

| | | |
|--|---|---|
| <p>Streamlined Annual PHA Plan <i>(HCV Only PHAs)</i></p> | <p>U.S. Department of Housing and Urban Development Office of Public and Indian Housing</p> | <p>OMB No. 2577-0226 Expires 03/31/2024</p> |
|--|---|---|

Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, including changes to these policies, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

Applicability. The Form HUD-50075-HCV is to be completed annually by **HCV-Only PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, High Performer PHA, Small PHA, or Qualified PHA do not need to submit this form. Where applicable, separate Annual PHA Plan forms are available for each of these types of PHAs.

Definitions.

- (1) **High-Performer PHA** - A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceed 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceed 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined and is not PHAS or SEMAP troubled.

| A. | PHA Information. | | | | | | | | | | | | | | | | | | | | | | |
|--------------------|--|-----------------------------|---------------------------------|-----|------------------------------|--------------------|----------|-----------------------------|---------------------------------|--|------------------------------|--|----|-----|----|-----|--|--|--|--|--|--|--|
| A.1 | <p>PHA Name: <u>MENDOCINO COUNTY</u> PHA Code: <u>CA084</u></p> <p>PHA Plan for Fiscal Year Beginning: (MM/YYYY): <u>10/2024</u> PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) Number of Housing Choice Vouchers (HCVs) <u>1306</u> PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p>Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at the main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website.</p> <p>How the public can access this PHA Plan: The annual plan and updates will be available at the CDC Ukiah office and on the CDC website.</p> <p><input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below)</p> <table border="1" data-bbox="146 1732 1510 1795"> <thead> <tr> <th rowspan="2">Participating PHAs</th> <th rowspan="2">PHA Code</th> <th rowspan="2">Program(s) in the Consortia</th> <th colspan="2">Program(s) not in the Consortia</th> <th colspan="2">No. of Units in Each Program</th> </tr> <tr> <th>PH</th> <th>HCV</th> <th>PH</th> <th>HCV</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> | | | | | Participating PHAs | PHA Code | Program(s) in the Consortia | Program(s) not in the Consortia | | No. of Units in Each Program | | PH | HCV | PH | HCV | | | | | | | |
| Participating PHAs | PHA Code | Program(s) in the Consortia | Program(s) not in the Consortia | | No. of Units in Each Program | | | | | | | | | | | | | | | | | | |
| | | | PH | HCV | PH | HCV | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|-------------------|--|
| <p>B.</p> | <p>Plan Elements.</p> |
| <p>B.1</p> | <p>Revision of Existing PHA Plan Elements. a) Have the following PHA Plan elements been revised by the PHA since its last Annual Plan submission?</p> <p>Y N</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs. <input type="checkbox"/> <input checked="" type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions. <input type="checkbox"/> <input checked="" type="checkbox"/> Financial Resources. <input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination. <input type="checkbox"/> <input checked="" type="checkbox"/> Operation and Management. <input type="checkbox"/> <input checked="" type="checkbox"/> Informal Review and Hearing Procedures. <input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs. <input type="checkbox"/> <input checked="" type="checkbox"/> Self Sufficiency Programs and Treatment of Income Changes Resulting from Welfare Program Requirements. <input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation. <input checked="" type="checkbox"/> <input type="checkbox"/> Significant Amendment/Modification.</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):</p> <p>Statement of Housing Needs and Strategy for Addressing Housing Needs. See attached HCV Waiting List Statistical Summary which addresses housing needs and strategies for addressing housing needs. Significant Amendment/Modification. Significant modifications to the Section 8 Administrative Plan: CDC had updated policies and procedures surrounding the implementation of the Final Rule of Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA). The Final Rule updates regulations relating to income and assets for HUD programs such as the Housing Choice Voucher program. The changes will be implemented and effective January 1, 2025. Attached hereto is sections of CDC's Section 8 Administrative Plan reflecting the revisions made to implement HOTMA in accordance with the Final Rule.</p> |
| <p>B.2</p> | <p>New Activities. (a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Project-Based Vouchers</p> <p>(b) If Project-Based Voucher (PBV) activities are planned for the current Fiscal Year, provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.</p> |
| <p>B.3</p> | <p>Progress Report. Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan. Housing Programs: 1. Goal: Housing Choice Voucher (HCV) utilization at 96% or above. Progress: CDC has achieved this goal and as of 12/31/2023 expended 100.3 percent of our total funding available for this rental assistance program. Our goal in the coming year is to maintain utilization and house as many households with rental assistance as possible with our allocated funding. In order to achieve this goal CDC will maintain a steady pull of applicants from the waiting list each month to cover attrition. CDC plans to open the HCV waiting list in early fall of 2024. CDC administers the Emergency Housing Voucher (EHV) program and was allocated 82 emergency housing vouchers. CDC fully utilized this program in 2023. As of 09/30/2023 CDC can no longer issue EHV's in accordance with the regulatory requirements. We are starting to see the EHV utilization reduce as attrition takes effect, and currently have 75 households leased with rental assistance under this program. Our goal for the coming year is to focus on EHV retention. CDC is developing a Landlord Lease Renewal program. This program would be available to Landlords who are leasing to EHV households and choose to renew the lease for at least a twelve-month period. If the lease is renewed the Landlord would receive an incentive payment from CDC. 2. Goal: Mainstream (MS) utilization to 90% or above. Progress: CDC's Mainstream voucher program is a HUD targeted program for households with a member who is between the ages of 18 and 61 with a disability. CDC was awarded 100 Mainstream vouchers. Since January of 2023 CDC increased our Mainstream voucher utilization from 35 households housed with rental assistance to 60 households housed with rental assistance. CDC opened our waiting list to mainstream eligible households in early 2024 and plan to continuously pull applicants off the waiting list for this program. 3. Goal: Family Unification Program (FUP) utilization to 75% or above. Progress: CDC has achieved this goal. CDC was allocated 20 Family Unification Vouchers. These vouchers are for households in which the lack of adequate housing is a primary factor in either children being removed from the home, or if already removed being able to return home. CDC receives referrals for the FUP program directly from Mendocino County Family and Children's Services. CDC has increased our utilization for the FUP program and currently have 20 households housed with rental assistance. CDC's goal for the coming year is to continue our collaboration with Mendocino County Family and Children's Services agency to assure we have a steady stream of FUP referrals to cover any attrition. 4. Goal: Veterans Affairs Supportive Housing (VASH) voucher utilization to 75% or above. Progress: CDC was allocated 113 VASH vouchers, and we currently have 60 households receiving rental assistance, with 53 available vouchers remaining. This is approximately 53% utilization. CDC continues to meet monthly with the VA and the consensus is there are not many eligible VASH households in Mendocino County. The VA continues to submit referrals when identified. CDC is currently in collaboration with the VA to reallocate 12 VASH vouchers to Marin County Housing Authority. Housing Assets: 1. Goal: Assist affordable housing developer(s) with the development of at least 50 units. Achieved. One development in Ukiah (Orr Creek Commons, 40 units) and one project in Fort Bragg (The Plateau, 69 units) completed with assistance. 2. Goal: Assist affordable housing developer(s) with the rehabbing (including acquisition/rehab) of at least 50 units. Achieved. Completed work on 56 unit acquisition/rehab (Walnut Apartments in Fort Bragg). 3. Complete at least one significant capital improvement at each owned or managed property. Achieved at all sites.</p> |
| <p>B.4</p> | <p>Capital Improvements. - Not Applicable</p> |

