of:

- Real property (land, houses, mobile homes);
- Savings (CDs, IRA or KEOUGH accounts, 401K accounts) checking and savings accounts, and precious metals;
- Cash value of whole life insurance policies;
- Stocks and bonds (mutual funds, corporate bonds, savings bonds); and
- Other forms of capital investments (business equipment).

Noncitizen. A person who is neither a citizen nor national of the United States.
Obligations of the Family. The rules and regulations that program participants must abide by to remain on the Housing Choice Voucher program.

Owner. Any person or entity with the legal right to lease or sublease a unit to a participant in the HCV program. This includes a principal or other interested party such as a designated agent of the owner.
Participant (participant family). A family that has been admitted to *KHA* program and is currently receiving assistance. The family becomes a participant on the effective date of the first HAP Contract executed by *KHA* for the family (first day of initial lease term).

Payment standard. An amount established by *KHA* that represents the maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family). Payment standards are based on HUD published FMRs.
Persons with disabilities. A person who has a disability as defined in [*42 U.S.C. 423*] or a developmental disability as defined in [*42 U.S.C. 6001*]. Includes a person who is determined, under HUD regulations, to have a physical or mental impairment that is expected to be of long-continued and indefinite duration, substantially impedes the ability to live independently and is of such a nature that the ability to live independently could be improved by more suitable housing conditions. For purposes of Reasonable Accommodations and program accessibility persons with disabilities are defined as "individuals with handicaps" as defined in [*24 CFR 8.3*]. The definition does not exclude persons who have AIDS or conditions arising from AIDS, but does not include a person whose disability is based solely on drug or alcohol dependence (for low-income housing eligibility purposes).
***Portability*.** Renting a dwelling unit with a housing choice voucher outside the jurisdiction of the initial PHA.
Preference. Specific criteria used to give priority to applicants off the waiting list who meet designated criteria. See [*KHA Plan: 4-III.C.*] for a list of *KHA*'s preferences.
Preponderance of the evidence. Evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which shows that the fact sought to be proved is more probable than not.
Project-based Voucher (PBV). A component of a public housing agency's Housing Choice Voucher program. A PHA can attach up to a 20 percent unit limitation calculation, and allow for additional project-basing of vouchers by raising the limit an additional 10 percent for homeless families, families with veterans, supportive housing for persons with disabilities or elderly persons, or in areas where vouchers are difficult to use if the owner agrees to either rehabilitate or construct the units or to set aside a portion of the units in an existing development.
Property Rental Assistance (PRA). A program that commits Project-based Vouchers to privately developed and owned housing units.
***Public assistance*.** Any welfare or other payments to families or individuals based on need, which are made under programs funded, separately or jointly, by federal, state or local governments.
Public and Indian Housing (PIH). The HUD program office that oversees public housing and the housing choice voucher programs.
***Public Housing Authority (PHA)*.** Any state, county, municipality or other governmental entity or public body, or agency that is authorized to engage or assist in the development or operation of low-income housing under the 1937 Act.
Reasonable Accommodation. A modification or change *KHA* can make to its policies or procedures that will assist an otherwise qualified applicant or participant with a disability to take full advantage of and use *KHA* programs, including those that are operated by other agencies in *KHA*-owned public space.
***Reasonable rent*.** A rent to owner that is not more than rent charged for comparable units in the private unassisted market and other unassisted units on the premises.

