

**McHENRY COUNTY
HOUSING AUTHORITY**

**SECTION 8 HOUSING CHOICE
VOUCHER
ADMINISTRATIVE PLAN**

*McHenry County Housing Authority
Board of Commissioners
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I. STATEMENT OF POLICIES AND OBJECTIVES

The policies and objectives of the McHenry County Housing Authority affect the Section 8 Housing Choice Voucher and all Section 8 Project-Based Programs within McHenry County in the state of Illinois and other areas where portability regulations provide jurisdiction. Federal regulations governing these and other Section 8 programs apply.

A. PURPOSE AND OBJECTIVES

The overall plan for the Section 8 Housing Choice Voucher Program is designed to achieve four major objectives:

1. To provide improved living conditions for very low-income families while maintaining their rent payments at an affordable level.
2. To promote freedom of housing choice and spatial deconcentration of lower income and minority families.
3. To provide decent, safe and sanitary housing for eligible participants.
4. To provide an incentive to private property owners to rent to lower income families by offering timely assistance payments. .

The purpose of the Administrative Plan is to establish policies for items which are not covered under Federal regulation for the Section 8 Housing Choice Voucher Programs.

The Plan covers both admission and continued participation of these programs. Policies are the same for all Voucher programs, unless otherwise noted. This plan shall be in compliance with all subsequent changes in HUD regulations pertaining to these programs. If such changes conflict with the Plan, HUD regulations will have precedence.

B. FAIR HOUSING POLICY

It is the policy of the McHenry County Housing Authority to comply fully with all Federal, State, and local nondiscrimination laws and in accordance with the rules and regulations governing Fair Housing and Equal Opportunity in housing and employment.

Specifically, MCHA shall not on account of race, color, sex, religion, creed, national or ethnic origin, age, familial status, handicap or disability, actual or perceived sexual orientation, gender identity, or marital status, deny any family or individual the opportunity to apply for or receive assistance, under HUD's Section 8 Housing Choice Voucher Programs, within the requirements of the HUD regulations.

To further its commitment to full compliance with applicable Civil Rights laws, MCHA will provide Federal/State/Local information to Voucher holders regarding discrimination and any recourse available to them should they feel they have been the victim of discrimination. Such information will be made available during the family briefing session and all applicable Fair Housing Information and Discrimination Complaint Forms will be made a part of the Housing Choice Voucher holders packet.

MCHA subscribes to HUD's "open-housing" policy and, as such, will maintain lists of available housing submitted by owners and in all neighborhoods within the MCHA's jurisdiction to ensure "greater mobility and housing choice" to low-income households served by this agency.

C. EQUAL OPPORTUNITY HOUSING PLAN

1. Outreach to Lower Income Families

The waiting list for the Program is adequate in all types so no additional advertising nor outreach efforts are necessary nor appropriate. As members of the Human Services Network of McHenry County, information regarding housing is available to all groups in the county.

2. Promoting Greater Housing Opportunities for Families Outside Areas of Low-Income and Minority Concentration.

a. Media to be used to notify owners about the program(s):

Northwest Herald Newspaper, Woodstock Independent.

b. Actions to encourage participation by owners of units outside low-income and minority areas:

Because all of McHenry County is considered outside the areas of poverty and minority concentration, there are no targeted low-income or minority areas. Section 8 assistance is accepted in all municipalities and unincorporated areas of the county.

- c. Actions to explain program requirements including equal opportunity to owners:

Owner handbooks are sent to all owners who inquire about the program. In addition to leases and contracts, the handbooks explain the Section 8 Program.

- d. Information on local, state and federal Fair Housing Laws and use of Form HUD-903 to be provided as follows:
Form HUD-903 is given to each participant in the briefing packet with explanation during briefing. Attachment C. Each participant is also given a HUD-1260 booklet, "Fair Housing -- It's Your Right."

- e. Information on general locations and characteristics of neighborhoods and on listings, to be provided to applicants as follows:

A list of the major apartment complexes and rental agents is included in the briefing packet.

- f. Actions to be taken to assist Voucher Holders during housing search, when requested:

We maintain a list of vacant units found through referrals and newspaper listings. These referrals are given to Voucher Holders as appropriate.

- g. Actions to be taken to promote geographical choice in selection of units by Voucher Holder, if any:

Information on portability of vouchers is explained during initial interview.

- h. Geographical areas in which HA's Vouchers may be used:
McHenry County and any area within two miles of McHenry County that is not under the jurisdiction of a specific housing authority.

- 3. Ensuring Equal Opportunity to Applicants for Participation in the PHA's Section 8 Housing Program.

- a. System for taking, processing and filing applications; establishing waiting list:
Applicants are required to complete a preapplication in order to be placed on the waiting list. Preapplications may be obtained in person at the McHenry County Housing Authority office or will be mailed upon written or phone request. Preapplications are filed according to date of receipt. Monthly or as needed, preapplications are removed from the list and these applicants are notified of their opportunity to file a formal application.
 - b. A local preference is given to families who live or work in McHenry County.
4. Provision of Services and Assistance to Families that Allege They Have Encountered Discrimination During Their Housing Search.

Landlords are called against whom charges have been made. If this is unsuccessful, assistance is given in the preparation of HUD-903. The Executive Director is the Equal Opportunity Officer. Applicants are also referred to Prairie State Legal Services.
5. Utilization of a Local Fair Housing Organization or Organization for Serving Handicapped/Disabled Persons
 - a. The McHenry County Housing Authority will not subcontract with a fair housing organization or organization serving the handicapped in its existing housing program, however, we will work closely with Pioneer Center and other like organizations.
 - b. A listing of handicapped accessible units is available.
6. Promoting Employment Opportunity in the McHenry County Housing Authority's Employment Practices.
 - a. Action to be taken to promote equal opportunity in employment practices will be to state "Equal Opportunity/Affirmative Action Employer" in all newspaper ads.
7. The Violence Against Women Act and Department of Justice Reauthorization Act (VAWA)

- a. Effective in 2006, Section 606 amends the voucher program statutes regarding Selection, Leases and Tenancy to provide new protections for victims of domestic violence, dating violence, and stalking.

D. POLICIES RELATED TO PEOPLE WITH DISABILITIES

1. Definition of Disability

MCHA 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.

a) HUD Definition of Disability: The person meets the Social Security Administration definition of a person with disabilities as defined in 42 U.S.C. 423 or the person has a physical, mental, or emotional impairment that: i) Is expected to be of long-continued and indefinite duration; ii) Substantially impedes their ability to live independently; and iii) Is of such a nature that the ability to live independently could be improved by more suitable living conditions.

b) ADA/FHA Definition of Disability (24 CFR Parts 8.3 and 100.201): In order to be considered disabled under this provision, the person must: i) Have a physical, mental or emotional impairment that substantially limits one or more of the person's major life activities; ii) Have a record of such an impairment; or iii) Be regarded as having such an impairment.

2. Overview

MCHA must not discriminate against persons with disabilities. In order to ensure that equal treatment is afforded to those with disabilities, MCHA provides equal access to its programs and services. It also provides the opportunity for applicants and residents to request reasonable accommodations at any time, from application through termination, to those with qualified disabilities. A reasonable accommodation is a modification or change MCHA 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 MCHA programs, including those that are operated by other agencies in MCHA-owned public space. [24 CFR 8.20]

Although applicants and residents with disabilities reserve the right to request an accommodation at any time, the MCHA shall ask all applicants and participants in writing if they require any type of accommodation on the intake application, re-examination documents and notices of adverse action by MCHA.

The types of reasonable accommodations the MCHA can provide include changes, exceptions or adjustments to a rule, policy, practice or service. Examples include, but are not limited to:

- Permitting applications and re-examinations to be completed by mail;
- Providing, upon request, alternative formats for persons with visual or hearing impairments, such as large print documents and sign language interpretation;
- Approving the need for a live-in aide;
- Extending the time necessary to acquire documents and otherwise participate in the regular re-examination process;
- Using higher payment standards if the MCHA determines this is necessary to enable a person with disabilities to obtain a suitable housing unit;
- Providing time (voucher) 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; and
- Permitting an authorized designee or advocate to participate in the application or certification process and any other meetings with MCHA staff.

Federal regulations stipulate that requests for accommodations are reasonable unless they pose an “undue financial or administrative burden” to MCHA or will result in a “fundamental alteration” in the nature of the housing program. HUD issued memorandums entitled “Medical Use of Marijuana in Public Housing” (September 24, 1999) and “Medical Marijuana Use in Public Housing and Housing Choice Voucher Programs” (February 10, 2011) that mandated that all public housing authorities in states where medical marijuana is legalized adopt a policy prohibiting the use and possession of medical marijuana in public housing programs. As such, MCHA will not permit the use of medical marijuana as a reasonable accommodation.

3. Request for a Reasonable Accommodation

The family must explain what type of accommodation is necessary for the person with the disability to fully access MCHA’s programs and services. The requesting family must explain the relationship between the requested accommodation and the disability. A “nexus” or relationship between the requested accommodation and the individual’s disability must be established in order for MCHA to honor the accommodation.

The Reasonable Accommodation Request forms are available at MCHA offices as well as on the MCHA’s website at <http://www.mchenrycountyhousing.org>. If the individual with a disability is unable to submit their request in writing, MCHA will assist the individual in putting their request in written form. Participants should contact MCHA and their owner or property manager about their reasonable accommodation needs.

4. Approval/Denial of a Requested Accommodation

In order to provide reasonable accommodations to qualified families with disabilities, MCHA must verify that the person making the request (or the person on whose behalf the request is being made) meets the definition of a person with a

disability and the individual requires the requested accommodation because of the limitations caused by the disability. If the disability is obvious and the nexus is clear, MCHA will not seek additional verification. Decisions to approve or deny requests for reasonable accommodations will be made on a case-by-case basis. Factors taken into account include the cost of the requested accommodation, the financial resources of MCHA at the time of the request, the benefits that the accommodation would provide to the family, and the availability of alternative accommodations that would effectively meet the family's disability-related needs. The MCHA will 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 the MCHA, or fundamentally alter the nature of the MCHA's HCV operations (including the obligation to comply with HUD requirements and regulations).

At MCHA's discretion, before making a determination on a reasonable accommodation request, the MCHA may discuss and negotiate with the family, request more information from the family or require the family to sign a consent form allowing the MCHA to further inquire about the need for the requested accommodation with the family's preferred knowledgeable professional. Where it is unclear whether there is a disability-related need for the accommodation, the MCHA will notify the family as to what additional information is needed, will allow a reasonable timeframe for submission of information, and will make a timely decision on the matter based on the information provided. A decision on the reasonable accommodation request will be made within 30 calendar days. If the applicant or participant disagrees with the determination, the applicant may request an informal review or the participant may request an informal hearing.

5. Termination of Assistance

A MCHA decision 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 will inform them of MCHA's informal review process and their right to request a hearing. In addition, the notice will 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 will inform them of MCHA's informal hearing process and their right to request a hearing and reasonable accommodation.

E. PRIVACY RIGHTS

Applicants will be required to sign the Federal Privacy Act Statement, HUD-9886 form, in conjunction with the HUD 50058 form which states under what conditions HUD will release tenant and owner information.

The McHenry County Housing Authority's policy regarding release of information is:

To release pertinent client information only in accordance with a signed "blanket" or individual release.

To release information on amounts owed to MCHA for claims paid and not reimbursed by client.

To release information on amounts owed to MCHA for prior overpayment of assistance.

To release any other information only by written consent of the affected party or by court subpoenas.

Requests for information must be accompanied by a written release request in order for the MCHA to release any information involving an applicant or participant, unless disclosure is authorized under Federal or State Law. Requests for information, whether by current participants, previous participants, or subpoenas, will be subject to the MCHA Freedom of Information policy guidelines. All information pertaining to VAWA shall be retained in confidence and not entered into any shared database. Any disclosure will be made by the individual's written request or otherwise required by law.

E. EIV SECURITY POLICY

The purpose of the EIV Security policy is to provide guidance, controls and safeguards to be used by the McHenry County Housing Authority to protect the confidentiality of the tenant wage data and to be in compliance with Federal laws that protect this data. The data must be protected so that the privacy of the individuals is not violated in any way. MCHA restricts access to EIV only to persons whose duties require access. Each user is required to have their own user ID and password. All EIV originals and any documents created in association with their use shall be shredded when tenant file becomes inactive for a minimum of three years.

F. RULES AND REGULATIONS

All issues not addressed in this document related to applicants and participants are governed by the Code of Federal Regulations (24 CFR 5, 982, etc.) , the Quality Housing

and Work Responsibility Act of 1998, additional federal regulations, HUD Memos, Notices, and Guidebooks, and all other applicable laws.

II. ELIGIBILITY FOR ADMISSION

Families are eligible for admission to the program. McHenry County Housing Authority defines eligible families to consist of a single person, or two or more persons sharing residency. If two or more persons share residency and declare themselves a family unit, their income and resources must be available to meet the entire family's needs. At least one member must be 18 or older. McHenry County Housing Authority's definition of family includes HUD's definition as follows:

A. *Definition of Family*

1. Family – Includes but it not limited to, the following, regardless of actual or perceived sexual orientation, gender identity or marital status:
 - a. A single person, who may be an elderly person, displaced person, or any other single person; or
 - b. A group of persons residing together and such group includes, but is not limited to;
 - i. A family with or without children (a child who is temporarily away from the house because of placement in foster care is considered a member of the family);
 - ii. An elderly family;
 - iii. A near-elderly family;
 - iv. A disabled family;
 - v. A displaced family; and
 - vi. The remaining member of a tenant family.
2. Disabled family – means a family whose head (including co-head), spouse, or sole member is a person with disability. It may include two or more persons with disabilities living together, or one or more persons with disabilities living with one or more live-in aides.
3. Elderly family – means a family whose head (including co-head), spouse, or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living together, or one or more who are at least 62 years of age living with one or more live-in aides.
4. Near-elderly family – means a family whose head (including co-head), spouse, or sole member is a person who is at least 50 years of age but below the age of 62; or two or more persons who are at least 50 years of

age but below the age of 62, living together; or one or more persons who are at least 50 years of age but below the age of 62, living with one or more live-in aides.

5. Live-in aides - those individuals that have been determined by MCHA based on documentation from a licensed medical practitioner to be essential to the care and well being of a handicapped or disabled family member. The live-in attendant must be an individual that would not be living in the unit except to provide care of the handicapped or disabled family member and whose income will not be counted for the purposes of determining eligibility or rent and who may not be considered the remaining member of the tenant family.
6. Families that have been “continuously assisted” under the 1937 Housing Act and are currently receiving assistance under any 1937 Housing Act program.

If minor children are living with adult/adults other than their parents, legal guardianship or court placement documentation will be required of the adults.

B. Income Limitations

All households must qualify as very-low-income, i.e., 50% of median income for the area as determined annually by HUD. Seventy-five percent of new admissions within the fiscal year must have income less than 30% of median income. Some applicants with income between 31%-50% of median income may be placed on a secondary waiting list. The Section 8 Coordinator will determine how many people can be issued Vouchers based on income of other applicants.

Exceptions are made for those families “continuously assisted” under the 1937 Housing Act which may have incomes above the very low-income level that would otherwise make them ineligible for assistance should they transfer from one program to another. Brief breaks due to enforced homelessness do not interrupt the essential continuity of assistance.

If a Voucher holder becomes over income for the program before a contract is signed, they are not eligible for rental assistance and the voucher must be canceled.

Families' Total Tenant Payment, which has been computed in accordance with the federal regulations, must not exceed the current Payment Standards set by HUD for the family's eligible unit size in the Region.

C. Targeted Vouchers

McHenry County Housing Authority currently has no HUD funding targeted for special purposes or specific categories of applicants. Should HUD authorize “enhanced vouchers” to accommodate tenants whose owners have “opted-out” of a Section 8 project-based property, the Housing Authority will administer the vouchers in accordance with HUD directives.

D. Restrictions of Students Enrolled in Institutions of Higher Education

Individuals seeking HCV assistance on their own, separately from their parents, that are enrolled in an institution of higher education(whether full-time or part-time); are under the age of 24; are not veterans; are not married; and do not have a dependent child are restricted from receiving Housing Choice Voucher assistance. Students meeting these criteria are subject to a two-part eligibility test.

1. Both the student and the student’s parents (the parents individually or jointly) must be income eligible in order for the student to be eligible to receive Section 8 assistance.

If parents are married and living together, a joint declaration and certification of income is required. If a student’s parent is widowed or single, a declaration and certification of income is required from that parent. If the parents are divorced or separated, a declaration and certification must be obtained from each parent. If the student has been living with one parent and does not know how to contact the other parent, a certification from the student under penalty of perjury describing the circumstances and stating that the student has not received financial assistance from the other parent is required along with the declaration and certification of income from the parent with whom the student has been living or had contact.