| | |
|------------|---|
| B.5 | <p>Most Recent Fiscal Year Audit. (a) Were there any findings in the most recent FY Audit? Y <input type="checkbox"/> N <input checked="" type="checkbox"/> N/A <input type="checkbox"/> (b) If yes, please describe:</p> |
| C. | <p>Other Document and/or Certification Requirements.</p> |
| C.1 | <p>Resident Advisory Board (RAB) Comments. (a) Did the RAB(s) have comments to the PHA Plan? Y <input type="checkbox"/> N <input type="checkbox"/> (b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p> |
| C.2 | <p>Certification by State or Local Officials. <i>Form HUD 50077-SL, Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan, must be submitted by the PHA as an electronic attachment to the PHA Plan.</i></p> |
| C.3 | <p>Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan. <i>Form HUD-50077-ST-HCV-HP, PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed, must be submitted by the PHA as an electronic attachment to the PHA Plan.</i></p> |
| C.4 | <p>Challenged Elements. If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public. (a) Did the public challenge any elements of the Plan? Y <input type="checkbox"/> N <input type="checkbox"/> If yes, include Challenged Elements.</p> |
| D. | <p>Affirmatively Furthering Fair Housing (AFFH).</p> |
| .1 | <p>Affirmatively Furthering Fair Housing (AFFH). Provide a statement of the PHA's strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.</p> |