Receiving PHA. In portability: A PHA that receives a family selected for participation in the tenant-based program of another PHA. The receiving PHA issues a voucher and provides program assistance to the family.
Reexamination. The process of securing documentation of total family income used to determine the total rent, HAP and tenant amount for the next 12 months if there are no additional changes reported.
Remaining Member of a Tenant Family. See [*KHA Plan: 3-I.B.*] and [*24 CFR 5.403*].
Regional Housing Initiative (RHI). A partnership of PHAs in the region that provides financial incentives to developers and owners of rental housing to address local issues.
Rent reasonableness. The process to ensure that *KHA* pays a fair rent for each unit rented under the HCV program.
Rent to owner. The total monthly rent payable to the owner under the lease for the unit (also known as contract rent). Rent to owner covers payment for any housing services, maintenance and utilities that the owner is required to provide.
Rental Assistance Demonstration (RAD). A HUD demonstration program that, among other components, allows public housing and Moderate Rehabilitation properties to convert to long-term Section 8 rental assistance contracts.
Repayment Agreement. A formal document (*Tenant Payment Agreement*) signed by a tenant and provided to *KHA* in which a tenant acknowledges a debt in a specific amount and agrees to repay the amount due at specific time periods.
Request for Tenancy Approval (RFTA). The document that needs to be completed by the participant or applicant and owner to begin the lease up process.
Section Eight Management Assessment Program (SEMAP). A HUD assessment tool that measures the performance of public housing agencies that administer the Housing Choice Voucher program.
Shared housing. A unit occupied by two or more families. The unit consists of both common space for shared use by the occupants of the unit and separate private space for each assisted family. A special housing type. See [*24 CFR 982.615* to *24 CFR.982.618*].
Single Room Occupancy (SRO) housing. A unit that contains no sanitary or food preparation facilities or contains one or the other but not both. A special housing type. See [*24 CFR 982.602* to *24 CFR 982.605*].
Small Area Fair Market Rent (SAFMR). The rent, including the cost of utilities, as established by HUD for units of varying sizes that must be paid in a housing market zip code to rent privately owned, existing, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities.
Social Security Insurance (SSI). A federally run benefits program that provides aid to low income people who are 65 or older, blind, or disabled.
Social Security Disability Insurance (SSDI). A federally run benefits program that provides aid to people who are unable to achieve gainful employment due to a permanent disabling condition.
Special admission. Admission of an applicant that is not on *KHA* waiting list or without considering the applicant's waiting list position.
Special housing types. At [*24 CFR 982, Subpart M*] are found the special regulatory requirements for: SRO housing, congregate housing, group homes, shared housing, cooperatives (including mutual housing).

Special purpose vouchers. Vouchers that are different from regular housing choice vouchers in that funding has been specifically provided by Congress in separate appropriations and are reserved for special populations (e.g. VASH or FUP).

Stalking.

- To follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate;
- To place under surveillance with the intent to kill, injure, harass, or intimidate another person; or
- To repeatedly commit acts to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to:
  - That person
  - A member of the immediate family of that person; or
  - The spouse or intimate partner of that person.

Subsidy standards. Standards established by *KHA* to determine the appropriate number of bedrooms and amount of subsidy for families of different sizes and compositions.

Supportive housing. Affordable housing blended with on-site supportive services, including case management, that helps people live more stable, productive lives. Supportive housing benefits individuals and families facing complex challenges, including those who are homeless or at risk of becoming homeless, and those facing serious, persistent challenges to a successful life such as alcohol abuse, substance use, mental illness or HIV/AIDS. Populations served may also include persons with developmental disabilities or the frail elderly.

Targeted funding. Funding that *KHA* receives that is allocated for a specified category. *KHA* can only use this funding to assist families that meet the criteria.

Tenancy. The possession of property as a tenant.

Tenancy addendum. The lease language required by HUD in the lease between the tenant and the owner.

Tenant based voucher. A HUD funded subsidy program assisting low and very low-income families obtain housing on the private market.

Tenant Rent. The amount payable monthly by the household as rent to the landlord

Tenant Selection Plan (TSP). A plan drafted by the owner of a PRA building documenting criteria for selecting perspective tenants.

Term of lease. The amount of time a tenant and owner agree in writing to live in a dwelling unit.

Termination of assistance. The removal of a participant from a *KHA* program. See [*KHA Plan: Chapter 12, Termination of Assistance and Tenancy*].

Temporary Assistance for Needy Families (TANF). A program designed to help needy families achieve self-sufficiency. States receive block grants to design and operate programs to accomplish one of the purposes of the TANF program.

Tolling Suspension of the voucher beginning when the *Request for Tenancy Approval* was submitted for processing.