2. A student meeting these criteria is determined to be independent from his/her parents.

Independence would be demonstrated by being of legal contract age under state law, by having established a household separate from his/her parents for at least one year prior to application for occupancy, by the individual not being claimed as a dependent by his/her parents pursuant to IRS regulations, as demonstrated on the parents’ most recent tax forms, and by the individual providing 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. Parents, for the purpose of student eligibility restrictions, and consistent with long-standing HUD policy regarding eligibility for the Section 8 programs, means the biological or adoptive parents, or guardians (e.g., grandparents, aunt/uncle, godparents, etc.) A veteran is considered a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable. Institutions of higher education include colleges and universities that are

accredited and do not operate on a for-profit basis. It may include certain postsecondary vocational schools.

E. Other Criteria for Admission

1. Family or individual must have paid any outstanding debt owed the MCHA or another PHA on any previous tenancy for Public Housing, Section 8 Program, or any other state or local rental assistance programs.
2. Family or individual must not have committed fraud in connection with any federal housing program.
3. For a period of four years prior to the family's name being reached on the waiting list admission, family or individual must not have been either (1) found guilty of any drug related activity, (2) found guilty of violent criminal activity, (3) found guilty of more than one felony, or (4) engaged in other activity which has threatened the health, safety, or right to peaceful enjoyment of other persons residing in the immediate vicinity. Other activity may include alcohol abuse or drug use. All adult members and those seventeen years of age or older must sign a criminal background release form and, if requested, a fingerprint card.
4. Family or individual shall not be eligible if the individual or a family member is required to be registered as a sex offender.
5. Families are required to provide proof of Social Security numbers for all family members at least six years of age or under the age of six with an assigned SSN age six years or older prior to admission, if they have been issued a number by the Social Security Administration. All members must provide:
 - a) Social Security number documentation; or
 - b) Sign a certification if they have not been assigned a Social Security number. If the individual is under 18, the certification must be executed by his or her parent or guardian. When the participant or household member then obtains a Social Security number, it must be disclosed within 90 calendar days or if MCHA determines the family was unable to comply with the requirements due to circumstances that could not have reasonably been foreseen or were outside the control of the family, an additional 90 days will be granted.
 - c) The addition of a new household member who is 6 years of age or under the age of 6 and has an assigned SSN will require providing

the complete and accurate SSN at the time of the request. When there is a request to add a new household member who is under the age of 6 and has no assigned SSN, the participant will be required to provide the complete and accurate SSN within 90 calendar days from the date of admission to the household or if MCHA determines the family was unable to comply with the requirements due to circumstances that could not have reasonably been foreseen or were outside the control of the family, an additional 90 days may be granted.

- d) If a child under the age of 6 years was added to the applicant family's household within the 6-month period prior to the household's date of voucher issuance, the applicant family may become a participant, so long as the child's SSN is provided to MCHA within 90 calendar days from the date of the effective date of the Housing Assistance Payment contract. MCHA must grant an extension of one additional 90-day period if MCHA determines that, in its discretion, the applicant family's failure to comply was due to circumstances that could not reasonably have been foreseen and were outside the control of the applicant family.

Verification will be done through the provision of a valid original Social Security card. If Social Security card is not available, acceptable proof would include an original document issued by a federal or state government agency which contains the name of the individual and the SSN of the individual along with other identifying information such as a valid driver's license or photo ID, along with a SS benefit award letter.

Failure to provide documentation will result in denial of admission or termination of benefits.

Providing fraudulent documents will result in denial of admission.

- 6. Family or individual must not have failed to fulfill family obligations during previous MCHA tenancy for a period of three years prior to the household's name being reached on the waiting list for admission.
- 7. Applicants must provide birth certificates or statement of citizenship and verification or evidence of eligible immigrant status. Other acceptable forms of proof include United States passports, naturalization papers, INS cards, etc.
- 8. In order to receive assistance, at least one family member must have legal capacity to enter into a lease under state or local law. Exceptions may be emancipated minors.

9. Individual or family must not have a member who has been convicted of manufacturing methamphetamine on the grounds of assisted housing.
10. No applicant for the Housing Choice Voucher program who has been a victim of domestic violence, dating violence or stalking shall be denied admission into the program if they are otherwise eligible.
11. New admissions for medical marijuana users are prohibited. This includes the applicant and any applicant family members.

The above requirements, including criminal background checks, apply to all applicants, seventeen years of age or older, whether new or applying to join a household currently receiving Housing Choice Voucher benefits.

III. APPLICATION PROCEDURE

A. *Pre-Application*

Applicants are required to complete a pre-application in order to be placed on the waiting list. The pre-application may be obtained in person at the MCHA office or it will be mailed to applicants upon written or phone request. This information is available in Spanish and provided upon request.

The information on the pre-application form will not be verified until the client has been selected from the application pool for final processing. Final eligibility will be determined when the full application process is completed and verified.

The McHenry County Housing Authority will check the criminal background of all applicants seventeen years of age or older prior to final determination of eligibility. Release of information forms for criminal background checks must be signed by all adults at the time the pre-application is submitted to the Housing Authority to allow placement on the waiting list. Background check forms will be processed to determine if any activity is on record. If the report is positive (a “hit”), the individual is contacted by mail. When reports containing information of ineligible activity are received, the individual is notified of the specific ineligibility and why. If the individual is a member of a household, the head of the household receives notice of ineligibility. A notice of removal from the waiting list is issued or a notice of termination from the Voucher program is issued. Before the MCHA rejects an applicant on the basis of criminal history or activity, the MCHA must notify the household of the proposed rejection and provide the household member whose criminal activity is at issue a copy of the report and an opportunity to dispute the accuracy and relevancy of that record.

Applicants are responsible for informing MCHA of changes in family circumstance (including family composition, income and address) and responsible for responding to requests from the MCHA to update pre-applications. Failure to provide information will result in the applicant being removed from the waiting list.

Preapplications received from persons under 18 years of age may be accepted. If the date of application is reached on the waiting list and no one in the household is 18 yet, the applicant's name will remain at the top of the waiting list until they reach 18 years of age.

B. Acceptance of Pre-Application

All pre-applications are date stamped upon receipt and considered on a first-come, first-served basis. Within 45 days of receipt of the pre-application, a postcard will be sent out verifying to the applicant that the pre-application was received.

C. Grounds for Refusal to Process Pre-Application

Pre-applications will not be processed for applicants in which the following has been verified. Verification includes checking HUD information, in-house records, and other housing authorities.

1. The applicant committed program violations fraud in connection with any federal housing program.
2. The applicant family owes money to any Section 8 Public or Indian housing program, State or local rental assistance program.
3. Applications will not be accepted when the Housing Choice Voucher waiting list is closed.

D. Full Application

The Section 8 Coordinator determines the number of applicants needed to maintain 100% occupancy. These applicants' names are then removed from the waiting list and a letter sent notifying them that their name has been reached. A full application is taken and these applicants are then interviewed and all income documentation is verified.

Families will be interviewed at a scheduled appointment which must occur within 30 days of the criminal background being approved. Consideration will be given to disabled and handicapped applicants. It is the applicant's responsibility to reschedule the interview if they miss the appointment. If the applicant does not reschedule and misses two

scheduled appointments, they will be removed from the waiting list. Applicants will be notified in writing if the application is rejected for this reason.

All adult family members are required to attend the briefing interview with the head of household and sign the housing application and personal declaration. Appointments are conducted in-person, with all adult family members present. The MCHA does not process applications or appointment via mail, email, or fax. Exceptions are only made for the severely handicapped.

Information provided by the applicants will be verified including information on family composition, income, assets, allowance and deductions, full time student status, and other factors relating to eligibility before the applicant is issued a Voucher. The information required must be provided within 45 days. **Families that provide fraudulent information or misrepresent their family information will be denied Housing Choice Voucher assistance.**

Upfront income verification (HUD's EIV) is the highest preferred method of documentation. Upfront income verifications from non-HUD systems are also in this category. Third party verification in the form of original or authentic documents generated by a third party source dated within the 60-day period preceding the reexamination or the MCHA request date are the next acceptable level of verification. These may include pay stubs, bank statements, etc. If the preferred sources are not available, third party verifications in writing(sent by mail or fax) will be sought are acceptable. This type of verification is mandatory when there is non-EIV reported income sources or when the tenant disputes EIV-reported employment and income information and is unable to provide acceptable documentation to support dispute. Properly documented oral third party verifications are acceptable only if written third party verification is unobtainable. If third party verification is unobtainable, MCHA will use documents provided by applicants. Verifications will be compared to other documentation provided such as pay stubs, bank statements, etc., to determine if information is accurate. If a discrepancy occurs, income and deductions will be based on the documentation that most closely reflects the actual amounts. Documents will be photocopies when not prohibited by law. When documents cannot be photocopied, staff certification forms noting document viewed will be used by recording the source of information, the information obtained, and signed and dated by the staff person who viewed the document.

If third party documents are not available as verification, MCHA will accept a notarized applicant certification with the information needed.

E. Grounds for Denial of Participation

1. In accordance with HUD Regulations 24 CFR 5.512 and 5.514 mandatory denial is made for:
 - a. Failure to sign consent forms

- b. Failure to provide evidence of citizenship or eligible immigration status
 - c. Failure to have at least one family member with citizenship or eligible immigration status
2. In accordance with 24 CFR 982.551, 982.552, and 982.553, MCHA will not assist households who:
- a. Currently owe rent or other amounts to MCHA or any other PHA.
 - b. Breached an agreement to repay monies owed the PHA.
 - c. Previously violated the family obligations for the Public Housing or Housing Choice Voucher Program during the prior three years.
 - d. Committed fraud in connection with any federal housing assisted program.
 - e. Have any history of drug related or violent criminal activity or been found guilty of two or more felonies for the prior four years.
3. Denial will also include families owing amounts to the McHenry County Housing Authority or other PHA for any state or local rental assistance program.
4. In accordance with QHWRA of 1998(42 USC 13661), new admissions are prohibited to medical marijuana users.

Applicants that repay the entire amount owed to the McHenry County Housing Authority or other PHA within 30 days of the date of the denial letter will be considered for eligibility .

F. Final Determination and Notification of Eligibility

After the verification process is completed, a final determination of eligibility will be made, based on the same factors as preliminary eligibility, but with verified data at this point in time.

The household will not receive a Voucher until this final determination has been made, even though they may have been preliminarily determined eligible and may have been listed on the waiting list.

G. *Right to Review*

Applicants who are denied Section 8 assistance are entitled to an informal review of the application. Households are considered "applicants" until there is an effective lease and subsidy contract, at which time they become "participants".

Ineligible applicants will be promptly provided with a letter detailing their individual status, stating the reason for their ineligibility, and offering them an opportunity for an informal review.

An informal review may be requested for denial of the following:

1. Listing of the applicant on the Waiting List.
2. Issuance of a Voucher.

Applicants must submit their request for a review in writing to the MCHA within fifteen (15) days from the date of the determination.

IV. WAITING LIST

A. *General Policy*

Information regarding placement on the waiting list will only be given if request is made in writing or proof of identity given if request is made in person. No changes will be made on any pre-application without proof of identity.

The Housing Choice Voucher waiting list will be subject to opening and closing based on the numbers of applicants interested in the rental assistance program. When the number of applicants is two to two and one-half times the number of HCV vouchers and/or sufficient to satisfy the income targeting requirements of the program, the waiting list may be closed. Purging of the waiting list will occur prior to closure. Purging will involve sending written notice to every family on the waiting list. The family will have 21 days to respond. If a family fails to respond to the first purge letter, or a letter is returned via the USPS, a second purge letter will be sent that must be completed and returned within 14 days. Purge letters may be submitted via fax, email, mail delivery service, or in person. Purge letters received via mail that are postmarked on or before the deadline date will be accepted. Failure to return the forms within the allowed time period will result in the household name being removed from the waiting list. Mail returned as "undeliverable" will also result in the household name being removed from the waiting list. Reasonable accommodation will be extended to disabled families. If a family is removed from the waiting list for failure to respond, the ED or his/her designee may

reinstate the family if s/he determines the lack of response was due to the MCHA error or to circumstances beyond the family's control.

McHenry County Housing Authority will open the waiting list when it is determined that additional applicants are necessary to satisfy the income targeting requirements of the Housing Choice Voucher program.

Waiting list closings and openings will be posted within the Housing Authority and on the MCHA website. Outreach activities will include advertising through local newspapers, and notifying social service agencies, supportive service agencies, and local governments. Notices will affirmatively further fair housing opportunity by including the equal housing opportunity logo and non-discrimination in the message. Announcement will be made prior to the opening of the waiting list. If the application period is limited, the time period will be stated.

In addition to the regular Housing Choice Voucher program waiting list, other waiting lists may be opened for Project Based Vouchers, the Moving On program and the Housing First Program. These alternative waiting lists may be opened or closed separate from the regular Housing Choice Voucher Program and appropriate notice will be made regarding the openings and closings of these lists.

B. Selection for Housing Choice Voucher Assistance

In order to maintain 100% voucher usage, the MCHA will periodically pull applicants from the waiting list. Applicant families are pulled based on the date their name was added to the list. The MCHA will mail all applicant families a letter requesting that they contact the Housing Authority within 21 days. If an applicant family does not respond, or a letter is returned as undeliverable, the household will be sent a second letter indicating that they have been removed from the waiting list and have 14 days to dispute the decision. Those applicant families that respond to the letter(s) within the allotted timeframe will have a criminal background check run on all family members 17 years of age or older. Applicant families will then be scheduled to attend an orientation, followed by an eligibility determination meeting with a housing specialist.

Those persons that contact the Housing Authority within 45 days after their name is pulled and claim they did not receive their notifications letters will be given the opportunity to provide third party documentation proving extenuating circumstances such as hospitalization, family emergencies, etc.

The following families will not be considered part of the waiting list and will be handled as defined herein:

Portability families from another jurisdiction holding a valid Voucher.

Families "targeted" by HUD to receive a special type of Voucher.

Transfers from the McHenry County Housing Authority Public Housing program. Transfers will only be permitted if the public housing unit is either too large or too small for the family size.

C. Establishing Preferences

In accordance with the Quality Housing and Work Responsibility Act of 1998, the MCHA has ended federal preferences. A local preference for people living or working within McHenry County was established March 18, 1996.

MCHA will allocate up to 10 housing choice vouchers to operate a “Moving On” program. It will open a separate waiting list with a preference for individuals and families transitioning from Permanent Supportive Housing units of a McHenry County Continuum of Care agency. Only applicants meeting this preference will be placed on the Moving On waiting list.

MCHA will allocate 5 housing choice vouchers to operate a “Housing First” program. It will open a separate waiting list with a preference for chronically homeless individuals and families that are working with Thresholds, a McHenry County Continuum of Care agency that provides housing and mental health services for chronically homeless families and individuals. Only applicants meeting this preference will be placed on the Housing First waiting list.

In order to prove residency in McHenry County, applicant families may be required to provide current leases or mortgage statements, utility bills, social security information, DHS assistance, school records and other third party documentation. If an applicant family is homeless, they must be working with a local McHenry County homeless agency or social service agency who can verify their status as McHenry County residents and will certify that the family is utilizing their services. Any member of an applicant family who is working or who has been notified that they are hired to work in McHenry County will be treated as meeting the local preference.

An applicant family must lease in McHenry County for one year unless they can prove they have been residents of McHenry County when their name is reached on the waiting list. . If an applicant family is homeless or simply working in McHenry County, they cannot utilize portability until the second year of participation.

D. Households without Local Preference

Those households not qualifying for a local preference will be retained on the waiting list according to date by submitting a written request to that effect. A notice to those households will be sent whenever a purge of the waiting list is being done to determine continued interest in remaining on the MCHA waiting list. If the applicant begins living or working within McHenry County, and establishes this with proper documentation and verification, they will be incorporated into the regular waiting list at the original date of the pre-application. If the original date of the pre-application puts the family at the top of the waiting list, and vouchers are available, the applicant family's pre-application will be processed immediately.

MCHA will contact households that have been pulled from the waiting list and have passed the criminal background check, the EIV verification and appear to be eligible for assistance, to schedule a Housing Choice Voucher briefing. All members of the household 18 years and older must attend a briefing prior to receiving assistance. The household will be given two opportunities to attend a scheduled briefing. If the household fails to attend the scheduled briefing without a verifiable valid excuse, the household will be ineligible for assistance and will be removed from the waiting list. Verifiable valid excuses for missing the briefing may include work responsibilities and illness. Other excuses may be acceptable if the household can prove that the reason for failure to attend the briefing was beyond the household's control.

V. OCCUPANCY STANDARDS

A. *Voucher Size Issued*

These general guidelines are used in determining the size of Voucher.