Form identification: CA084-MENDOCINO COUNTY Form HUD-50075-HCV (Form ID - 285) printed by Todd Crabtree in HUD Secure Systems/Public Housing Portal at 05/15/2024 01:11PM EST

III. COMPLETION OF APPLICATION, PREFERENCES, DETERMINATION OF ELIGIBILITY, AND SELECTION OF FAMILIES

A. PRE-APPLICATION PROCEDURES

- Duplicate Applications

B. NOTIFICATION OF APPLICANT STATUS

C. SELECTION CRITERIA AND SPECIAL PURPOSE FUNDING

- Basic Selection Criteria
- Special Purpose Funding

D. LOCAL PREFERENCES

E. COMPLETION OF A FULL APPLICATION

F. PROCESSING THE APPLICATION/ELIGIBILITY CRITERIA

- Verification of the Eligibility Application
- Income Eligibility
- Non-Citizens/Eligible Immigration Status
- Criminal Activity and Domestic Violence
- Consideration of Circumstances
- Drug Treatment Facility
- Criminal History Report

G. FINAL DETERMINATION

- Notification of Eligibility
- Denial of Admission
- Removal from the Wait List and the Right to an Informal Review

H. PURGE

I. MONITORING OF SELECTION AND LEASING

J. RECORDS MANAGEMENT

K. FAMILY DESIGNATION AND DEFINITIONS

For additional waiting list/eligibility information specific to the Mainstream Voucher and Family Unification Program refer to Chapter XXVII and XXVIII of this Administrative Plan.

A. PRE-APPLICATION PROCEDURES

A preliminary-application (pre-application) may be utilized. Applications may be faxed, mailed or submitted in person to the CDC office located at 1076 N. State Street; between the hours of 8:00 a.m. to 5:00 p.m. Monday through Thursday, except on holidays.

Pre-applications may also be mailed to the applicant and, if requested, mailed in an accessible format. Persons with disabilities may call the CDC to make special arrangements to complete their pre-application, if needed as a reasonable accommodation.

Pre-applications submitted to CDC that are fully completed and signed by the applicant family's head of household are date and time stamped during normal business hours. The applicant will retain the faxed date and time as the date and time of their status on the Wait List.

The purpose of the pre-application is to permit the CDC to preliminarily assess family eligibility or ineligibility and to determine placement on the Wait List. The pre-application may contain questions designed to obtain the following information:

- Date and time of application
- Names of adult members and age of all members;
- Gender and relationship of all members;
- Street Address and phone numbers;
- Mailing Address (if different from street address);
- Amount(s) and source(s) of income received by household members;
- Information related to qualification for preference or special admissions;
- Race/ethnicity;
- Citizenship/eligible immigration status;

Pre-applications may not require an interview. The information on the pre-application may not be verified until the applicant has been selected for final eligibility determination. Final eligibility will be determined when the full application process is completed and all information is verified.

Applicants are required to inform the CDC, in writing, of changes in address, income, assets, household composition and any other changes which may impact eligibility. Applicants are also required to respond to requests from the CDC to update information on their application and to determine their continued interest in receiving rental assistance.

The applicant may be removed from all Wait Lists they are currently on if;

- The applicant fails to provide information or to respond to mailings
- Mail is returned via U.S. Postal Service

Applicants who are removed from the Waiting List may reapply for assistance when the Waiting List is opened.

If the applicant did not respond to the CDC request because of a family member's disability, the CDC may reinstate the applicant in his/her former position on the Waiting List if the person's disability was directly related to the non-compliance, the disability is verified, if need be, and the reason can be identified as pertaining to the person's disability.