Total Tenant Payment. The amount paid by a household to the landlord as rent plus the estimated amount the household pays for utilities not supplied by landlord, as defined in the lease agreement.

Unauthorized occupant: A person residing in the assisted unit without the consent or approval of *KHA*.
Uniform Physical Condition Standard (UPCS-V): Combines the consistency and objectivity of UPCS inspections, with the focus on the condition of individual housing units of HQS inspections. UPCS-V is based on UPCS protocol and definitions (with the "V" signifying "Voucher") with additions of unique items from the HQS inspection.
United States Citizenship and Immigration Services (USCIS). The federal government agency that oversees lawful immigration to the United States.
Upfront Income Verification (UIV). Verification of income, before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form.
Utility Allowance. *KHA*'s estimate of the average monthly utility bills (except telephone and television) for an energy-conscious household. This estimate considers only utilities paid directly by the household. If all utilities are included in the rent, there is no utility allowance. Utility allowances vary by unit type and are listed on the property's rent schedule.
Utility reimbursement. The portion of the housing assistance payment which exceeds the amount of rent to owner due to the utility allowance being greater than the total tenant payment. This amount is paid directly to the tenant.
Veterans Affairs Supportive Housing (VASH). A housing program that combines HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs.
Violence Against Women Act (VAWA). A federal law that protects victims (both men and women) of domestic violence, dating violence, sexual assault or stalking who apply for or live in private housing with a voucher. The law covers the head of household and household members.
Very low-income family. A family whose annual income does not exceed 50% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.
Veteran. See [*KHA Plan:3-II.E.*].
Victim. See [*KHA Plan: 3-III. F.*] and [*KHA Plan:16-IX.C.*].
Violent criminal activity. Any illegal criminal activity that has as one of its elements the use, attempted use or threatened use of physical force against the person or property of another.
Voucher. A document issued by *KHA* to a family selected for admission to the HCV program. This document describes the program and the procedures for *KHA* approval of a unit selected by the family. The voucher also states *Obligations of the Family* under the program.
Voucher term. The amount of time a participant or applicant has, to search for housing with their housing choice voucher.
Welfare assistance. Income assistance from federal or state welfare programs, including assistance provided under TANF and general assistance. This does not include assistance directed solely to meeting housing expenses, nor programs that provide health care, childcare or other services for working families. For the FSS Program [*24 CFR 984.103(b)*], "welfare assistance" includes only cash maintenance payments from federal or state

programs designed to meet a family's ongoing basic needs, but does not include food stamps, emergency rental and utilities assistance, SSI, SSDI or Social Security.

CHAPTER 20 : ADMINISTRATIVE PLAN SUPPLEMENTS

PART I: REGIONAL HOUSING INITIATIVE (RHI)

Overview

An important part of implementing recommendations for increasing the range of housing options, particularly options that promote housing affordability in areas near transit, is coordinating resources that guide development decisions. Such resources can be used to implement local plans.

To address the region's housing challenges, *BRicK Partners*, *Chicago Metropolitan Agency for Planning* (CMAP), *Metropolitan Planning Council* (MPC), *Illinois Housing Development Authority* (IHDA), and housing authorities in the region are collaborating through the *Regional Housing Initiative* (RHI) to support affordable and mixed-income housing developments in “opportunity areas”.

Since 2002, the public housing authorities participating in RHI have pooled a portion of their available rental assistance vouchers to provide long-term support for the rehabilitation or construction of multifamily, affordable rental homes in opportunity communities across the region. That means RHI can adapt to the changing housing market and economic climate more flexibly than current federal funding flows permit. For example, despite the growing need for affordable housing in the suburbs, the Chicago and Cook County Housing Authorities receive higher levels of voucher subsidies than the suburban housing authorities. By allowing multiple housing authorities to pool their resources, RHI created a mechanism through which a suburban housing development can receive subsidies even if the local housing authority lacks resources.