<u>Voucher Size</u>	<u>Min # Persons in Household</u>	<u>Max # Persons in Household</u>
0 BR	1	1
1 BR	1	2
2 BR	2	4
3 BR	3	6
4 BR	5	8
5 BR	7	10-12

The standards are administered to result in this issuance pattern:

One Bedroom:

- 1 Adult (elderly or handicapped or disabled)
- 2 Adults (same sex or husband/wife or spousal relationship)
- 1 Adult with child under age 3

2 Bedroom

2 Adults (same sex related)
2 Adults with 1 child
4 Adults (2 Adults same sex with 2 Adults same sex)
2 Adults with 2 children same sex
1 Adult with child age three or older
1 Adult with 2 children same sex
any 1 BR combination plus 1 child or 2 children of same sex or 2 children of opposite sex age 4 or younger

3 Bedroom or larger

any 1 BR combination plus, for each additional bedroom, 1 child or 2 children of same sex or 2 children of opposite sex age 4 or younger

B. Exceptions to Occupancy Standards

Exceptions to the Occupancy Standards may be made and a larger Voucher size may be issued under the following circumstances:

1. Spouses who, because of verified medical reason, cannot share a bedroom;
2. An elderly, handicapped, or disabled person who requires a live-in aide;
3. An elderly, handicapped, or disabled person who has a verified medical reason requiring an extra bedroom as determined by a physician and approved by MCHA.
4. Adults of different generations (same sex) of household members.
5. Siblings who, because of verified medical reason, cannot share a bedroom.

A health care provider must document the need for a live-in aide. Live-in aides must be identified and approved by the McHenry County Housing Authority. A live-in aide is defined as a person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities and who is: (1)determined to be essential to the care and well-being of the persons: (2)is not obligated for the support of the persons: and (3)would not be living in the unit except to provide the necessary supportive services.

VI. VOUCHER SUBSIDY STANDARDS

The family may select a different size dwelling than that listed on the Voucher. If they choose to do so, the following criteria shall be considered:

A. UNIT SIZE SELECTED

1. Allowable Payment Standard. The payment standard will be based on the Voucher size approved for the family or the unit size selected by the family, whichever is less.
2. Utility Allowance. The utility allowance used to calculate the gross rent will be based on the lesser of the voucher size or the actual size of the unit the family selects. In cases where a reasonable accommodation has been provided to a family that includes a person with disabilities, the MCHA must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.
3. Housing Quality Standards. HQS allow 2 persons per living/sleeping room and would permit the following maximum occupancy, assuming a living room is used as a living/sleeping area:

0 - BR	1
1 - BR	4
2 - BR	6
3 - BR	8
4 - BR	10
5 - BR	12
6 - BR	14

For the Voucher Program, families are not restricted by the bedroom size of the unit they select.

B. HOUSING PAYMENTS

Fair Market Rents and Exception Rents are determined by HUD on an annual basis. The current Payment Standard for the Voucher Program will be set by the Board of Commissioners at a rate between 90% and 110% of the published FMR for all of McHenry County or any special payment standard issued by HUD for a specified period.

VII. INCOME CONSIDERATIONS AND DETERMINATION OF TOTAL TENANT PAYMENT

TOTAL TENANT PAYMENT (TTP) is calculated in accordance with 24 CFR, 982.505. Any regulation changes will be incorporated as of the effective date. The MCHA has established \$30 as the minimum tenant payment.

Exceptions to the minimum \$30 rent may be claimed due to hardship circumstances. Possible examples of hardship circumstances may be awaiting eligibility for a governmental assistance program, loss of employment, death in the family, etc. Hardship exceptions will be dealt with on an individual basis to determine whether the situation is temporary or long term. Repayment of the exception rent may also be required.

The following policies shall also apply when calculating rent.

A. *DEFINITION OF TEMPORARILY OR PERMANENTLY ABSENT*

If the family has to leave the household for more than 120 consecutive days, the unit will not be considered to be their principal place of residence and they will be terminated from the program.

If there is a one-parent household and the children are removed from the household, but will be returned, MCHA will try to find out from the appropriate agency how long it will be before they return. If the children are not expected to return, the adult will retain his/her eligibility as a remaining member of the tenant family. She/he will be issued a different size Voucher if appropriate.

If a single parent leaves the household and another adult is brought in to take care of the children while the parent is away, as long as the family continues to meet the definition of family, the household will not be terminated. A change in family composition will be made if the stay is longer than the visitor provision defined in the lease.

1. Spouse/Head of Household/Other Adult:

If the Spouse/Head of Household/or Other Adult leaves the household and is gone for 6 months or more from the recertification period and the family declares them permanently absent in writing, they will be determined permanently absent and will be removed from the lease. Documentation will be required to show where the permanently absent spouse has gone, along with a notarized statement indicating they will no longer be part of the assisted household.

If the husband or wife leaves the household and the period of time is estimated to be less than 6 months, the family member will be determined temporarily absent unless one of the situations below occurs.

If the husband or wife obtains a divorce or legal separation, the person who leaves the household will be considered permanently absent. The remaining adult retains the Voucher.

If the spouse is incarcerated, a document from the Court or prison should be obtained as to how long they will be incarcerated.

2. Adult Child:

If an adult child goes into the military and leaves the household, they will be determined permanently absent.

A student (other than husband or wife) who attends school away from home but lives with the family during school recesses may be considered permanently absent at the family's option.

3. Joint custody of children:

Children who are subject to a joint custody agreement but live in the unit at least 50% of the time will be considered household members, as long as the assisted parent is listed as the residential parent in the custody agreement. "50% of the time" is defined as 183 days of the year, which do not have to run consecutively. Court documents regarding custody will be required to show joint custody and who is the residential parent.

4. Sole Member of Household:

If the sole member of the household has to leave the household for more than 120 days, the unit will not be considered to be their principal place of residence and they will be terminated from the program unless the tenants requests an extension by submitting the documentation from a reliable medical source that she/he will be physically/mentally able to return home permanently within a total of 180 days from their first date of absence from the unit.

5. Visitors:

Visitors are allowed to stay for up to 14 days in the lease. If the person is a visitor and does not intend to become a "permanent" member of the family, the MCHA will not consider this a change in family composition.

If any adult "visitor" stays in the unit for more than 14 days per year, (which do not have to run consecutively), they may be considered a member of the household thereby requiring a criminal background check and all other required documentation. Minors may visit for up to 182 days per year without being

considered a member of the household as long as they have written permission of the owner/manager to stay longer than 14 days and the head of household still claims them as temporary members.

6. Reporting to Owner:

The additional person, whether a family member or a visitor, must be reported to the owner/manager. In the case of the minor staying longer than 14 days, as described above, written permission must be obtained from the owner, allowing them to continue in residence as a visitor.

7. Reporting to MCHA:

The family will need to declare a member as permanently or temporarily absent in writing to the Housing Authority. MCHA will advise the family at that time, or at reexamination, what the options are and how it might affect the Total Tenant Payment or Voucher size.

The family should be counseled at briefings and reexamination on the effect of the permanently/temporarily absent policy on income.

8. Temporarily Absent Family Member's Income

If the spouse, head of household, or any other adult member is temporarily absent, his/her entire income is counted, whether or not he/she is on the lease.

If the head, spouse, or any other adult member is temporarily absent and in the military, all military pay and allowance (except hazardous duty pay when exposed to hostile fire) is counted as income.

Children that are temporarily absent in foster care will be considered for admission criteria and unit size eligibility with proper documentation.

B. INCOME OF PERSON PERMANENTLY CONFINED TO NURSING HOME

If a family member is permanently confined to the hospital or nursing home, and there is a family member left in the household, MCHA will exclude the income of the person permanently confined to the nursing home and they will receive no deductions for the confined family member.

C. DETERMINING INCOME

Upon Admission to the program, a third-party verification of all income amounts will be required for all family members. A full income reexamination and redetermination will be performed every three years. In the intervening years, a streamlined income

determination will be performed for any family member with Fixed Income by applying a verified cost of living adjustment (COLA) or a current rate of interest to the previously verified or adjusted income amount. Fixed Income is defined as income from periodic payments at reasonably predictable levels from one or more of the following sources: Social Security, Supplemental Security Income, Supplemental Disability Insurance; Federal, State, Local, or private pensions; Annuities or other retirement benefit programs, insurance policies, disability or death benefits, or other similar types of periodic receipts; or any other source of income subject to adjustment by a verifiable COLA or current rate of interest. The COLA or current rate of interest must be verified from a public source or through tenant-provided, third party-generated documentation. All other income that is not fixed must be verified yearly for each family member.

All household income will be converted to annual figures for the purpose of computing rent.

All known sources of income will be averaged to compute an annual income, thus avoiding interim adjustments in so far as possible.

When anticipated income cannot be easily determined because sources of income vary, last year's income will be used to calculate rent.

Employer reimbursement of mileage and travel expenses will not be considered in annual income.

Temporary, Nonrecurring, or Sporadic Income (including gifts) is not included in annual income. Temporary Income is income that lasts for less than 60 days and is not expected to repeat. 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.

D. REGULAR CONTRIBUTIONS AND GIFTS;

Regular contributions and gifts received from persons outside the household are counted as income if they exceed \$500 per year.

This includes rent and utility payments paid on behalf of the family and other cash or non-cash contributions provided on a regular basis.

It does not include casual contributions, sporadic gifts, or amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member

E. ALIMONY AND CHILD SUPPORT

Regular alimony and child support payments are counted as income.

If the child support is not received on a regular basis, MCHA will count the amount of child support in the divorce decree or separation agreement unless the program participant certifies that they are not receiving the payments stipulated and they provide proof that they have filed with an appropriate enforcement agency.

F. LUMP SUM RECEIPTS;

Lump sum additions to Family assets, such as inheritance, insurance payments (including payments under health and accident insurance, settlement of Social Security, and workmen's compensation), capital gains and settlement for personal or property losses are not included in income.

Contributions to company retirement/pension funds shall be handled as follows:

While an individual is employed, only amounts the family can withdraw without retiring or terminating employment shall be counted as income.

After retirement or termination of employment, any amount the employee elects to receive as a lump sum shall be counted as income.

Lump sum payments caused by delays in processing periodic payments (unemployment, workmen's compensation) shall be counted as income.

Treatment of accumulated periodic payments because the income was deferred due to a dispute shall also be counted as income.

When the family receives a lump sum payment which is classified as income (above), an interim adjustment will be conducted, using the total lump sum amount as income. It shall not be applied retroactively, but shall be counted for 12 months after receipt of the lump sum.

G. GRANTS AND SCHOLARSHIPS

Some financial assistance received by some students in HUD Section 8 Voucher programs must now be included in annual income. By some students, we mean only students who pass all three parts of a three-part test: (1) They are enrolled at an institution of higher education as defined by HEA of 1965. (2) They are seeking or receiving Section 8 assistance in their individual capacity, that is separately from their parents. (3) Either they are under 24 years of age or they have no dependent children.

Students who “fail” one or more parts of this test are entitled to the full exclusion of any financial assistance that they receive. To “fail” the third part of the test, a student must be at least 24 **and** have one or more dependent children.

Student loans will not be considered income even if part of the loan is being used for general living expenses.

If a family member (student) is attending school away from home, the family may remove the person's name from the lease and exclude that person's income completely, whether from scholarship or any other source.

H. HANDLING OF ASSETS

Families are required to provide third party-generated documentation of all family assets before admission to the program. At the MCHA's discretion, third party written verification will be sent to supplement tenant provided documentation. After admission, the MCHA will obtain third party verification of all family assets every three years. During the intervening annual reexaminations, the MCHA will accept a family's declaration that it has total net assets equal or less than \$5,000. No additional steps to verify the accuracy of this declaration will be taken. The family's declaration of total assets must show each asset and the amount of income expected from the asset. All family members 18 years of age and older must sign the declaration. The total amount of income expected from all assets will be included in the family's income as “asset income”.

Whenever a family member is added, the MCHA will obtain third-party verification of that family member's assets. If that family member's assets puts the family above the \$5,000 threshold, then an annual review of household assets and third party verifications will be required. If the \$5,000 threshold is not met with the addition of a new household member, total household assets will only be third-party verified every three years.

The MCHA has determined that participant families must provide current bank statements for checking, savings, money market accounts, and trust fund accounts every year at the family's annual review and at every interim recertification. These accounts are excluded from the three-year verification cycle and must be verified and documented at every appointment.

REAL PROPERTY - any land whether improved or unimproved and whether or not it has a dwelling or any other structure built on it must be considered an asset.

AMOUNT OR SIZE OF ASSET - the amount or size of a real property asset is equal to the equity in the real property. To determine the equity, subtract all

outstanding loans against the property from the current market value. The current market value must be determined by a qualified third party and the amount owed must be verified by the lending institution.

SALE OF A REAL PROPERTY ASSET FOR MARKET VALUE - when a real property asset is sold for market value, the lump-sum payment received is counted as an asset. The lump-sum payment to be counted as an asset is determined by subtracting all expenses resulting from the sale (lawyer's fees, realtor fees, etc.) from the equity in the real property.

If the seller spends the lump-sum payment, the lump-sum payment is reduced by the amount spent. Spending of the lump-sum payments should be verified as much as possible.

If the seller gives any of the lump-sum payment away as a gift, the amount given away is counted as an asset against the seller.

SALE OF REAL PROPERTY ASSET FOR UNDER MARKET VALUE - When a real property asset is sold for less than the market value, the difference between the actual market value, less money owed on the property and expenses, and the actual payment received is counted as an asset, and the lump-sum payment is not reduced by spending.

APPLICATION:

DISPOSAL OF PROPERTY AT MARKET VALUE

On program - count as an asset.

Applying for Program - Count as an asset any property sold within the last two years.

The asset amount is reduced by spending.

DISPOSAL OF PROPERTY UNDER MARKET VALUE

On program - count as an asset.

Applying for program - Count as an asset any property sold within the last two years.

Lump-sum payment is not reduced by spending.

If property is disposed of due to divorce, separation, foreclosure, or bankruptcy, it is not considered to be disposed of for under market value.

I. CHILD CARE

The cost of child care shall only be allowed as a deduction if it is determined to be reasonable as follows:

1. Child Care to Work: The maximum child care allowed will be based on the amount earned of the person enabled to work. The "person enabled to work" will be the adult member of the household who earns the least amount of income from working. The maximum child care allowed will be based on the actual hours worked.
2. Child Care for School: MCHA will compare the number of hours the family member is attending school and base the reasonableness standard on the number of hours attending school (with the addition of some travel time to and from school) versus the number of hours claimed for child care.
3. Child Care by Other Household Members:

Deductions for child care will not be permitted if the care provider is a member of the program participant household or the natural parent or guardian of the child.

J. MEDICAL EXPENSES

The cost of medical expenses shall be allowed as a deduction as follows:

1. The medical expense deduction is permitted only for households in which the head or spouse is at least 62 years of age, handicapped, or disabled. To qualify as an Elderly or Handicapped Household there must be at least one member over the age of 62 or disabled within the definition of Section 223 of the Social Security Act--that is the inability to engage in any substantial, gainful activity because of any physical or mental impairment that is expected to result in death or has lasted, or can be expected to last, continuously for at least 12 months, or, for a blind person at least 55 years old, inability because of blindness to engage in any substantial, gainful activities comparable to those in which the person was previously engaged with some regularity and over a substantial period; or Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act--that is "severe chronic disability" that: (a) is attributable to a mental or physical impairment or combination of mental and physical impairments; (b) is manifested before the person attains age 22; (c) is likely to continue indefinitely; (d) results in substantial functional limitations in 3 or more of the following areas of major activity--(1) self care, (2) receptive and responsive language, (3) learning, (4) mobility, (5) self direction, (6) capacity for independent living, (7) economic self-sufficiency and (8) reflects the person's need for a combination and sequence of special,

interdisciplinary, or generic care, treatment or other services which are of lifelong or extended duration and are individually planned and coordinated.

2. Medical expenses are expenses anticipated to be incurred during the 12 months following certification/recertification that are not covered by an outside source such as insurance, family contributions, etc.
3. Allowable medical expense is that portion of the total medical expenses that are in excess of three (3) percent of annual income.
4. Medical expenses may include:
 - (a) Services of doctors and medical professionals
 - (b) Services of medical facilities
 - (c) Medical insurance premium
 - (d) Prescription/non-prescription medicines (prescribed by a physician)
 - (e) Cost of transportation for medical treatment.
MCHA will use the mileage rate approved for use by the IRS, or cab receipts with to/from addresses listed, whichever is less, for verification of the cost of transportation directly related to medical treatment.
 - (f) Dental expenses, eyeglasses, hearing aids, hearing aid batteries
 - (g) Live-in or periodic medical assistance
 - (h) Monthly payment on accumulated unpaid medical bills (regular monthly payments on a bill that was previously incurred). The allowance may include only the amount expected to be paid in the coming 12 months.
 - (i) Cost and continuing care of ADA defined service animals. The ADA defines a “service animal” as follows:
Any guide dog, signal dog, or other animal individually trained to do work or perform tasks for the benefit of an individual with a disability, including, but not limited to, guiding individuals with impaired vision, alerting individuals with impaired hearing to intruders or sounds, providing minimal protection or rescue work,

pulling a wheelchair, or fetching dropped items. Service animals are not pets.

5. Medical marijuana expenses will not be allowable medical expenses.

K. NET INCOME FROM A BUSINESS

The following documents shall be used to determine business income (in priority order):

1. IRS Tax return, Form 1040, including any:
Schedule C (Small business)
Schedule E (Rental Property Income)
Schedule F (Farm Income)
2. An accountant's calculation of depreciation expense, computed using straight-line depreciation rules. (Required when accelerated depreciation was used on the tax return or financial statement).
3. Audited or unaudited financial statements(s) of the business.
4. Loan Application listing income derived from the business during the previous 12 months.
5. Applicant's notarized statement or affidavit as to net income realized from the business during previous years.