Duplicate Applications

Duplicate applications will not be accepted. Any duplicate pre-applications will be merged with the original pre-application. The family will receive notice of merging of the duplicate status. A pre-application will be considered a duplicate application and be merged with the original application if;

- The family is currently active on the waiting list they applied for, or
- The family has been selected for the waiting list they applied for and the CDC is currently processing the family's eligibility for the program.

B. NOTIFICATION OF APPLICANT STATUS

Based on the information provided by the applicant on the pre-application, if the family is determined to be potentially eligible, the applicant will be notified in writing of their placement on the CDC's Waiting List

If the family is obviously ineligible, the CDC shall notify the family in writing, state the reason(s), and inform the family of its right to an informal review.

C. SELECTION CRITERIA AND SPECIAL PURPOSE FUNDING

Basic Selection Policy

Except for Special Admissions, applicants will be selected in order of date and time of the initial application with consideration given to the regulations governing income targeting as well as any adopted local preference. CDC uses the aggregate method when determining what local preference holders are contacted first.

Applicants whose income is greater than thirty percent (30%) of the area's median income may be passed on the waiting list pursuant to the income targeting requirements detailed below.

Applicants who applied earlier than applicants who are eligible for local preferences may be passed on the waiting list.

CDC may not select applicants from the waiting list in an order different from the selection procedures for the purpose of selecting higher income families for the program.

Income Targeting Pursuant to the Quality Housing and Work Responsibility Act

Not less than seventy-five percent (75%) of all new admissions shall be families whose income is below thirty percent (30%) of the area median income. A new admission shall be defined as an applicant being offered assistance. (Note: A PHA can reduce its required public housing admission of families with income below 40% of median income in a given fiscal year by admitting more than 75% of extremely low-income.)

The CDC may admit a lower percent of extremely low-income families during a PHA's fiscal year (than otherwise required) if HUD approves the use of such lower percent by the CDC, in accordance with the CDC plan, based on HUD's determination that:

- (1) The CDC has opened its waiting list for a reasonable time for admission of extremely low-income families residing in the same metropolitan statistical area (MSA) or non-metropolitan county, both inside and outside the CDC jurisdiction;
- (2) The CDC as provided full public notice of such opening to such families, and has conducted outreach and marketing to such families, including outreach and marketing to extremely low-income families on the Housing Choice Voucher and public housing waiting lists of other PHAs with jurisdiction in the same MSA or non-metropolitan county;
- (3) There are not enough extremely low-income families on the CDC's waiting list to fill available slots in the program during any fiscal year for which use of a lower percent is approved by HUD; and
- (4) Admission of the additional very low-income families other than extremely low-income families to the CDC's tenant-based Voucher program will substantially address worst case housing needs as determined by HUD.

- (5) Two (2) or more PHAs in same jurisdiction may elect to be treated as a single PHA for purposes of meeting targeting goals.
- (6) If a family initially leases a unit outside the CDC jurisdiction under portability at admission to the Voucher program, such admission shall be counted against the targeting obligation of the initial PHA (unless the receiving PHA absorbs the portable family into the receiving PHA Voucher program from the point of admission).
- (7) For further Income Targeting clarification refer to 24 CFR Sec. 982.201.

Special Purpose Funding:

HUD may provide funding to serve a targeted population. Since HUD specifies the special population, there is no limit to the number of admissions except for the limit as defined by HUD in establishing the special population and funding.

CDC may select applicants out of order if determined necessary to utilize the budget authority for a targeted program. At the time a family Leases a unit under HAP contract CDC may code the family as Mainstream (MS) or FUP/Y on line 2b of the 50058 if;

- The family has been determined eligible for a special purpose funding voucher, and
- Funding is available

D. LOCAL PREFERENCES

The CDC will take the preference points applied and add them (cumulative). The preferences must be supported by documentation. Preferences must be valid at the time the applicant claims the preference and at the time of final determination of eligibility unless otherwise stated in the definition below.

The CDC has elected to employ the following as local preferences for the tenant-based voucher Wait List. Refer to Chapter XXI. of this administrative plan for Project Based Voucher preference policies.