This innovative structure has led to the development of hundreds of apartments in dozens of developments in many communities around the region. The Chicago and Cook County Housing Authorities see clear benefits in contributing vouchers to other communities in the region because waiting list families from all nine geographies are offered expanded housing opportunities. This shared list, combined with the voucher portability pilot, is helping more low-income families find homes in attractive communities across the region. It also removes some of the administrative inefficiencies and barriers experienced by participating housing authorities.

20-I.A. DESCRIPTION OF THE REGIONAL HOUSING INITIATIVE

In an effort to continue realigning regional housing mobility efforts with the housing priorities and plans of the Chicago metropolitan region and the state of Illinois, the participating Housing Authorities (PHAs), the *Chicago Metropolitan Agency for Planning* (CMAP), and the *Illinois Housing Development Authority* (IHDA) have agreed to establishing and

operating a renewable, *Regional Housing Initiative* (RHI) that currently includes a place-based program with IHDA as a financing partner in most but not all RHI developments, with future plans for a people-based program described in [*KHA Plan: 20-I.F.*].

20-I.B. REGIONAL PROJECT-BASED PROGRAM

The place-based component of the RHI or *Regional Project-based Voucher (PBV) Program*, increases the supply of rental housing in priority areas regionwide for people on regional PHA HCV waiting lists, providing PBVs for up to 25% of the units in new and existing housing sites that meet the Selection Criteria in both low-poverty areas of opportunity near good schools, jobs and transit, as well as revitalizing areas engaged with a range of public and private sector partners.

20-I.C. INCENTIVES

RHI provides financial incentives (via operating subsidies) to developers and owners of quality rental housing to address the geographic mismatch between the growth in jobs and availability of affordable housing in the Chicago metropolitan region. Participating housing authorities commit a percentage of Project-based Voucher units to the RHI pool.

- ***KHA Policy***: *As a participating RHI PHA, KHA, with Board approval, has committed an allotment of Housing Choice Vouchers for utilization under the RHI. The number of vouchers contributed is determined by funding, availability, the Inter-Governmental Agreement (IGA) between the parties, RHI Administrative Plan and any RHI Operating Plan.*

20-I.D. FACILITATION

To facilitate program implementation and opportunity moves, participating PHAs must coordinate policy amendments and waivers for RHI, through their several administrative plans, pertaining but not limited to:

- The term of a family's assisted lease;
- Exception subsidy standards/Small Area Fair Market Rents (SAFMR) or 110% SAFMR in target zip codes;
- Unified occupancy standards;
- Expedited inspections; and
- Extended search times

.

20-I.E. ADMINISTRATION

The Lead PHA is responsible for administering all RHI subsidies within their jurisdiction. Examples of responsibilities when acting as Lead Housing Authority are:

- work with the participating PHAs and the developers of the housing selected within their jurisdictions;
- when a transfer of vouchers into their jurisdiction is needed, coordinating with the PHAs regarding the timing of the contribution of the Vouchers and take responsibility to ensure that the transfer is handled expeditiously; and

- negotiating, signing and administering the AHAP and, when the housing is ready for occupancy, the Housing Assistance Payments Contract with the developer.

➢ ***KHA Policy***: *KHA appends the policies in the Inter-Governmental Agreement (IGA) between the parties, RHI Administrative Plan and any RHI Operating Plan, in effect as amended or revised, which is further codified via any common Addendum to this Plan.*

20-I.F. REGIONAL TENANT-BASED PROGRAM

Should funding become available, the people-based component of the RHI or *Regional Tenant-Based Voucher (TBV) Program*, will focus on families with children who want their next moves with a HCV to help them leave high poverty neighborhoods for areas of opportunity. The regional TBV component will facilitate the portability process for households moving from one jurisdiction to an opportunity area in another jurisdiction, and will support outreach to opportunity area property owners and managers, as well as educational briefings, housing search assistance and mobility counseling to Housing Choice Voucher (HCV) holders.

PART II: ATTACHMENTS

20-II.A. RHI ADMINISTRATIVE PLAN

20-II.B. RHI INTERGOVERNMENTAL AGREEMENT

20-II.C. RHI OPERATING PLAN