L. PASSBOOK RATE

The passbook rate for assets will be based on the current passbook savings rate range as determined by HUD or the actual rate earned, whichever is greater.

Tenants have the right to an informal hearing if they disagree with the determination of income.

VIII. VERIFICATION PROCEDURES

A. GENERAL POLICY

MCHA verifies family income, family composition, status of full time students, value of assets, factors allowing a preference, and other factors relating to eligibility determinations before an applicant is issued a Voucher.

MCHA will utilize HUD guidelines for projecting annual income with EIV data being the preferred documentation. UIV documentation (third party computer generated documentation) and third party generated documentation (ie. Paystubs, W-2's, bank statements) will be used to verify income and assets. If UIV or third party generated documentation is not available or acceptable to MCHA, then third party written verifications will be sent by mail, fax or email. If third party written verification is impossible, a notarized statement of Applicant will be accepted.

When MCHA uses oral third party verification, written notations will be made and dated and signed by those obtaining the information.

MCHA will require each applicant/participant to sign general consent forms to maintain on file for verifications not received.

B. COMPUTER VERIFICATION

MCHA will consistently update the verification methods and whenever possible shall participate in computer matching programs with other agencies.

C. MINIMUM INCOME

There is no minimum income requirement, but if the family reports zero income or income derived solely from contributions from family, friends, etc., the family will be required to attend semi-annual meetings to review information and receipts documenting expenses. The family will also sign a personal declaration and an EIV will be generated from HUD to look for new hires or unreported income. The family will also sign a Non-Income Affidavit to verify that no income is being provided from any source.

Families must provide documentation to show how the family is surviving. Families must submit documentation of contributions such as bills that are paid on their behalf or receipts for things purchased for the family.

Failure to attend a zero income meeting every 6 months will result in termination of Housing Choice Voucher assistance.

IX. BRIEFINGS

A. *PURPOSE OF THE BRIEFING:*

The purpose of the briefing is to go over the Voucher holder packet in order to fully inform the participant about the program so that she/he will be able to discuss it with potential participating owners. Participants will be informed of the Voucher Program.

B. *BRIEFING ATTENDANCE REQUIREMENT:*

All families are required to attend the briefing when they are initially issued a Voucher. This consists of an oral briefing and an informational packet for the applicant. No Voucher will be awarded unless the household representative has attended a briefing.

If a currently assisted household is adding an adult member, or if a child living in an assisted household turns 18, the added adult or 18 year old member must attend a briefing scheduled within 60 days of the event.

C. *FORMAT OF THE ORAL BRIEFING:*

The applicant is provided with an oral briefing of the following information:

1. Those items required by Section 982.301 (a) of the regulations;
2. A general description of how the program works
3. Family and owner responsibilities;
4. Where the family may live, portability, and the advantages of moving out of a high poverty area if that applies;
5. If the family contains any disabled person, the Housing Authority will take appropriate steps to ensure effective communication;

D. *WRITTEN INFORMATIONAL PACKET*

The informational packet contains information about:

1. The term of the Voucher and Housing Authority policy on extensions and how to request an extension;

2. How the housing assistance payment (HAP) is determined for the family;
3. How the Housing Authority determines the maximum rent for an assisted unit;
4. What should be considered when looking for a unit such as the condition, reasonable rent, utilities that are tenant-paid, and if it is close to employment, schools and transportation;
5. Where a family may lease a unit including portability information;
6. The HUD-required lease addendum;
7. The Request for Lease Approval form and how to use it;
8. Statement about what information about the family is provided to prospective landlords;
9. Subsidy standards and what exceptions may be allowed;
10. HUD brochure on how to select a unit;
11. HUD brochure about lead-based paint;
12. Fair Housing information and a housing discrimination complaint form;
13. List of landlords that may be willing to lease a unit;
14. Information on handicapped accessible units if available;
15. Family obligations according to regulation 982.551;
16. Grounds for termination of a participant family;
17. Informal hearing procedures.

An explanation of participant fraud in housing assistance programs is given and the penalties for fraud are discussed. Each time an applicant or participant comes into the office, they are required to fill out and sign a personal declaration form. This form is discussed at the briefing sessions and it is stressed that if at any time any of the information written on the personal declaration form is found to be untrue, assistance will be terminated or denied.

X. SECURITY DEPOSIT REQUIREMENTS:

The lease determines the security deposit amount. Owners of currently assisted units must execute a new HAP contract (also new or revised lease) to increase security deposit. If a Family vacates the unit, the owner may use the security deposit as a reimbursement for any unpaid Tenant Rent or other amount which the Family owes under the Lease. If a Family vacates the unit owing no rent other than the amount under the Lease, or if such amount is less than the amount of the security deposit, the owner shall refund the full amount or the unused balance to the Family.

In those jurisdictions where interest is payable by the Owner on security deposits, the refunded amount shall include the amount of interest payable. The owner shall comply with State and Local laws regarding interest payments on security deposits.

If the security deposit is insufficient to reimburse the Owner for the unpaid Tenant Rent or other amounts which the Family owes under the Lease, the owner may collect the balance from the Family. The owner may not claim reimbursement from McHenry County Housing Authority for unpaid rent, damages or other amounts owned by the Family under the lease. McHenry County Housing Authority no longer has to determine whether damages are tenant caused.

XI. VOUCHER ISSUANCE

A. *GENERAL POLICY*

After the family has attended an orientation and been determined eligible by their housing specialist, the household will be issued a Housing Choice Voucher which is a contract between MCHA and the household specifying the rights and responsibilities of each party. The household's failure to comply with their obligations at all times shall result in termination from the program.

1. Expirations:

The Voucher is valid for a period of 90 days from the date of issuance. The family must submit a Request for Tenancy Approval and Lease within the 90 day period unless an extension has been granted.

Once a family has submitted the Request for Tenancy Approval, the day count will be suspended until the family is notified in writing of the approval or denial of the tenancy. If the Request for Tenancy Approval is denied, the family will have the opportunity to use the remaining days

available to find a new unit and submit a new Request for Tenancy Approval.

2. Extensions:

A family may request an extension of the Voucher time period. All requests for extensions must be received prior to the actual expiration date of the Voucher.

Extensions are permissible at the discretion of MCHA for the following reasons:

- a. Extenuating circumstances such as hospitalization or a family emergency for an extended period of time which has affected the family's ability to find a unit within the initial 90 day period. Verification is required.
- b. The family has evidenced that they have made a consistent effort to locate a unit throughout the initial 90 day period and provided MCHA with a list of units contacted and reason for denial or refusal.
- c. The family has turned in a Request for Lease Approval prior to the expiration of the 90 day period, but the unit has not passed Housing Quality Standards.
- d. Hard to House family size.

Vouchers may be extended in one increment, not to exceed an additional 30 days.

If the family needs and requests an extension of the initial voucher term as a reasonable accommodation to make the program accessible to a family member who is a person with disabilities, the PHA must extend the voucher term up to the term reasonably required for that purpose.

B. HOUSING PROGRAM PORTABILITY

1. Outgoing Vouchers - MCHA shall follow current HUD regulations that allow families to move to another locality and continue their rental assistance under the Voucher Program as long as:

- a. They are currently leased-up in the PHA's jurisdiction and hold a valid Voucher;
 - b. There is a Receiving PHA in the new locality willing to provide the required program services for the HUD-allowed fee.
 - c. They are in good standing and do not owe money for damages, unpaid rent or overpayment of rent.
2. Incoming Vouchers - MCHA will accept families with a valid Housing Choice Voucher from another PHA's jurisdiction.

The families will be serviced as follows:

- a. MCHA will conduct a criminal background check and EIV report for all adults porting into our jurisdiction, and the household must meet the MCHA eligibility standards.
 - b. If available, a Voucher will be offered and the family will be transferred to MCHA's program.
 - c. If MCHA does not have an available Voucher, the initial Housing Authority's Voucher will be administered. The family will be given an additional 30 days from the expiration of their initial Housing Authority's Voucher to find a unit and submit a Request for Tenancy Approval.
3. The family must qualify under receiving Housing Authority income limits for the area where the family will be initially assisted.

XII. LOCATING SUITABLE HOUSING

A. *RESPONSIBILITY FOR LOCATING HOUSING*

Once a Voucher has been issued, it is the family's responsibility to locate suitable housing. This means that the housing must be within reasonable rent limitations and must meet Housing Quality Standards requirements, including minimum bedroom size requirements for units.

MCHA will maintain updated referral lists of owners who have called to list their available units. The list will be made available to Voucher holders upon request.

B. ELIGIBLE TYPES OF HOUSING

The following types of housing may be utilized on the Voucher Program (unless designated otherwise):

1. All structure types can be utilized including, but not limited to, single family, duplex, triplex, fourplex, garden apartments, townhouses, and high-rises;
2. Manufactured homes where the tenant leases the mobile home and the pad;

Families may not lease properties owned by a parent, child, grandparent, grandchild, sister or brother of any member of the family, unless the HA determines that approving the unit would provide reasonable accommodation for a family member who is a person with disabilities. Participants leasing housing owned by relatives when the HAP Contract began before June 17, 1998, will be grandfathered in. Housing owned by the family being subsidized is prohibited.

C. SPECIAL HOUSING TYPES

The McHenry County Housing Authority currently approves space rentals for manufactured housing/mobile homes owned by the family as a special housing type.

D. REQUEST FOR LEASE APPROVAL AND LEASE

When a Voucher holder finds a unit, they must notify their caseworker of the address of the unit, the name and phone number of the landlord, the contract rent requested, and the utilities included in the rent. This may be done by filling out the Request for Tenancy Approval. Only one Request for Tenancy Approval will be issued at a time.

The lease is not to be executed by either party until MCHA completes the inspection, the Request for Tenancy Approval is submitted with both signatures, and MCHA reviews the lease documents. The Request for Tenancy Approval must be submitted prior to the expiration of the Voucher.

E. TENANT SCREENING

Potential landlords will be provided with a family's current address and the names and addresses of present and previous landlords, if known. Tenant screening is the landlord's responsibility.

F. DENIAL OF OWNER

McHenry County Housing Authority may deny participation by an owner if the owner has violated obligations under any Section 8 HAP contract; committed fraud, bribery, or corruption in any federal housing program; manufactured, sold or distributed illegal drugs; has history of non-compliance with HQS or not paid state, local or real estate taxes.

XIII. HOUSING QUALITY STANDARDS AND INSPECTIONS

Units must pass Housing Quality Standards stated in federal regulation 982.401. The MCHA will not utilize alternative inspection methods in lieu of a Housing Quality Standards Inspection for any type of inspection.

A. GENERAL PURPOSE

HUD regulations require all units to be inspected to ensure "decent, safe, and sanitary housing" in accordance with Federal Quality Standards. No unit will be initially placed on the Section 8 Housing Program unless these standards are met. Units must also meet the Housing Quality Standards as long as the family is on the program. The Housing Quality Standards take precedence over local or other pertinent codes. HUD may approve acceptable variations.

There are four types of inspections that will be performed:

1. Initial - prior to lease-up
2. Annual - all units will be inspected annually.
3. Complaint - as requested by program participants, staff or owners, and
4. Quality Control

B. EXCEPTIONS

The Section 8 Coordinator will inspect the prescribed number of units based on the SEMAP requirements annually. This inspection may include annual or complaint inspections or may be a routine inspection of a unit under lease.

The MCHA will use the Housing Quality Standards as set forth in 24 CFR 982.401 except for the following:

Each living/sleeping room in every unit must have at least one openable window with a screen or a sliding glass door with a screen door. The bathroom must have a fan vented to the outside, attic, or crawl space, or an openable window with a screen.

Inoperable outlets must be fixed or made inaccessible with a cover plate. Painted over outlets must have the paint removed or the outlet replaced. No fixtures with metal pull-chains allowed in bathrooms or kitchens.

For the purposes of Fair Market Rent limitations, Rent Reasonableness, and Maximum Person per bedroom, a room will not be considered a bedroom if it must be transgressed to access another room other than a bathroom.

Where basements contain one or more sleeping rooms, emergency egress and rescue openings shall be required in each sleeping room. They shall have a sill height of not more than 44 inches above the floor. Openings shall have a minimum net clear opening of 5.7 feet. The minimum net clear opening height shall be 24 inches and the minimum net clear opening width shall be 20 inches.

For the purposes of Fair Market Rent limitations, Rent Reasonableness, and Maximum persons per bedroom, a room will not be considered a bedroom if it does not contain at least 70 square feet of floor space of which the shortest wall width is not less than 7 feet and the ceiling height of all 70 square feet must be at least 6 and one-half feet high.

Smoke detectors must be provided as specified by State law.

Carbon monoxide alarm detectors must be provided as specified by State law.

The presence of a cracked window will not be sufficient cause to fail a unit if the crack does not allow infiltration of outside air and does not present a cutting danger to a finger rubbed across the crack.

Each building containing a rental unit must have the appropriate house number displayed so that the unit can be identified from the street. Buildings with two or more units must be clearly marked with separate unit numbers. All assisted units must have an available functioning mailbox for each tenant family

MCHA will schedule a timely inspection of the unit upon receipt of a Request for Lease Approval. HUD requires initial inspections within 15 days of submission of a Request for Lease Approval. Should a unit be unavailable for inspection due to another family still residing in the unit, the inspection may be delayed up to 30 days without requiring a new Request for Lease Approval. The above procedures will be followed if a signed Request for Lease Approval is submitted before the voucher expires.

Upon completion of the inspection the inspector determines the acceptability of the unit, the repairs that are needed, and the amount of rent considered reasonable for the area. The inspector notifies the caseworker and the landlord of these determinations. If the landlord is willing to accept the amount of rent that the inspector determines is reasonable, and the unit passes HQS inspection, the caseworker prepares and executes leases and contracts and notifies the fiscal department of the amount of rent to be paid.

C. CLEARING DEFICIENCIES

If the unit fails the HQS inspection, the family and owner will be advised to notify MCHA once repairs are completed.

Renovations, repairs, and painting on units built prior to 1978 must satisfy the EPA's Lead-Based Paint Renovation, Repair and Painting Program Rule that becomes effective April 22, 2010. If repairs are required, units built prior to 1978 that will or currently do house families with children under six must pass lead clearance according to HUD Lead-Based Paint regulations.

On an initial inspection, the owner generally will be given 30 days to correct the items noted as "fail" unless there are extenuating circumstances. The owner will only be allowed one reinspection for repair work to be completed. If the 30 days has elapsed, the unit will not be considered for lease-up and the family will be notified.

McHenry County Housing Authority has defined 24 hour Emergency Repairs as follows:

- Missing entry door
- Waterlogged/damaged ceilings, floor, or walls in imminent danger of potential collapse
- Major plumbing leaks or flooding
- Backed up sewer or septic systems
- Natural or LP gas leak or fumes
- Electrical problems which could result in shock or fire
- Utilities not in service, such as electricity, gas (LP/natural), water, sewer, or oil
- No running hot water
- Structural integrity condition where the building, or a component of the building, is in imminent danger of potential collapse
- Absence of a functioning toilet if there's only one toilet in the unit
- Lack of at least one functional smoke detector on each floor level of the unit, including basements, excluding crawlspaces and unfinished attics

- Lack of a functioning carbon monoxide detector within 15 feet of all sleeping rooms
- Conditions that present the imminent probability of serious injury, e.g. broken glass or other exposed sharp edges
- Building lacks an alternate means of exit in case of fire
- Absence of a heating source capable of providing adequate heat to at least 55 degrees Fahrenheit to all rooms used for living/sleeping when the exterior temperature is below 40 degrees Fahrenheit

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 the owner could not assess against the tenant's security deposit under state law or court practice.
- 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.

Owner Responsibilities

The owner is responsible for all HQS violations not listed as a family responsibility above, even if the violation is caused by the family's living habits (e.g., vermin or pest infestation).

On an initial inspection, the owner will be given 30 days to correct the items noted as "fail" unless there are extenuating circumstances.

Extensions for outside repairs for winter weather will not be given for initial inspections or new units coming on the program. The owner will only be allowed one reinspection for repair work to be completed. If the 30 days has elapsed, the unit will not be considered for lease-up and the family will be notified.

For Annual inspections, extensions may be given for non-emergency outside repairs for winter weather from November 1-May 30. Extensions will only be given for non-emergency repairs relating to paint or where the work would require digging in the ground. General exterior maintenance will need to be completed within the time frame indicated by the inspectors.

XIV.LEASE APPROVAL AND HAP/VOUCHER CONTRACT EXECUTION

A. *DOCUMENTS SUBMITTED*

MCHA shall recommend the owner use their own lease, but the owner may choose to use a sample lease in addition to the program lease addendum.

The family shall be required to turn in any non-MCHA Lease and Request for Lease Approval prior to the expiration date of the Voucher. The lease may have an automatic renewal after the initial term, either month-to-month or year-to-year.

B. *RENT REASONABLENESS DETERMINATION*

Based on the FMR and Exception Rents, the MCHA will make a determination as to the reasonableness of the rent the owner is proposing in relation to comparable units on the private unassisted market.