- Graduation from the Permanent Supportive Housing Program (1000 Points)
- FUP-Youth Continued Assistance Preference: (800 points)

- Victims of Domestic Violence Currently Living in Transitional Housing Preference (400 points)
- Natural Disaster Emergency Preference (400 points)
- Family Unification Program (FUP) Preference (1000 points)
- Veterans and Veteran Families Preference (250 points)
- Disabled & Homeless Preference (200 points)
- Persons Eighteen or Older with a Disability Preference (100 points)
- Residency Preference (100 points)
- Lease in Place Preference (500 points)
- Families with Children who are Homeless or At Risk of Homelessness and receiving services from Front Door for Families (1000 points)

GRADUATION FROM THE PERMANENT SUPPORTIVE HOUSING PROGRAM

CDC has elected to provide a preference for households who are receiving rental assistance through the CDC's Permanent Supportive Housing Program and are eligible to graduate from receiving supportive services.

The graduation criteria set forth in the Permanent Supportive Housing Rental Assistance Program Policies and Procedures Manual must be verified and documented in order for a family to qualify for this preference.

CDC and CoC's participating homeless service providers will collaborate to determine which households are eligible for this preference. A preference verification letter from the family's case management agency providing supportive services must be submitted with the completed pre-application.

The CDC may apply this preference to no more than five (5) households within a calendar year. If an application is submitted to the CDC which identifies eligibility for this preference and the preference is no longer available, CDC will notify the family in writing that they are not eligible to receive this preference.

DISABLED & HOMELESS PREFERENCE

CDC has elected to provide a preference for persons with disabilities who are:

- Transitioning out of institutional or other segregated settings, or
- At serious risk of institutionalization, or
- Homeless, or at risk of becoming homeless

The preference must be supported by documentation and valid at the time the applicant claims the preference and at the time of final determination of eligibility.

CDC may notify local service providers and current applicants listed on the tenant-based Wait List if this preference opens.

CDC will apply 200 preference points for this preference if the family meets the criteria listed above and provides sufficient verification as determined by CDC.

Verification of Preference: CDC will use the Disabled & Homeless Preference verification form to determine eligibility for this preference and obtain required verifications listed to retain in the applicants file.

NATURAL DISASTER EMERGENCY PREFERENCE

Families who have been affected by a Federal or State declared natural disaster such as a fire, flood, earthquake or other natural cause in which the applicant's housing was rendered uninhabitable.

Qualifying families are families in which the natural disaster occurred within 24 Months from the date the family claims the preference and the family is not living in standard, permanent replacement housing at the time of eligibility determination. The definition for standard, permanent replacement housing can be found on the Natural Disaster verification form which is used to verify this preference.

In order for CDC to determine eligibility for this preference verification must be obtained. CDC must verify the natural disaster occurred at the applicant's place of residence, the disaster was a result of natural causes or through no fault of their own, the dwelling unit is inhabitable and proof of residency must be provided. The following are examples of acceptable documentation;

- A Fire Department Report or other acceptable verification which lists the applicant's names as residents, confirms the cause of the disaster and verifies the structure inhabitable, and

- Verification from a recognized federal or state disaster relief organization, such as the Red Cross, and
- Proof of residency of the affected property (rental or ownership documentation or other acceptable verification).

LEASE IN PLACE PREFERENCE

The Lease in Place preference is only used in the event that CDC's vouchers under HAP contract fall below maximum leasing potential. This is generally when units under contract fall below 90% of units available for three consecutive months. This preference will apply to families on the Wait List who live in Mendocino County and are willing and able to lease in place. CDC will continue to use the Lease in Place preference until the vouchers under HAP contract reach 90% of units available for a period of three months consecutively.

Families who are considered to be living in place are those who reside in a unit where the landlord will accept the Housing Choice Voucher program. CDC will require the family to provide a current lease agreement and a written letter of acceptance from the landlord. If the family is not currently occupying the rental unit, but the Landlord has agreed to rent to the family when the voucher is issued, a letter of intent to rent may be submitted as an alternative to a Lease Agreement.

The unit must meet all other program requirements in order to qualify for the Lease in Place preference.

Families must lease under HAP contract at the address correlated with the Landlord Acceptance letter in order to maintain this preference.

The Lease in Place preference is a tool used by CDC only to increase voucher utilization during a limited window of time. The preference does not displace any other applicant families from the Wait List nor does it significantly impact the length of time an applicant family remains on the list as the life of the CDC Wait List is typically no more than twelve months.

VETERANS AND VETERANS FAMILIES PREFERENCE

[California Health and Safety Code § 34322.2. "Priority shall be given within each preference category to families of veterans and servicemen (sic)."]

Households containing a veteran or the surviving spouse of a veteran of one of the regular armed forces of the United States are eligible for this preference.

To claim a veteran's preference, a copy of the DD214 showing Honorable Discharge or equivalent must be obtained. If a surviving spouse of a veteran, the applicant must submit to CDC a marriage certificate and death certificate.

RESIDENCY PREFERENCE

Families who, at the time of selection from the Wait List and final eligibility determination, reside within Mendocino County, or include a member who works, or has been hired to work in Mendocino County. Applicants who have been hired to work in Mendocino County must supply CDC with verification of expected employment start date. Employment start date must be within 90 days from the date the applicant claims the preference.

Verification of Residency may include the following:

- Utility Bills in the name of the family
- Telephone/cable bills
- Verification of address listed on school documents.
- Landlord statements
- Current Social Services verification
- Letter of hire from an employer
- Current paycheck stubs verifying address of employment
- Photo Identification verifies the same address as the applicants mailing address listed on the application
- Any other documentation CDC determines is sufficient.

FAMILY UNIFICATION PROGRAM PREFERENCE (FUP – FAMILY AND FUP - YOUTH

Only families referred to CDC by Family and Children's Services (or affiliated) may qualify for this preference. CDC will apply 1000 preference points to families that qualify for this preference.

Applicants are only eligible for the Family Unification Program (FUP) by referral, therefore CDC will not include this preference as an option on the pre-application.

In the event there are no FUP vouchers available due to CDC reaching the maximum limit, CDC will continue to accept referrals for FUP eligible households referred from Family & Children's Services. In this scenario the

FUP preference will be applied, but the household will not be identified as FUP on the 50058, and instead issued a regular Housing Choice Voucher.

Refer to Chapter XXVIII. of this Administrative Plan for further information pertaining to the Family Unification Program.

FUP–YOUTH PREFERENCE: CONTINUED ASSISTANCE

The FUP Targeted Program refers to special purpose vouchers operated within the Housing Choice Voucher program and is intended to serve specific subpopulations and corresponds with supportive services.

Although the FUP–Family Vouchers provide ongoing housing assistance as long as the household is income eligible, the FUP – Youth Vouchers have an expiration period of 36 months. CDC recognizes that this practice could potentially result in homelessness or other unstable living conditions, therefore, CDC will exercise the option to continue assistance to such populations under the Housing Choice Voucher program. This option will be available to FUP–Youth.

To ensure that housing assistance opportunities remain available for all waitlisted applicants CDC will offer a preference for “continued assistance of FUP–Youth Vouchers”. This preference will be limited to a maximum of 5 vouchers per year and the offer of a Housing Choice Voucher is contingent on funding availability.

The intent of providing the continued assistance option is to provide continuity and housing stability for youth who have an expiring FUP voucher.

CDC may issue a Housing choice Voucher provided there is a HCV available, there is funding availability and in order to receive the preference ALL criteria below must be met:

- Participants in compliance with the rules and regulations of the program for the past 6 consecutive months.
- If the participant owes the CDC for a Repayment Agreement, they must be in compliance with that agreement, or pay the balance in full.
- The FCS must submit a recommendation for a regular Housing Choice Voucher and confirm the participant is in compliance with the FCS.

- If the family is a "remaining family member" and the Youth is no longer part of the household, CDC will grant this preference if all other criteria listed above is met. See "Criteria for Beneficiaries" listed below.

CDC will apply 800 preference points for a family that meets the criteria listed above (800 points maximum for this preference). CDC will take these preference points and add them to any other preference points claimed.

PERSONS EIGHTEEN OR OLDER WITH A DISABILITY PREFERENCE

Applicants will qualify for this preference if any member of the household is eighteen or older and that member meets the disability definition found under 24 CFR Part 5 subpart D 5.403 for the Housing Choice Voucher Program.

This preference must be supported by documentation and valid at the time the applicant claims the preference and at the time of final determination of eligibility.