Rent reasonableness determinations shall be made when units are placed under HAP contract for the first time, before any increase in the rent to owner, if there is a 10 percent decrease in the published FMR in effect 60 days before the contract anniversary as compared with the FMR in effect 1 year before the contract anniversary, if directed by HUD, or at PHA discretion. At all times during the assisted tenancy, the rent to owner may not exceed the reasonable rent as most recently determined or redetermined by the PHA.

MCHA will certify and document on a case-by-case basis that the approved rent:

1. Does not exceed rents charged by the owner for comparable unassisted units in the private market; and
2. Is reasonable in relation to rents charged by other owners for comparable units in the private market.
3. MCHA shall advise the family as to whether the rent is reasonable and shall assist in the negotiation of the rent with the owner if requested by the family.

. MCHA cannot approve a tenancy for initial occupancy of a dwelling unit where the gross rent exceeds the applicable payment standard and the family share exceeds 40% of the family's adjusted monthly income. This applies to both new participants and current participants. Currently assisted families that are leased in place may pay more than 40% of their adjusted income for rent.

C. *SEPARATE AGREEMENTS*

Owners and tenants may execute agreements for services, appliances (other than for range and refrigerator) and other items outside those which are provided under the lease if the agreement is in writing and approved by MCHA.

Any appliance, service or other items which is routinely provided to nonsubsidized tenants as part of the lease (such as air conditioning, dishwasher, or garage) or is permanently installed in the unit cannot be put under separate agreement and must be included in the lease. For there to be a separate agreement, the tenant must have the option of not utilizing the service, appliance, or other item.

MCHA is not liable for unpaid charges for items covered by separate agreements and nonpayment of these agreements cannot be cause for eviction.

If the tenant and owner have come to an agreement on the amount of charges for a specific item, so long as those charges are reasonable and not a substitute for higher rent, they will be allowed. Costs for seasonal items can be spread out over 12 months.

D. *LEASE APPROVAL/DISAPPROVAL*

If the lease cannot be approved for any reason, the landlord and family will be notified and the reasons provided. If the lease does not meet the program requirements, MCHA will explain the problems to the owner and suggest how they may be corrected.

If the proposed gross rent exceeds the FMR, MCHA will discuss with the landlord the possibility of either reducing the Contract Rent or including some or all of the utilities in the Contract Rent, or if the unit is determined to be rent reasonable and Exception Rent authority is available, will grant an Exception Rent. If the owner accepts the offer of a revised rent, the MCHA will continue processing the Request for Lease Approval.

If the owner does not agree on the contract rent, after the MCHA has tried and failed to negotiate a revised rent, the MCHA will inform the tenant that the lease is disapproved. The tenant should continue to seek eligible housing if his/her Voucher is still valid.

Owners of units must certify that no tenant family member is related to them as a parent, child, grandparent, grandchild, sister or brother. Falsification of information will be considered fraud by both owner and tenant family. Such fraud will be subject to termination of Section 8 assistance.

Moves during the initial term of the lease may be authorized for documented medical reasons, for victims of hate crimes or criminal attacks, HQS failures of units that were not tenant caused, or other extenuating circumstances determined by the Executive Director. This requires the cooperation of the owner.

E. HAP CONTRACT EXECUTION

The HAP Contract must be signed and executed within 60 days of the start of the lease or it may not be executed.

Prior to HAP Contract execution, the family's composition and required information about income and allowances will be reconfirmed. If significant changes have occurred, the information will be verified and the Total Tenant Payment will be recalculated.

Once the leasing documents are prepared, the MCHA will get the documents executed by the family, owner, and the MCHA, as appropriate, and send appropriate copies to each party.

XV. OWNER PAYMENT AND UTILITY ALLOWANCE

A. OWNER PAYMENT

The Housing Assistance Payment to the Owner is the lesser of the:

1. Actual Housing Voucher Subsidy described above; or
2. Rent to Owner

Rents are not restricted by a Fair Market Rent in the Voucher Program, in that the owner may charge the tenant whatever rent he/she wants in accordance with rent reasonableness. The Fair Market Rent and Exception Rent will be considered as part of rent reasonableness.

In the Voucher Program, the maximum subsidy level for each family is determined by the Payment Standard for the family less 30% of the family's Monthly Adjusted income. The actual subsidy level could be less if the family is required to pay the Minimum Total Tenant Payment (10% of the family's Monthly Income) or the minimum \$30 rent. Some families may pay \$0 as a "minimum rent" based on a financial hardship.

B. MINIMUM RENT

1. Hardship exemption

Those families claiming a financial hardship may be exempt from paying the \$30 “minimum rent”. The MCHA, upon request, will review circumstances regarding financial hardship as to the minimum rent. The family circumstances must fall under one of the following HUD hardship criteria:

- a. The family has lost eligibility or is awaiting an eligibility determination for federal, state or local assistance, including a family with a member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act and who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.
- b. The family would be evicted as a result of the imposition of the minimum rent requirement.
- c. The income of the family has decreased because of changed circumstances including loss of employment or death in the family.

2. Suspension of minimum rent

The minimum rent suspension will be effective the first of the month following the request. The HA will determine if the hardship meets the criteria for exemptions and whether it is temporary or permanent. During the minimum rent suspension period, the family will not be required to pay the minimum rent, and the HAP will be increased accordingly. If MCHA determines that there is no qualifying hardship, MCHA will reinstate the minimum rent, including payment for minimum rent from the time of suspension. The repayment agreement will be in accordance with MCHA repayment policy.

- a. Temporary hardship - verified to last less than 90 days. When there is no longer a qualifying hardship, MCHA will reinstate the minimum rent retroactive to the time of suspension. A reasonable repayment agreement will be offered.
- b. Permanent hardship - lasting 90 days or more

C. UTILITY ALLOWANCE

If a family pays for some or all utilities, they will be provided with an indirect utility allowance. The allowances are based on actual rates and average consumption estimates, not on actual energy consumption. The utility allowance is given as a reduction in the tenant's portion of rent to be paid to the owner. Utility bills must be in the name of an adult family member approved to be residing in the unit and not in the name of someone living outside the unit. Exceptions may be made for those individuals not residing in the assisted unit who have financial power of attorney for the family or are the protective payee designated by the Social Security Administration or other social service agency.

If the heat source is fueled by oil or propane gas, the heat must be included in the rent. Consideration may be given for those families leasing in place.

D. UTILITY ALLOWANCE PAYMENTS

Where the Utility Allowance exceeds the Total Tenant Payment, the family may receive a Utility Allowance Payment which should be applied towards tenant-paid utilities (ie. Electric, Gas, water, sewer, trash). Families will receive their Utility Allowance Payment on a debit card issued by the Housing Authority. McHenry County Housing Authority will not be responsible for lost debit cards, any fraudulent activity that takes place on the debit card, or any fees associated with the client's use of the card (ie. ATM withdrawal fees, signature or PIN declined fees). If there is a charge to replace a lost debit card, that fee will be passed along to the family. The family will not be issued more than three debit cards for any reason. After three debit cards are issued, the utility check will then be sent directly to a utility company.

Families are responsible for keeping the tenant-paid utilities current and in good standing. If a client family is not current with their utility bills, the Housing Authority may send their Utility Allowance Payment directly to ComEd electric or Nicor gas. Once the family can prove that their utilities are back in good standing, the Housing Authority may begin to deposit their Utility Allowance Payment back onto the debit card issued to the family.

E. MAKING PAYMENTS TO OWNERS

Payments to Owners will be issued by the first working day of each month via direct deposit into a checking or savings account. No other payment methods are available.

F. *HOLDS POLICY*

If a tenant's rent is to be put 'on hold', that is the rent is not to be paid when due, both the tenant and the landlord are notified in writing of the reason for non-payment and the actions necessary for the rent to be paid. During the last week of the month the caseworkers prepare a list by tenant name and number of all of the rents that are on hold. This list is given to the Fiscal Department. Checks will be issued when released by appropriate personnel.

XVI. ANNUAL ACTIVITIES

A. *ANNUAL RECERTIFICATION*

New HAP Contracts may only be entered into under the Housing Choice Voucher Program. Families will be required to provide information on income, assets, allowances and deductions, and family composition in accordance with the MCHA admin plan and streamlined income and asset determinations. Families will be required to attend in-person meetings with their housing specialist, with all members of the household who are 18 years of age or older present for all meetings. Exceptions are only made for the severely handicapped, adult household members living away at college, or adults participating in the armed services. If these exception circumstances are present, the absent family member must complete annual paperwork via mail, fax, or email. Home visits will be considered for disabled or elderly families if a doctor certifies the family is homebound

Annual recertifications for mid-month move-ins will be conducted no later than the first of the move-in month the following year. When families move, an annual recertification will be scheduled based on the lease-up date of the new unit. Maximum Income limits do not apply at annual recertification.

All household members seventeen years of age or older will be reviewed prior to annual certification for criminal activity. The check will include a review of activity within McHenry County and/or a fingerprint check through the Illinois State Police or FBI. A review of criminal activity will also be conducted for any participant for whom MCHA has received notice of possible criminal activity. Notices of termination of Housing Choice Voucher assistance will be given for participants that are (1) convicted of any drug related activity, (2) convicted of violent criminal activity, (3) convicted of more than one felony, or (4) engaged in other activity which has threatened the health, safety, or right to peaceful enjoyment of other persons residing in the immediate vicinity. Other activity may

include alcohol abuse or drug use. All adult members and those seventeen years or age and older must sign a criminal background release form and a fingerprint card, if requested.

The use of medical marijuana by current participants will only be allowed by prescription from a licensed medical practitioner. Verification will be required.

1. Reexamination Notice to the Family

Ninety (90) days in advance of the scheduled annual reexamination effective date, the head of household will be notified by mail that all adults are required to attend a reexamination interview.

An appointment will be scheduled. It is the family's responsibility to reschedule the appointment if it is missed. If the family does not reschedule and misses two scheduled appointments, their assistance will be terminated.

2. Changes in Tenant Rent

When the information is analyzed, all necessary documents are prepared and signed by the tenant, and all other requirements have been met, the tenant's portion of rent will be recalculated.

MCHA will notify both the owner and tenant of its determination and of the new rent to be paid by the tenant and new Housing Assistance Payment to be paid to the owner, if applicable.

B. ANNUAL HQS INSPECTION

1. General Policy

An annual inspection using Housing Quality Standards will be completed every year. Annual inspections are grouped by town and each assisted unit in that town will be inspected during the same time frame. Annual inspections are set up with the landlord several weeks prior to the inspection date. Landlords are responsible for giving their tenants at least a 24-hour notice that an inspection will be taking place. The landlord or manager is responsible for meeting the housing inspector to ensure a timely inspection. While a landlord can ask a tenant family to be available for an inspection, the responsibility remains with the landlord to allow housing inspectors entry to a unit.

HQS fails must be corrected. If the failures were tenant-caused, the owner may evict the tenants under the terms of the lease.

The owner will be given time to correct the failed items as follows:

If the item endangers the family's health or safety, the owner will be given 24 hours' notice by email, phone and/or mail to correct the violation.

For less serious failures, the owner has up to 30 days to make the correction.

If the owner fails to correct failed items, after he/she has been given a reasonable time to correct the items, the payment shall be abated.

2. Abatement/Cancellation

When it has been determined that a unit on the program fails to meet Housing Quality Standards and the owner has been given an opportunity to correct the problem(s) and does not do so within the time frame established, the rent for the unit shall be abated beginning on the first of the month following the end of the established time frame.

MCHA will inspect abated units within 3 days of the owner's contact to report the completed work.

The abatement will end the first business day following the owner's call if the unit passes the inspection.

If the owner fails to correct all the items cited within thirty days of the beginning of the abatement period, the Contract will be terminated. While the termination notice is running, the abatement will remain in effect.

Once the HAP Contract is terminated (thirty days past the first of the month), it will not be reinstated. The tenant will be issued a new Voucher to move if they have not been evicted for causing the damages.

3. If the tenant or owner requests a special inspection based on a complaint throughout the term of the HAP contract, the same procedures above shall prevail.

C. RENT INCREASES BY OWNER

1. Voucher Program:

MCHA will contact the owner 90 days prior to the reexamination date to begin the process.

Owners must request a rent increase in writing to MCHA at least 60 days prior to the intended increase. Owners must also provide the tenant with at least a 60-day written notice of rent increase. Rent increases to owners may not occur during the initial term of the lease. MCHA will certify and document on a case-by-case basis that the approved rent:

Does not exceed rents charged by the owner for comparable unassisted units in the private market; and

Is reasonable in relation to rents charged by other owners for comparable units in the private market;

If the owners rejects the PHA disapproval of rent, after the first term of the lease, and the unit remains rent reasonable, the MCHA shall point out to the owner their option of offering a tenant a new lease, with a 60 day notice to the tenant, after receiving the PHA's approval of the new lease. If the owner wishes to terminate the lease and contract for economic or business reasons, the owner must give written notice to the tenant, and MCHA.

MCHA will advise the family as to whether the rent is reasonable and shall assist in the negotiation of the rent with the owner as requested by the family.

D. Payment Standard Decrease:

MCHA must set payment standards that fall in between 90%-110% of HUD's published Fair Market Rents. If MCHA reduces the payment standards for any area in our jurisdiction, the initial reduction to the payment standard amount used to calculate the monthly housing assistance payment for the family will not be

applied any earlier than the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard amount.

XVII. INTERIM RECERTIFICATIONS

A. *REQUIRED CHANGES TO REPORT*

The Total Tenant Payment and Tenant Rent will remain in effect for the period between regularly scheduled reexaminations except:

1. The tenant must report all changes in the household composition.
2. The tenant may report any of the following changes which would result in a decrease in the tenant's rent:
 - a) Decrease in income (except for a decrease in TANF benefits due to the family's failure to participate in a work requirement or self-sufficiency program or as a result of fraud);
 - b) Increase in allowance or deductions.
3. The tenant must report any of the following factors which could result in an increase in rent:
 - a) An increase in income;
 - b) Decrease in allowances or deductions;
 - c) Receipt of a deferred payment in a lump sum which represents the delayed start of a periodic payment or a deferral due to a dispute.

B. *TIMELY REPORTING*

1. Standard for Timely Reporting of Changes:

The standard for reporting changes for interims in a timely manner is for the family to report the change within 10 days from when it occurs.

2. Procedures When the Change is Reported in a Timely Manner:

Participants based on \$0 income will be recertified when the household begins receiving income.

Participants may request a recertification of income.

An interim certification will be done when the household has an income increase of 30% or more.

Increases in the tenant rent will be effective the first of the month after sixty days from the income increase.

When a decrease in income is reported, and MCHA receives confirmation that the decrease will last less than 30 days, an interim adjustment will not be processed. Reported decreases in income that are expected to last more than 30 days will have an interim adjustment processed. Decreases in the tenant rent are made effective the first of the month following that in which the documentation of income change was received..

3. Procedures When the Change is Not Reported in a Timely Manner:

If the family does not report the change within 10 days from when it occurred, and the rent portions are not adjusted within the stated timeframes for interim adjustments, the family will be determined to have caused an unreasonable delay in the interim reexamination processing.

a) Increases in tenant rent will be retroactive to the first of the month following the month in which the change occurred, regardless of the amount of increase in tenant rent. This will result in the tenant entering into a mandatory repayment agreement for overpayment of Housing Assistance Payments.

b) Decreases in tenant rent will be effective on the first of the following month in which it was reported.

4. Timing of Next Annual Recertification:

In the event there is an interim adjustment completed, the next regular reexamination will be scheduled within a year from the last effective date of the annual reexamination of family contribution, not the date of the interim.

5. Changes in Family Composition:

Changes in family composition which cause a change in Voucher size shall be implemented at the next annual recertification.

XVIII. TERMINATIONS AND FAMILY MOVES

A. FAMILY MOVES

The family may decide to move to another unit. The family will not be considered to be in good standing to receive a voucher if any member of the assisted family has:

- 1) Violated their Family Obligations as stipulated on the Housing Choice Voucher or MCHA's Tenant Rules and Responsibilities,
- 2) The family owes rent to the landlord, or they have damaged their unit and are responsible for repairs under the lease, or their utilities have been shut off for non-payment.
- 3) The family has been evicted through court action from their unit for serious and repeated violations of the lease.

If the family is determined to be in good standing, the family will be offered a new Voucher to search for another unit.

If the family does not locate a new dwelling unit to move to, the HAP may continue in effect in the current unit if it is agreeable to the owner.

B. *FAMILY NOTICE TO MOVE*

Families are required to give proper written notice to the owner in compliance with the lease. The family must provide MCHA with written notice prior to vacating the unit.

Tenant families may not move during the initial term of the lease. Moves during the term of the lease may be authorized for documented medical reasons, for victims of hate crimes or criminal attacks, HQS failures of units that was not tenant caused, or other extenuating circumstances determined by the Executive Director.

For a family to claim protection under the VAWA regulation and/or move without penalty or termination of benefits, the individual or family must complete Form HUD-5382 Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, and Alternate Documentation. If the family is requesting an Emergency Transfer, they must also complete Form HUD-5383 Emergency Transfer Request for Certain Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking. These forms must be completed and returned to MCHA within fourteen (14) business days, unless an extension is requested and

granted by MCHA. An owner or manager may request the same certifications. Failure to complete and fully sign the required certifications within the allowed time frame may result in termination of Housing Choice Voucher assistance. A written appeal of extenuating circumstances may be made to the Executive Director.

C. VOUCHER ISSUANCE DETERMINATION FOR SPLIT HOUSEHOLDS

When the household is divided and becomes more than one household (e.g. divorce or legal separation), MCHA will determine who is eligible to participate in the program, based on the following guidelines:

If the family break-up results from an occurrence of domestic violence, dating violence, sexual assault, or stalking as provided in 24 CFR part 5, subpart L (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking), the PHA must ensure that the victim retains assistance.

The Voucher shall be retained by the household that meets the definition of family, where there is mutual consent or a Court stipulated determination of which household retains the Voucher.

In no circumstance will an additional voucher be issued.

D. OWNER NOTICE TO MOVE

Owners may only give tenants notice according to the Lease. Owners are required to follow eviction procedures consistent with their contract and must comply with the requirements of Federal, state, and local law.

E. OWNER TERMINATION OF TENANCY

Owner may terminate tenancy for criminal activity by a family member, guest or other person under the tenant's control that threatens the health, safety or right to peaceful enjoyment of the premises by other tenants or persons living in the vicinity. Any drug crime perpetrated on or near the premises by a family member, guest or another person under the tenant's control is also grounds for termination.

F. FAMILY MISREPRESENTATION

If the family has committed fraud in connection with the Section 8 Existing Housing Program, MCHA shall terminate assistance and the Contract.

In addition, if the family has misrepresented income, assets, or allowances and deductions which would have caused them to pay more, MCHA will make every effort to recover any overpayments made as a result of tenant fraud or abuse, including, but not limited to, prosecution by the States Attorney for those amounts over \$3000.

G. OWNER MISREPRESENTATION

If the landlord has committed fraud or misrepresentation in connection with the Section 8 Existing Housing Program, MCHA will terminate the Contract and review the circumstances and family's involvement to determine if the family is eligible for recertification to relocate to another unit with continuation of assistance. MCHA makes every effort to recover any overpayments made as a result of landlord fraud or abuse. New contracts for owners found guilty of misrepresentation or fraud will not be approved.

H. OWNER FAILS TO CORRECT HQS ITEMS

If the MCHA has found it necessary to terminate a HAP Contract due to the owner's failure to respond to notification that a unit no longer meets the minimum Housing Quality Standards and the current Section 8 tenant has found it necessary to move in order to continue receiving assistance, MCHA will not approve the same unit for a Contract with a new Voucher for a minimum of one year or a change in ownership.

I. CHANGE IN OWNERSHIP

MCHA will process a change of ownership only upon the written request of the new owner and only if accompanied by a copy of a Deed of Trust showing the transfer of title. An Assignment of Contract form and a W9 must also be completed and submitted.

Other changes regarding directives of HAP payments must be submitted in writing by the current owner.

XIX.TERMINATION OF ASSISTANCE

A. *GENERAL POLICY*

The Housing Authority shall terminate assistance for the following reasons listed under regulation 982.552:

- Families who are guilty of program abuse or fraud in any federal housing assistance program.
- Families who have violated one of their Family Obligations listed under regulation 982.551, on the Certificate or Voucher, or as stipulated on MCHA's Tenant Rules and Responsibilities.
- Families who have denied the landlord entry to their unit at a reasonable time and after a reasonable notice to make necessary repairs as requested by the Housing Authority.
- Families whose Total Tenant Payment is sufficient to pay the full gross rent and 180 days has elapsed since the last HAP payment was made.
- Families whose appropriate members do not provide their Social Security information and documentation within the time required.
- Families or family members who are found guilty of any drug related activity, found guilty of violent criminal activity, found guilty of more than one felony, or who have engaged in other activity which has threatened the health, safety, and right to peaceful enjoyment of other persons residing in the immediate vicinity. Other activity may include alcohol abuse or drug use.
- Families or family members who are required to be registered sex offenders will be ineligible and/or terminated from assistance during the time they are required to be registered.

A termination notice shall be issued to the program participant and the owner which contains the following:

- . The reason for the termination and the specific action which occurred.
- . The effective date of the termination.
- . The household's right to request a hearing and the time frame for such request.
- . The household's responsibility to pay the full amount of the rent if they remain in the unit.

The following action shall be taken for households either owing money due to overpayment of HAP or in default of a repayment agreement.

- . A new Voucher will not be issued for the purposes of moving to another unit until the total outstanding balance is paid.
- . If the tenant vacates their current unit prior to making full restitution for amounts owed MCHA, their assistance will be terminated.
- . A new HAP contract will not be executed for the current unit or a new unit until the outstanding balance is paid.
- . At annual certification, tenants must be current in their repayment plan or termination of Housing Choice Voucher assistance may be issued.

B. \$0 ASSISTANCE TENANTS

If the family's Total Tenant Payment is sufficient to pay the full gross rent and one year has elapsed since the last HAP payment was made for Contracts signed prior to 10/2/95 and 180 days for Contracts signed after 10/2/95, the family's assistance is automatically terminated.

However, if the owner requests a rent increase during this year and the rent increase would cause HAP payments to resume, or if at reexamination time, the tenant had a loss of income and there would be a HAP payment, assistance is not terminated.

If the tenant wants to move to another unit during this period, a new HAP Contract for a new unit will not be executed at \$0 assistance. If there would be assistance because of a higher rent, a new HAP Contract would be executed.

C. TERMINATION OF HCV ASSISTANCE UNDER VAWA

An incident or incidents or actual or threatened domestic violence, dating violence, or stalking will not be construed as a serious or repeated violation of the lease by the victim or threatened victim of that violence, and shall not be good cause for terminating the assistance, tenancy, or occupancy rights of the victim of such violence.

MCHA may terminate the assistance to remove a lawful occupant or tenant who

engages in criminal acts or threatened acts of violence or stalking to family members or others without terminating the assistance or evicting victimized lawful occupants.

MCHA may honor court orders regarding the rights of access or control of the property, including other orders issued to protect the victim, who is an authorized household member, and is used to address the distribution or possession of property among household members where the family “breaks up.”

There is no limitation on the ability of MCHA to terminate assistance for other good cause unrelated to the incident or incidents of domestic violence, dating violence or stalking, other than the victim may not be subject to a “more demanding standard” than non-victims.

There is no prohibition on MCHA terminating assistance if it “can demonstrate an actual and imminent threat to other tenants or those employed at or providing service to the property if that tenant’s (victim’s) assistance is not terminated.”

Any protections provided by law which give greater protection to the victim are not superseded by these provisions.

MCHA will require certification by the victim of victim status on such forms as MCHA and/or HUD shall prescribe or approve.

A Tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking, as provided in HUD’s regulations 24 CFR part 5, subpart L is eligible for an emergency transfer, if: the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant remains within the same unit. If the tenant is a victim of sexual assault, the tenant may also be eligible to transfer if the sexual assault occurred on the premises within the 90-calendar-day period preceding a request for an emergency transfer. A tenant requesting an emergency transfer must expressly request the transfer by completing form HUD-5383 Emergency Transfer Request. Emergency transfer requests may be processed during the initial term of a lease, or any subsequent lease renewals. Eligibility to port or transfer assistance to another jurisdiction will follow MCHA’s already established guidelines.

The following definitions pertain to VAWA regulations:

1. *Domestic Violence* – [as defined in 24 CFR 5.2003] which states as follows: “DOMESTIC VIOLENCE - includes felony or misdemeanor crimes of violence committed by a current or former spouse or intimate partner 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 or intimate partner, 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 "spouse or intimate partner of the victim" includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship

2. *Dating Violence* – [as defined in 24 CFR 5.2003] which states as follows:

– "DATING VIOLENCE- The term 'dating violence' means violence committed by a person—

(A) who is or has been in a social relationship of a romantic or intimate nature with the victim; and

(B) where the existence of such a relationship shall be determined based on a consideration of the following factors:

(i) The length of the relationship.

(ii) The type of relationship.

(iii) The frequency of interaction between the persons involved in the relationship."

3. *Sexual Assault* means any nonconsensual sexual act proscribed by Federal, tribal, or State law, including when the victim lacks capacity to consent.

4. *Stalking* – "means –

means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:

(1) Fear for the person's individual safety or the safety of others; or

(2) Suffer substantial emotional distress.

4. *Affiliated individual*, with respect to an individual, means:

(1) A spouse, parent, brother, sister, or child of that individual, or a person to whom that individual stands in the place of a parent or guardian (for example, the affiliated individual is a person in the care, custody, or control of that individual); or

(2) Any individual, tenant, or lawful occupant living in the household of that individual.

XX. MOVE-OUT INSPECTIONS

Move-out inspections shall no longer be conducted.

XXI. OWNER CLAIMS

Owner claims will no longer be allowed under the Housing Choice Voucher Program either for unpaid rent, damages, or vacancy loss.

XXII. COMPLAINTS AND APPEALS

A. *APPEALS BY APPLICANTS*

Appeals by applicants concerning a determination denying assistance, including denying listing on the waiting list and participation in the program for issuance of a Voucher, are handled by Informal Review as outlined in 24 CFR 982.554.

Written request for a review must be made within 10 days of the date of the written notification of denial of assistance.

The applicant will be given the option of presenting oral or written objections to the decision in question. A notice of the Review Finding shall be provided in writing to the applicant and shall include a brief explanation of the reasons for the final decision.

B. *APPEALS BY PARTICIPANTS*

Appeals by participants of the Section 8 Existing Housing Program shall be handled as outlined in 24 CFR 982.552 by Informal Hearings.

All requests for Informal Hearings must be made within 10 days from the date of the notification letter. The Informal Hearings shall be conducted by a Hearing Officer within 30 days from the date of the request.

A written notification of the final decision shall be issued within 5 days from the date of the hearing and shall state the reason(s) for the determination.

XXIII. REPAYMENT AGREEMENTS

Program participants and previous participants may enter into a repayment agreement for amounts owed based on failure to comply with the program regulations or the MCHA reporting requirements. Whenever possible, repayment agreements will be kept reasonable based on family income. The MCHA will attempt to set repayment agreements so that the Total Tenant Payment and the repayment agreement combined do not exceed 40% of a family's monthly adjusted income.

The repayment agreement shall not exceed 24 months, unless approval is given by the Section 8 Coordinator in order to keep the repayment reasonable.

- . If a participant refuses to sign a repayment agreement, they shall be deemed to have committed fraud and assistance shall be terminated.
- . Default on repayment agreements shall require payment in full prior to execution of a new HAP or issuance of another Voucher. Failure to repay may also result in termination of Section 8 benefits.

XXIV. FAMILY SELF-SUFFICIENCY

All of the policies previously stated will apply to FSS participants. All other information regarding FSS participation is contained in the FSS Action Plan. As FSS participants graduate, the maximum size of the FSS program is reduced.

XXV. PROJECT-BASED VOUCHERS

In order to increase housing options for low income households, MCHA may from time to time request from private owners and developers of affordable housing proposals to project base vouchers.

MCHA may, at its discretion, and upon request from an owner or developer, agree to project base vouchers in a development wherein units were competitively awarded assistance under a federal, state, or local government housing assistance, community development, or supportive services program. MCHA is a partner in the Regional Housing Initiative, a group of area housing authorities with the common goal of expanding housing options in areas of low poverty concentration, with transportation and employment opportunities available for low income tenants. It is anticipated that MCHA will allocate project based vouchers to new and existing developments that are competitively selected by the Regional Housing Initiative.

A. PROJECT BASING LIMITATIONS

MCHA may project-base the number of allowable vouchers to the maximum allowed by HUD regulations.

B. SOLICITATION OF PROPOSALS

MCHA will publicly solicit proposals for project basing of vouchers in compliance with HUD regulations, except in cases wherein units were competitively awarded assistance under a federal, state, or local government housing assistance, community development, or supportive services program.

C. SELECTION OF PROPOSALS

In selection of a proposal for project based vouchers, MCHA will determine that the housing development is consistent with its goal of deconcentrating poverty and expanding housing and economic opportunities. MCHA will select proposals located in census tracts that have a poverty level that is below the average poverty level for the McHenry County area. When selecting proposals MCHA will determine the location of employment opportunities, schools, health facilities and recreation facilities. It will ensure that the proposed residents have access to these sites, due to close proximity or provision of transportation services by the owner of the development.

MCHA will evaluate the minority concentration of the census tract and will not approve a site in an area of minority concentration unless 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 the project is necessary to meet overriding housing needs that cannot be met in that housing market area.

MCHA will evaluate the site of the proposed housing to ensure to select proposals for assistance where there is no undue concentration of assisted persons in areas containing a high proportion of low-income persons.

MCHA will select proposals that are located in a neighborhood that would not be considered seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions.

D. PROJECT BASED VOUCHER TERM OF ASSISTANCE

MCHA will generally seek the longest proposed Housing Assistance Payment contract term (15 years).

E. Site- Based Waiting List Management

The MCHA will open site-based waiting lists for each development. Site-based waiting lists will be subject to opening and closing based on the number of applicants interested in the development. Waiting list openings and closings will be posted within the Housing Authority and on the MCHA website. Outreach activities will include advertising through local newspapers, and notifying social service agencies, supportive service agencies, and local governments. Notices will affirmatively further fair housing opportunity by including the equal housing opportunity logo and non-discrimination in the message. Announcement will be made prior to the opening of the waiting list. If the application period is limited, the time period will be stated. All applicants on the Housing Choice Voucher waiting list will receive notice from MCHA regarding new project-based opportunities. Units in developments receiving project-based voucher assistance currently occupied by low income households not current receiving rent assistance may be assisted under the project-based system.

While waiting lists are open, applications will be accepted in-person at MCHA's office, or via fax. Owners may refer eligible households to MCHA to make application. All accepted applications must have a completed criminal background check form for all family members 17 years of age or older. Applicant families will be placed on each open waiting list they apply for according to MCHA's subsidy standards and the preferences for each development.

When a project-based unit becomes available, the MCHA will send referrals to the landlord from the appropriate waiting list. The landlord, using a tenant selection plan, will approve or deny applicants for the open unit. When an applicant is approved, the MCHA will complete a background check on all family members 17 years of age or older. All adult family members will be required to attend an in-person briefing and meeting(s) with their housing specialist to determine eligibility. After a family is determined eligible through the Housing Authority, the landlord and applicant will be informed of their approval.

If an applicant family is denied tenancy by the complex or by MCHA, a letter will be sent explaining the reasons for the denial. Any family denied tenancy by the complex or by MCHA will be removed from the waiting list for that development. If an applicant family declines the assistance for whatever reason, or does not respond to outreach from the complex or MCHA, they will be removed from the waiting list for that development.

F. *Site-Based Waiting Lists and Preferences*

MCHA may use site-based waiting lists for project-based vouchers in participating developments. The site-based waiting lists may contain preferences that differ from the MCHA waiting list.

For the Regional Housing Initiative, applicants will be selected from the Regional Housing Initiative centralized waiting list to refer to the owner. There will be a preference for applicants that work, or are participating in a work training program, within a 12 mile radius of the development, or applicants that are unemployed by reasons of age or disability.

For the Residences of Lake in the Hills, the site-based waiting list will contain a preference for persons with disabilities transitioning from licensed nursing facilities into a private rental unit. If a person with a disability who is on the Section 8 waiting list and who resides in a licensed nursing facility develops a service plan and is determined eligible by MCHA, the person will receive a preference for the next available identified project-based voucher unit in Residences of Lake in the Hills. Individuals and families who do not claim this preference will be placed on the waiting list in order of the date when their application was received by MCHA.

For the Villas of Lake in the Hills, the site-based waiting list will contain a preference for persons referred from the State of Illinois Referral Network. If a person referred from the State of Illinois Referral Network is determined eligible by MCHA, the person will receive a preference for the next available identified project-based voucher unit in Villas of Lake in the Hills. MCHA will outreach to its waiting list and to local agencies that work with individuals that are homeless, at risk of homelessness and/or have a disability to inform them of these units. Individuals and families who do not claim this preference will be placed on the waiting list in order of the date when their application was received by MCHA.

For the Garden Place Apartment in Cary, IL, the site-based waiting list will contain a preference for persons who are living or working in McHenry County. Individuals and families who do not claim this preference will be placed on the waiting list in order of the date when their application was received by MCHA.

For Creekview Apartments in Richmond, IL, the site-based waiting list will limit applicants to individuals that are 55 years and older.

For Huntley Horizons Apartments in Huntley, IL, the site-based waiting list will contain a preference for persons who are living or working in McHenry County. Individuals and families who do not claim this preference will be placed on the waiting list in order of the date when their application was received by MCHA.

G. CONVERSION TO REGULAR HOUSING CHOICE VOUCHER

After one year of occupancy in a project-based unit, the occupant may request a regular housing choice voucher and move with assistance, provided that MCHA has available unutilized housing choice vouchers and the participant is in good standing with MCHA.