The disability must be verified with a current benefit award letter confirming SSI, SSDI or Veterans Disability Compensation payments or verification directly from the family's medical professional stating the individual qualifies under the definition of a disability.

VICTIMS OF DOMESTIC VIOLENCE CURRENTLY LIVING IN TRANSITIONAL HOUSING PREFERENCE

Applicants will qualify for this preference if they are victims of domestic violence and are currently residing in transitional housing managed by the domestic violence agency.

In order to qualify for this preference, the applicant must provide CDC with a preference verification letter directly from the domestic violence agency confirming the applicant is a victim of domestic violence and is currently living in transitional housing managed by the domestic violence agency.

The preference must be valid at the time the applicant claims the preference and at the time of final determination of eligibility.

FAMILIES WITH CHILDREN WHO ARE HOMELESS OR AT RISK OF HOMELESSNESS AND RECEIVING SERVICES FROM FRONT DOOR FOR FAMILIES

Applicants will qualify for this preference if the household includes a minor, they are homeless or at risk of homelessness and are receiving services from Front Door for Families. In order to qualify for this preference a preference

verification letter must be obtained from Front Door for Families which confirms the household consists of a minor child/children meets the HUD definition of Homeless or At Risk of Homelessness (24 CFR 576.2) and they are currently engaged in services through this agency.

Eligibility for this preference must be valid at the time the applicant is selected from the waiting list.

E. COMPLETION OF A FULL APPLICATION

At the time a family is selected from the Wait List CDC will contact the family by mail with a request to complete a full eligibility application. The notice will include an eligibility application and a list of additional documentation that also must be submitted to CDC no later than the deadline specified.

The family will complete the application on their own whenever possible. The head of household, as well as all members of the household over the age of eighteen (18) years must read and sign all documents including attached HUD forms. Reasonable accommodations shall be made for persons with disabilities, upon request.

The CDC will accept applications from families whose head or spouse is at least 18 years of age, except for emancipated minors under State law. However, the head of household or spouse must be at least 18 years of age at time of the determination of eligibility. Emancipated minors, under State law, may be admitted if the applicant head or spouse can provide documentation that the law considers them of age to enter into a contractual agreement (lease with the landlord, agreement to comply with HUD and CDC requirements.)

All adult members must sign the form HUD-9886, Release of Information, all supplemental forms required by the CDC, the declarations and consents related to citizenship/immigration status, and any other documents required by the CDC. Applicants may be required to sign specific verification forms for information not covered by the form HUD-9886.

Every adult member may be required to sign a consent form to release criminal conviction records and to allow the CDC to review records and use them in accordance with HUD regulations.

If, after receipt of the full application, the CDC determines additional information or document(s) are needed, the CDC will request the document(s) or information in writing. The family will be given ten (10) calendar days to supply the information.

F. PROCESSING THE APPLICATION/ELIGIBILITY CRITERIA

To be eligible for participation, an applicant must meet HUD's criteria, as well as any permissible additional criteria established by the CDC.

The HUD eligibility criteria is:

- An applicant must be a "family";
- An applicant's total family annual income must be within the appropriate HUD established Income Limits;
- An applicant must furnish Social Security Numbers, if issued, for all family members age six and older;
- An applicant must furnish a declaration of Citizenship or Eligible Immigrant Status and verifications are required for Eligible Immigration Status. At least one member of the applicant family must be either a U. S. citizen or have eligible immigration status before the CDC may provide any financial assistance.

Verification of the Eligibility Application

Information provided by the applicant will be verified including information documenting family composition, income, assets, allowances and deductions, preference status (if needed), full-time student status, and other factors relating to eligibility, to determine applicant eligibility before the applicant is issued a Voucher.

PHAs are required to follow the steps outlined in Notice PIH 2004-18 when verifying SS and SSI. Therefore, the CDC will not contact the local SSA offices by phone, fax, or mail.

If third party verification of SS/SSI benefits of applicants and household members is not available, the CDC will request a current (dated within the last 30 days) SSA benefit verification letter for each household member that receives social security benefits.

If the applicant and/or household member are unable to provide the requested document, the CDC will request the applicant/household member to call SSA at 1-800-772-1213 to request a benefit verification letter. The CDC will inform the applicant and/or household member that a request for a benefit verification letter can also be made at the SSA Internet Website at www.ssa.gov.