H. OTHER REQUIREMENTS

MCHA will follow all regulations promulgated by HUD in connection with the Project Based Voucher program, as though each detail were specified herein.

XXVI. Addendum to Administrative Plan for the Chicago Regional Housing Choice Initiative (CRHCI), including the Regional Housing Initiative (RHI)

The Chicago Regional Housing Choice Initiative is a three-year demonstration pilot led by the Metropolitan Planning Council (MPC), Housing Choice Partners (HCP), Chicago Housing Authority (CHA), Housing Authority of Cook County (HACC), Joliet Housing Authority (JHA), Lake County Housing Authority (LCHA), McHenry County Housing Authority (MCHA), Oak Park Housing Authority (OPHA), DuPage Housing Authority (DHA), and Waukegan Housing Authority (WHA) collectively the “Participating PHAs”. The demonstration pilot is funded through the U.S. Department of Housing and Urban Development’s (HUD). In order to properly execute this demonstration pilot, the Participating PHAs have agreed to adopt an identical addendum to their administrative plans, to govern the CRHCI pilot in a coordinated manner. All HUD regulations that pertain to tenant-based and project-based programs will be followed as stated in HUD regulation and the respective housing authority’s administrative plan. It should be noted however, that because the CHA is a Moving to Work agency, certain HUD regulations are waived.

BACKGROUND

The CRHCI builds on over a decade of unprecedented collaboration between Chicago area regional housing authorities, beginning with the Regional Housing Initiative (RHI) in 2002. The Regional Rental Market Analysis, released in 1999, demonstrated the severe shortage of rental housing in metropolitan Chicago, especially options affordable to lower-income households near good jobs, transit and schools.

To increase the supply of quality rental housing, in August 2002, RHI was formalized with the adoption of an Intergovernmental Agreement (IGA) by the Chicago Housing Authority, Lake County Housing Authority, and the Housing Authority of Cook County, in partnership with MPC and the Illinois Housing Development Authority (IHDA). By converting a limited number of Housing Choice Vouchers to be used for project-based operating subsidies to support housing proposals that advanced the goals of the Metropolitan Mayors Caucus Housing Endorsement Criteria, RHI created a region wide pool of operating subsidies for mixed-income, workforce and/or supportive housing. Due to its success and the growing need for a more equitable distribution of affordable housing opportunities, the RHI has since grown to include Waukegan

Housing Authority, McHenry County Housing Authority, Oak Park Housing Authority, and the Joliet Housing Authority with the IGA amended in February 2006, March 2007, and October 2009. Most recently in January 2012, DuPage Housing Authority expressed an interest in the pilot and is moving forward with adopting the addendum.

Independent of the project-based housing opportunities created through RHI, in 2007, a Metropolitan Planning Council (MPC) survey of regional Public Housing Authorities showed that they spend about \$1 million each year to facilitate households' moves, using Housing Choice Vouchers between jurisdictions, but had little to show for their financial and administrative burdens in terms of family and neighborhood outcomes. While several PHAs had implemented successful mobility programs within their own jurisdiction, none of these had facilitated region wide opportunities. So, in 2008, Housing Choice Partner (HCP), an area housing counseling organization, MPC, and three PHAs piloted the Portability Pilot which demonstrated the benefits of third-party, mission-driven partners to the bottom-line of both participating PHAs and the HCV households served.

Despite today's weaker housing market, the availability of affordable homes in areas with good job opportunities and quality schools continues to fall short of demand in metropolitan Chicago. The [Illinois Housing Action Research Project](#) has reported that, among the 60,000 Illinois households utilizing vouchers, most that have used vouchers to relocate have not "moved up" by improving their access to quality schools, jobs and other opportunities. This is despite the fact that the HCV program is designed to allow families using vouchers, which are valued at Fair Market Rent, to enter the private rental market and access better amenities.

Given the lessons learned from RHI, mobility counseling and the Portability Pilot, the Participating PHAs, MPC, and HCP submitted a letter to HUD Secretary Shaun Donovan in September 2010 requesting "to work with the U.S. Department of Housing and Urban Development (HUD) to implement a regional pilot. Our goal is to build upon our past efforts to increase the quality housing options – near good jobs, good transit, good schools and key amenities -- available to households eligible for Housing Choice Vouchers ." Key regional partners, including the Metropolitan Mayors Caucus and the Chicago Metropolitan Agency for Planning, also signed this letter. This unique partnership amongst regional housing authorities to promote the upward mobility and housing choice generated interest from HUD. In October of 2011, HUD awarded a \$1 million grant to CRHCI to pilot a region wide strategy to "quote on 3 main goals!" The MCHA serves as the fiscal agent for CRHCI. The Participating PHAs are adopting an identical administrative plan chapter that will now integrate the RHI and the tenant-based portion of the pilot into CRHCI.

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Part I: General Program Overview

Role of the Administrative Plan Addendum

The same administrative plan addendum will govern all 8 Participating PHAs, MPC, and HCP as they relate to the CRHCI pilot. The tenant-based component of the pilot will last two years, while the RHI program has and will continue to operate until the Participating Housing Authorities or MPC agree to terminate the program. Any changes to the Addendum will be agreed upon by the group collectively. The process for amending the addendum will follow regulation, including posting public notice at least 45 days before the amendment is taken to the Participating PHA Board of Directors.

Program Overview

HUD is providing the funding and support for the CRHCI to study the effects of mobility counseling and/or dedicated housing opportunities on household outcomes, administrative and financial savings to PHAs, and neighborhood outcomes. The pilot's two primary goals are: to assist 325 families with moving to areas with better career and educational opportunities, either by using Housing Choice Vouchers (HCV) or selecting homes in designated project based assisted mixed-income communities in metropolitan Chicago; and to reduce costs and burdens for HUD, PHAs and participating families. Additional program goals are to:

- Align Housing Choice Voucher allocations with local and regional plans and priorities, including the Metropolitan Mayors Caucus [Housing Endorsement Criteria](#) and Chicago Metropolitan Agency for Planning's [GO TO 2040 plan](#) for northeastern Illinois;
- Demonstrate the value of creating regional lists for project-based vouchers;
- Provide a national model for a regional housing collaboration and improved use of national housing resources; and
- Gather research and data to inform future federal housing rental assistance policy and programs.

With regards to moving and assisting households, the pilot has two distinct components-- the tenant-based approach and the project-based approach. The tenant-based approach will refer second-mover households into the program with the offer of financial incentives and mobility counseling OR financial incentive only. HCP will work with these families to make opportunity moves. The project-based component consists of creating regional waiting lists that will be offered to the Participating PHAs waiting lists. These lists will create a streamlined fashion for helping place families in developments and regions they are interested in moving to and with the help of HCP, more families will be able to access these affordable housing opportunities in revitalizing and opportunity areas. More detail on both approaches can be found in Sections 2-5.

CRHCI Target Households

The CRHCI program will target both tenant-based and project-based (RHI) housing programs. CRHCI will serve a minimum of 325 households through the two-year pilot, 200 households will be second-movers already holding HCVs and the 125 households will be recruited from current PHA waiting lists to be placed in PBV units. Only households placed in opportunity areas will be considered as a successful move through this program. The definition and criteria for opportunity areas are listed below. The following chart demonstrates the estimated figures for the program:

	Tenant based voucher mobility			PBV Waiting list and counseling
	Year 1			Year 1
	Counseling and Incentive	Incentive only	No service	Wait list
Referrals	400	400	400	400
Counsel	200	0	0	200
Move-opportunity (TB)/ revitalizing (PB)	50	50		60
	Tenant based voucher mobility			PBV units--wait list and counseling
	Year 2			Year 2
	Counseling and Incentive	Incentive only	No service	Wait list
Referrals	400	400	400	400
Counsel	200	0	0	200
Move-opportunity (TB)/ revitalizing (PB)	50	50		65

Mobility Counseling

A significant component of the CRHCI pilot is the mobility counseling that will be offered to households through a third-party entity, Housing Choice Partners (HCP).

The program will serve the following: (1) HCV households recruited for the *counseling and financial incentive* will work with HCP to make an opportunity move; (2) HCV households recruited for the *financial incentive only* will be encouraged to make an opportunity move *without* the assistance of HCP, and; (3) households recruited from the HCV waiting list that move to RHI supported PBV housing and where HCP’s mobility counseling services are *optional*. Additionally, the pilot is meant to provide valuable research to HUD and, thus, a control group of second-movers will be tracked as a baseline measure.

HCP services include assisting households in making opportunity moves through the following:

- a) Introducing households to the community, including transportation, local organizations, and schools. Often this is done through neighborhood and area tours;
- b) Budgeting, credit counseling and financial management;
- c) Good neighbor, , home maintenance, conflict resolution, and other such programs; and
- d) Rental application assistance

Evaluation

The participating PHAs, HCP, and MPC acknowledge that CRHCI aims to collect household data and evaluate the impact of mobility counseling and increased access to better jobs, schools, transportation, and opportunities. The program will inform all interested and participating households that being tracked and evaluated is a mandatory component of the program. The application to participate in

CRHCI will require a signature denoting agreement to the above terms. Additionally, HCP counselors will confirm with households again during the housing counseling services.

Technical Advisors Group

MPC has created and will lead an advisory board of national experts on issues of housing policy, mobility, fair housing, and program design and research. The voluntary group is committed to assisting the pilot in each individual’s area of expertise and all recommendations are taken as advisory.

Portability

Significant to the promoting quality affordable housing and improving housing policy across the region is to improve regional coordination around porting. Historically, porting activity in the Chicago region has not facilitated access to opportunity for low-income households because of the lack of coordination and resources, communication between Participating PHAs, and a lack of resources for assisting households. Additionally, porting burdens housing authorities with financial and administrative costs that will attempt to be remedied here.

The pilot is proposing that the CHA and HACC absorb all households that move from the OPHA, WHA, LCHA, MCHA, and JHA into Cook County or the City of Chicago. The larger capacity and voucher utilization and turnover of the CHA and HACC will allow them to absorb all vouchers from the remaining PHAs. Additionally, HACC and CHA are currently managing their porting vouchers on a one-for-one reconciliation, which will remain in effect for this pilot. The smaller PHAs-- OPHA, WHA, LCHA, MCHA, and JHA—are given the option of absorbing if they are in the position to and so desire OR will continue to administer and bill for vouchers that port-in. Such an absorbing mechanism will streamline the port voucher administration and coordination and ideally will ease the financial and administrative burden of porting for the PHAs. In order to facilitate the portability agreement, Section V provides key contact information for those responsible for portability, as well as the Executive Directors of each Participating PHA and partner.

Opportunity Areas

To support the work being done through HUD’s Sustainable Communities Initiative (SCI) and Chicago Metropolitan Agency for Planning (CMAP), the region’s grantee, the CRHCI will utilize and build on the metrics and data for opportunity areas that HUD is developing. The pilot, as well as SCI, is interested in broadening how opportunity is conceptualized to include factors like transportation access, school quality, access to fresh food. The SCI metrics include factors such as:

<p>1. Poverty Index</p> <ul style="list-style-type: none"> • Family poverty rate • Percent households receiving public assistance 	<p>2. Housing Stability index</p> <ul style="list-style-type: none"> • Homeownership rate • Percent loans low-cost (re-fi) • Percent loans low-cost (new purchase) • Percent vacant • Percent crowded
<p>3. Job Access index</p> <ul style="list-style-type: none"> • Tract-level job counts 	<p>4. Labor Market Engagement index</p> <ul style="list-style-type: none"> • Unemployment rate

<ul style="list-style-type: none"> • Trace-level job worker counts • Origin destination flows • Aggregate Commute time • Tract-tract average commute time by mode 	<ul style="list-style-type: none"> • Labor force participation rate • Percent with a Bachelor’s or higher
<p>5. School Performance Index</p> <ul style="list-style-type: none"> • School math proficiency/State math proficiency • School reading proficiency/State reading proficiency 	<p>6. Transit Access</p> <ul style="list-style-type: none"> • Distance to fixed rail <p>7. *HUD plans to add health professional shortage areas, retail/food deserts and HUD also encourages local entities to add such things as crime or other indices they think might be important.</p>

While the given metrics will be used, the thresholds at which they are applied may vary from time to time, although the variance will occur within a range of the thresholds agreed upon by the Participating PHAs. Allowing the PHAs to adopt similar but slightly varied opportunity area metrics will create an index suitable to local trends and factors. Minimum thresholds will be established.

Part II: Tenant-based Process

The tenant-based process will target HCV households or ports from outside the CHRCI geography that currently hold a voucher and are interested in moving units. The household must currently live in a traditional area and demonstrate an interest in moving to an opportunity area.

Referral Mechanism

The Participating PHAs will be effectively trained to deliver briefings about the pilot and moving to opportunity areas to households and assisted by HCP throughout the recruitment process for second-movers. Currently, HCV households considering moving will attend a briefing with their PHA. Depending on which program CRHCI is recruiting for (explained below), the PHA will deliver a second-movers briefing that encourages households to participate in the CRHCI. HCP will coordinate the scheduling of the CRHCI briefings according to the program needs. The briefings will occur on a rolling basis in each PHA jurisdiction, until an equitable distribution of households is met. HCP will monitor each PHAs referral to the program to guarantee that each PHA is utilizing the program's benefits to better serve households.

HCV Tenant Briefings

Briefings will be organized to include second movers (including ports from outside the region). There will be two different types of briefings offered and households will not be aware of which briefing they are attending.

- a. Briefing Type I: CRHCI will offer households counseling and a \$500 incentive that can be used for security deposits, furniture or a driver's license training class. People will sign up for the program (or not) at the briefing. By agreeing to join the program, households fill out a form stating their willingness to work with a personal counselor and be evaluated as part of the pilot.
- b. Briefing Type II: CRHCI will offer households ONLY the financial incentive and they will be on their own (no counseling services) to find a unit. By agreeing to join the program, households receiving the financial incentive agree to be evaluated as part of the pilot.

Outreach Plan to Property Owners and Managers

Participating PHAs and HCP will coordinate to develop relationships with property owners and managers to assist HCV households in moving to opportunity areas.

Search Times

For the CRHCI program, the Participating PHAs are agreeing to give households up to 120 days search time. Additional search times up to 180 days may be granted.

Tenant Information and Database Management

The CRHCI application will collect additional tenant information needed for the program's evaluation. The participating PHAs will still be required to collect the HUD mandated tenant information and will update their information accordingly. A shared, secure database will be accessible for all CRHCI partners and will contain the tenant's information, progress updates, and final move information.

Mobility Counseling

The households referred to HCP for mobility counseling will be required to participate in an orientation conducted by HCP. The mandatory orientation includes a PowerPoint and booklet of information on

opportunity areas, tenant rights and responsibilities including housekeeping, and financial management. Other workshops will be offered including building community and schools matter, some via webinar. Personal counselors are assigned for those receiving mobility counseling and they will create a plan to address each household's particular needs, provide transportation to see units if needed, will assist with the rental application and other paperwork, and help households problem solve along the way.

For those not receiving the counseling assistance, they will search on their own and they will call HCP with any unit they might be interested in to see if it qualifies for an incentive. HCP will check the address against the agreed upon opportunity area maps to determine if the unit qualifies or not before the financial incentive is given.

Expedite Inspections and Rent Determinations

Participating PHAs will expedite, as much as possible, inspections and rent determinations for participants of the project and will enter the data into the central database for the program so we can all monitor progress.

Incentive Payments

Both tenant-based groups of HCV second-movers are eligible for a financial incentive of \$500 paid out from HCP if and when the tenant moves to an opportunity area, according to the previously mentioned definitions. The payment will be recorded in the centralized database. The project-based vouchers are not included in this incentive.

Follow-Up Services

HCP will do a home visit with the tenant at approximately three months post move. Any issues identified will be noted and referrals made to address the need. HCP will do a survey at one year to determine how the tenant is doing in their new environment. This data will be part of an evaluation component and PHAs will have access to this data.

Part III: RHI Competition and Selection Process for RHI developments

Overview

Managed by the Metropolitan Planning Council, RHI is a national model of regional cooperation attempting to serve the housing needs of the Chicago region. With the cooperation of the participating PHAs the RHI program has (supported?) 312 project-based affordable housing opportunities in 19 different developments across the Chicago metropolitan region, thereby supporting 1,563 units of mixed-income developments. With the new HUD funding, RHI is now able to expand capacity and enact new operating measures. As noted previously, the CRHCI program will include both the tenant-based mobility program and the RHI PBV program. The PBV program allows PHAs that administer a tenant-based voucher program, under an annual contributions contract (ACC) with HUD, to take up to 20 percent of its voucher program budget authority and attach the funding to specific units rather than using it for tenant-based assistance [24 CFR 983.6]. HUD regulations regarding Project-based Voucher Units govern the RHI, along with the additional program criteria given below. For the details not specified below, HUD regulation and respective PHA administrative plans will apply.

Illinois Housing Development Authority, Low-Income Housing Tax Credits

Over the years, IHDA has updated its Qualified Allocation Plan ("QAP") to encourage and reward applicants that utilize RHI project-based vouchers, and advance the goals of the program. In addition to working with RHI partners to allow a simultaneous review process, IHDA has also ensured that the QAP itself allocates points for applicants using project-based vouchers, as well as for proposals in opportunity areas.

Voucher Commitment

Participating PHAs will each contribute vouchers to a virtual pool for this pilot. To date, through the Intergovernmental Agreement, PHAs have committed 350 vouchers that have all been committed to RHI developments. Moving forward, for the timeframe of this pilot, it is anticipated that Participating PHAs will generate a new pool of approximately 240 vouchers.

Competition

On behalf of the RHI partners, MPC operates the required PBV competition in accordance with PBV regulations, including 1) advertising the competition annually on behalf of the Participating PHAs; 2) meeting with interested developers for a briefing prior to proposal submission; 3) receiving and summarizing each proposal in the context of RHI scoring criteria; 4) coordinating the commitment letters needed for the LIHTC competition; , and; 5) staffing the Review Process and Selection Committee. In the case of a tie vote, MPC will cast the deciding vote. The details of RHI will be reviewed this chapter.

Proposed developments must be located in the service areas of the Participation PHAs including Cook, DuPage, Lake, McHenry and Will Counties.

PBV vouchers fund the difference between reasonable market rents for an apartment and the tenant's rent payment, which is based upon 30% of his or her gross monthly income, plus a utility allowance. Funding for PBV units will be governed through a Housing Assistance Payment (HAP) contract with one or more PHAs, including the PHA in whose jurisdiction the development is located, the Lead PHA (Lead PHA).

Soliciting Proposals

MPC and the Participating PHAs will work together to announce the RHI to the development community, local governments and to the general public. In addition, the Participating Housing Authorities will work with MPC on general marketing and outreach for the program.

Selection of Proposals to Receive RHI Funding

The RHI partners agree to form a panel that will select the projects acceptable to the RHI. The panel will consist of the Participating PHAs and MPC (the “Selection Panel”). MPC and IHDA will have advisory seats on the Selection Panel. Each Participating Housing Authority will have one vote, except for the CHA which will have two votes. In the event of a tie, MPC will make the deciding vote. The participating PHA representatives will score and rank proposals. The rankings of any proposals receiving even scores from the participating PHAs will be scored by MPC to determine their final ranking.

The RHI Participants will draft and issue appropriate solicitation materials in order to locate eligible proposals that wish to participate in the RHI. Proposals will be submitted to MPC who will then submit them to the Selection Panel for review. The Selection Panel will rank the proposals and determine which will be eligible to receive RHI PBVs. The Selection Panel will then recommend an allocation of Vouchers to selected proposals based upon its rankings and determinations. The Selection Panel will submit its recommendations to the Participating Housing Authorities in which the developments are located (“Lead Authority”). Each Lead Housing Authority will have final approval of the developments recommended for its jurisdiction. Proposals seeking Low Income Housing Tax Credits from IHDA will also be eligible for extra point(s) under IHDA’s Qualified Allocation Plan.

The Selection Factors for RHI proposals include factors such as:

- Site; location to transit, job, or downtown centers encouraged
- Design; transit-oriented, pedestrian-friendly developments that promote density are encouraged
- Mixed-income; consideration given to developments that encourage a mix of low, moderate, and unrestricted income levels both in the development itself and in the surrounding community. Encouraging affordable housing in opportunity areas is particularly emphasized.
- High-quality schools; emphasis on promoting positive educational opportunities
- Professional management; experience of the developer/owner/management in managing affordable housing developments is favorable and the quality of the management, maintenance, and supportive housing plans, if applicable, are central
- Feasibility; proposed financing sources are secured, evidence of zoning approvals or likelihood of zoning approval, and any relocation plan elements need to be detailed
- Neighborhood stability; include factors such as vacancy rates, overcrowding, and homeownership rate for the community the development is located in

The Selection Panel for RHI will at least twice annually at the offices of MPC. The Selection Panel reserves the right not to recommend proposals. Recommendations to approve RHI awards to specific proposals by the selection panel are not final. The award of RHI vouchers is final when the allocation of vouchers is approved by the Lead PHA and in some cases a Participating PHA. The Lead PHAs further reserves the right not to approve, any proposal that is not, at their sole discretion, likely to meet the

requirements of the goals, laws and regulations covering the project based voucher program or the policies of the specific PHA.

Roles and Responsibilities

Lead Housing Authority

The Lead PHA, which has jurisdiction over the area in which the development is located, will be responsible for administering the RHI vouchers through *Housing Assistance Payments* (HAP) contract with the owner. In some cases, there may be two HAP contracts, one with the Lead PHA and one with a Participating PHA. The Lead PHA will manage the HAP contracts, performing inspections and other required activities. When a second HAP contract from a Participating PHA is required, the two contracts will be coterminous. The Lead PHA and MPC will be the point of contact for the owner with respect to RHI vouchers once they are awarded.

Owners of new construction or substantial rehabilitation developments must execute an *Agreement to enter a Housing Assistance Payment* (AHAP) contract with the Lead PHA and in some cases with a Participating PHA. The AHAP(s) must be executed prior to new construction or substantial rehabilitation proposals commencing construction. The AHAP requires the owner to construct or rehabilitate the housing in accordance with PHA-approved construction drawings and specifications or work write-ups. It also establishes proposed contract rents for the RHI apartments that will be included in the HAP contract. The Lead PHA will have responsibility for coordinating the AHAP process in the event there is an AHAP with a Participating PHA. Prior to executing the AHAP, HUD or its designee must perform a subsidy layering review and an environmental review of the proposal.

Once the construction work is complete and the apartments are ready for occupancy, the owner enters into the HAP contract with the Lead PHA and in some cases a Participating PHA. The HAP contract governs the flow of subsidy to the development for the assisted apartments, explains the roles and responsibilities of the agency and owner, term, penalties and other matters. The HAP contract may have a term of up to 15 years, with further extensions to be determined by the PHAs. All subsidy payments are subject to annual appropriations of voucher funds by Congress throughout the HAP contract term.

MPC

MPC will work with the Participating Housing Authorities and other local officials to market the program to developers and local officials in order to solicit proposals that meet the Housing Endorsement Criteria and advance the broader goals of the Chicago Metropolitan Agency for Planning's 2040 Plan. MPC's role in managing the PBV competition includes acting as a consultant to review and process the RHI applications received every round. MPC will advise the Selection Panel in an attempt to effect project selection consistent with RHI's goals. MPC will work with the Participating Housing Authorities as necessary to seek any waivers from HUD to support RHI.

Non-Waiver Participating Housing Authorities

It is understood and agreed that notwithstanding the waivers as against IHDA in Section 8, the entry into this Agreement by the Participating Housing Authorities shall not operate or be construed as a waiver of any rights, claims or actions by or between any Participating Housing Authority. The Participating Housing Authorities expressly reserve the right to bring an action resulting from the execution of this Agreement against each other.

Withdrawal

It is the intent of the Participating Housing Authorities that the commitments made under this Addendum is conditioned upon satisfactory performance of the commitments made by the other Parties hereto. Each Participating Housing Authority shall have the right to withdraw from the Agreement if the other parties fail or refuse to honor any of their commitments under this Agreement. The Participating PHAs have the right to withdraw their participation in this Intergovernmental Agreement should they believe that the RHI no longer serves its intended purpose. Each Participating PHA has the right to withdraw its relationship with RHI with a 90-day written notice. In the event of a Participating PHA's withdrawal from the RHI or the decision to terminate the RHI, the Participating Housing Authorities agree to fulfill all other obligations to the developments assisted with Vouchers through the end of the term of the HAP contract.

Funding availability:

The participating PHAs will make project based subsidies available based on the amount of RHI vouchers available at the time RHI proposals are selected. The RHI selection panel may elect, at its sole discretion, to award a lesser number of vouchers than the total available.

Mixed-Income Developments

RHI encourages mixed income developments. Proposals may include existing buildings, buildings needing substantial rehabilitation, or new construction. Proposals for elderly-only housing will not be considered for assistance, although households headed by elderly persons are eligible for RHI apartments. Up to 25% of the multifamily housing proposals may receive PBV voucher assistance. No more than 25% of total rental apartments in a single development may receive RHI vouchers. This cap also applies on a building-by-building basis in developments that comprise multiple buildings.

Disabled-only Developments

Disabled-only developments may receive RHI vouchers for up to 100% of the apartments. Please note that, to the extent the proposal includes provision of special services available for disabled tenants, the RHI program does not provide funding for such services.

Minimum Voucher Requirements

RHI applications must request a minimum of five (5) RHI vouchers. In addition, no more than 25% of the total vouchers available in any given year can be allocated towards one development, except upon the unanimous consent of the Participating Housing Authorities.

Deconcentrating Poverty

Developments located in low poverty census tracts are encouraged. Applications for developments in areas of high poverty concentrations may need to receive a waiver from HUD or the Lead PHA. This may delay award of RHI vouchers.

Davis Bacon Requirements

For developments that are new construction or substantial rehabilitation, Davis Bacon wage rates apply. Employment and wage requirements for new construction proposals or proposals requiring more than \$1,000 per unit in rehabilitation must adhere to the Davis Bacon wage requirements. These requirements are set forth in Part B of the AHAP.

Ineligible proposals:

Proposals that do not meet the following requirements will not be scored and ranked, or recommended for assistance, under RHI:

- Proposals applying for assistance for less than 5 units
- Proposals with occupancy restricted to seniors only
- Proposals that include apartments that have been subsidized using public housing funds and other forms project based assistance.
- Proposals that do not anticipate, respond to, and work within the program parameters and requirements.

Outreach Plan to Property Owners and Managers

While HCP is conducting the outreach to property owners and managers for the HCV participants, MPC will be working with the RHI developers, owners and managers on the application, financing, lease-up and ongoing occupancy procedures. The goal is to improve the communication between MPC, the developers, and HCP's counselors that are preparing families to move.

Part IV: Centralized RHI Waiting List Requirements

ORGANIZATION OF THE WAITING LIST

CRHCI will establish a single centralized regional waiting list for RHI-PBV units. This centralized waiting list is intended to facilitate a simplified process for both the property owners and the PHAs. The central waiting list will be comprised of interested families from the participating PHAs' entire tenant based waiting lists. Only families referred from the PHA waiting lists will be able to join the central waiting list. The central waiting lists will offer families the opportunity for regional preferences. Families may choose any or all of these sub regions.

Waiting List Formation and Operation

The CRHCI will create a centralized regional waiting list for households interested in moving to a RHI development. HCP and MPC will create outreach materials explaining the details of the CRHCI program, RHI requirements, and the mobility counseling component of the program. The participating PHAs will conduct outreach to their tenant-based waiting lists using the materials provided. The CRHCI will be available only to households currently on tenant-based waiting lists.

PHA Outreach

The participating PHAs conduct outreach to tenant-based waiting lists. The outreach will be done via mail and will include an introduction the program and the process for enrolling, marketing materials from various RHI PBV developments, an explanation regarding the evaluation component of the program, contact information, and a pre-application.

Tenant Applications

Interested households will complete an application for the CRHCI. Participants complete an application that confirms their willingness to participate in the program and the evaluation and acknowledges that the household is on one of the participating PHA waiting list. The application will serve as an intake form and will capture the household data needed, such as:

- Family size
- Income
- Employment status (and name of employer)
- Current address
- Supportive housing opportunities will be listed so households can self-identify (i.e. Zion development is supportive housing for abused women).
- Identification of location of employment, training facility or school that someone in the household is attending
- Additional baseline evaluation criteria will be included the application

The application will ask households to rank their regional preferences, as listed previously. The tenant agrees to inform PHA and HCP when, and if, they receive a tenant based voucher or is no longer interested in CRHCI program so they can be removed from the CRHCI waiting list.

REGIONAL BREAKDOWN OF THE WAITING LIST

The CRHCI will operate waiting lists according to regional preferences. These preferences are as follows:

- Lake County (includes Waukegan)
- McHenry County
- Joliet and Will Counties
- North Cook County (Chicago included)
- South Cook County (Chicago included)

- West Cook County (Chicago and Oak Park included)
- DuPage County

Households will be given the option of choosing as many regional preferences as they prefer.

Tenant preferences

In addition, under RHI participating PHAs must establish a priority for prospective tenants who work within a 12-mile radius of the apartments, have convenient access to alternative transit, or are unemployed for reasons of age or disability. For the purposes of the RHI program, “work” is defined as being: (i) employed by a local employer for at least the past three months and working at least 30 hours a week or (ii) enrolled in a training program certified or endorsed by the local Workforce Development Board that will likely end with employment within a 12 mile radius. The 12-mile radius may be extended in rural jurisdictions; and (iii) access to convenient alternative transportation options.

Central Administrator Processes Tenant Applications

The tenant applications are received by the CRHCI’s Central Database Administer, HCP. The applications are date stamped and input into a central database. The waitlist is sent to each PHA who confirms that all applications are on their waiting list and removes all applicants that are not. The Central Administrator organizes the lists according to regional preferences, randomizes the list, and accommodates the RHI preferences. The RHI preferences include priority given to those who work or attend school within 12 miles of the development and/or have access to transit. After processing, households are notified of acceptance into program.

Developers and Owner Outreach

MPC will monitor the lease-up of RHI developments and will communicate directly with the property owner/manager. The owner/manager will provide MPC with a leasing schedule at least 90 days prior to initial occupancy including bedroom size, and any additional stipulations. Important updates will be given to the CRHCI as necessary, Owner/managers will notify MPC immediately when vacancies occur and for developments coming online will give a 90 day notice of lease-up to MPC.

Monitoring Vacancies

For vacancies in already operating developments, the owner must promptly notify MPC of any vacancy or expected vacancy in a contract unit. After receiving such notice, the CRHCI must make every reasonable effort to promptly refer a sufficient number of families for the owner to fill such vacancies. MPC and the owner must make reasonable efforts to minimize the likelihood and length of any vacancy.

- The owner must notify MPC in writing (mail, fax, or e-mail) within 5 business days of learning about any vacancy or expected vacancy.
- MPC will make every reasonable effort to refer families to the owner within 15 business days of receiving such notice from the owner.

Prospective Tenants

As PBV developments begin leasing up, HCP will contact households that fit that the regional preference and unit size to start counseling, applications, and preparation for the move. The number of households contacted and referred to developers/owners is to be determined based on development size and household responsiveness.

For vacancies within existing properties, HCP will begin counseling with the top households on every list so if and when a vacancy becomes available there are households ready to take advantage of the opportunity.

HCP will conduct the following workshops: Budgeting and Financial Management, Conflict resolution, and Good Neighbor. HCP will prepare families for move by reviewing tenant selection plans, providing assistance with submitting rental applications, connecting tenants to local community agencies, workforce development and service provider, conducting credit counseling if needed and, if still applicable, providing neighborhood and development tours.

Tenant Choice Policies

Waiting list households offered units (according to the regional preference) can reject up to 2 times and get a 3rd offer before being removed from the program. This policy will apply for each of the regional waiting lists that the household is signed up for. If a household is removed from the CRHCI program, their position on the appropriate PHA's Section 8 or Public Housing waiting list is not affected in any way.

Participating PHAs and Developers/Owners Conduct Eligibility Verification and Background Check

The development's lead agency holds the discretion to decide when to check the EIV, voucher eligibility, and criminal background check. PHAs may run the eligibility check before the households apply with the owner/developer or may opt for after the owner/developer approves the household's application.

The owner is responsible for screening and selection of the household to occupy the owner's unit. When screening families the owner may consider a household'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. Owners/developers may set higher standards for criminality than the Participating PHAs may require; and
- Compliance with other essential conditions of tenancy.

*Owner/ manager notify the Lead PHA and MPC in writing of acceptance or rejection. HCP is then notified so households can complete the move or so HCP can continue counseling.

Developer/Owner Rejection

Households who are rejected by the property owner, manager or Participating PHAs for the following reasons, criminal background and income ineligibility, will be removed from the CRHCI program. For all other rejections, the household may remain in the CRHCI program and in the same position on the regional waiting list(s).

Leasing

After an applicant has been selected from the waiting list, determined eligible by the CRHCI, referred to an owner and determined suitable by the owner, the household will sign the lease and occupancy of the unit will begin. 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

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 the RHI model lease. The CRHCI will not review the owner's lease for compliance with state or local law.

Lease Requirements

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;
- 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.

Occupancy of the PBV Unit

If and when the tenant moves into the PBV unit, the tenant will be removed from the appropriate PHAs HCV waiting list and the CRHCI regional waiting list(s). According the HUD Office of General Counsel, the tenant may be removed from the HCV waiting list upon *occupancy* of the PBV unit *but* the tenant will remain on both the PBV and HCV waiting lists until the point of occupancy.

Follow Up Services and Evaluation

All CRHCI participants are offered follow-up services through HCP. Additionally, HCP does a home visit at 3 months and a survey at 12 months.

Database Management

The CRHCI database will be hosted on a secure server. The database will be available to all CRHCI partners. Participating PHAs can track tenants and obtain necessary HUD audit data from the database.

Part V: Contact Information

In order to facilitate the given procedures and simplify portability, the following individuals have been identified at each organization that will be the point person for all communication regarding the program. The Executive Director for each Participating