CDC will follow the verification requirements set forth in Chapter V of this Administrative Plan.

Income Eligibility

The family's annual income must fall within the applicable very Low-income limits as published by the Department of Housing and Urban Development. Some families may qualify if they are low-income under these circumstances:

- A low-income family that is continuously assisted under the 1937 Housing Act;
- PBV: A low-income family that meets the additional eligibility criteria outlined below:
 - A household in place at time of selection for Project Based Voucher Assistance. To meet this criteria a household must be residing in a unit in a development that has applied for and been selected to receive Project Based Voucher assistance (lease must pre-date initial selection letter); or
 - A household that has leased a unit in a development selected for Project Based Voucher assistance, but was not in place at time of selection, and is in place at execution of the HAP contract for Project Based Voucher assistance.
- A low-income non-purchasing family residing in a HOPE I (HOPE for Public and Indian Housing Homeownership) or HOPE 2 (HOPE for Multifamily Units) Project;
- A low-income (or moderate-income) family that is displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing as defined in under 24 CFR 248.101.
- A low-income family that qualifies for voucher assistance as a non-purchasing family residing in a project subject to resident homeownership program under 24 CFR 248.173

Formatted: Indent: Left: 1.38", No bullets or numbering

Restrictions Regarding Assistance to Non-Citizens or Eligible Immigration Status Requirements

Required Documentation

- Housing Choice Voucher programs are covered under Section 214 of the Housing and Community Development Act of 1980, which makes financial assistance contingent upon the submission of verifiable evidence of citizen or eligible non-citizen status.

- Families must submit evidence of citizenship or eligible non-citizen status. A family consisting of members with both eligible and ineligible status may be eligible for prorated assistance.
- Verification of evidence of eligible non-citizen status is necessary to determine whether or not the applicant/participating family is eligible for continuing assistance or admittance to the program. Families will be required to submit a declaration for all members who claim eligible status and/or provide a listing of those members who do not claim eligible status.
- Non-citizen students do not have eligible status, nor does their non-citizen spouse and/or minor children accompanying or joining the non-citizen student. A citizen spouse or minor children of a citizen spouse and non-citizen student are eligible for assistance, however;
- Eligible immigration status includes the following categories:
Citizens or national of the United States;

Non-citizens with status in one of the following categories:

A non-citizen admitted to the U.S. for permanent residence under Section 101(a)(20) of the Immigration and Nationality Act (INA); as an immigrant under Section 101(a)(15) or as a special agricultural worker under Section 120 or 210A of the INA;

A non-citizen who entered the U.S. before January 1, 1972, (or such later date as enacted by law), and who (1) has continuously maintained residence in the U.S. since then, (2) who is not ineligible for citizenship, and (3) who has been deemed to be lawfully admitted for permanent residence as a result of an exercise of discretion by the Attorney General under Section 249 of the INA;

A non-citizen admitted to the U.S. with refugee status under Section 207 of the INA, or with asylum status under Section 208 of the INA, or admitted before April 1, 1980 under Section 203(a)(7) of the INA;

A non-citizen admitted to the U.S. with parole status under Section 212(d)(5);

A non-citizen lawfully present in the U.S. as a result of the Attorney General's withholding deportation under Section 243(h) of the INA (threat to life or freedom); or

A non-citizen admitted for temporary or permanent residence under Section 245A of the INA.

- Evidence of citizenship or eligible non-citizen status shall consist of the following documents or such other documents as deemed acceptable by HUD or the U.S. Citizenship and Immigration Services (CIS) (formerly INS):

For citizens: a signed Declaration of U.S. citizenship;

For non-citizens:

1. A signed Declaration of eligible immigration status;
2. The CIS documents listed in Guidebook 7465.10G, Chapter 6, Section 6- (or any other documents determined by the CIS to be acceptable evidence and announced by notice in the Federal Register); and
3. A signed Verification Consent Form.
 - Documents submitted by an applicant family to verify eligible immigration status will be first verified using the CIS Systematic Alien Verification for Entitlements (SAVE) system. If the SAVE system does not provide verification, a secondary manual search of CIS records will be instituted by the CDC. If both searches fail to verify eligibility, the family will be notified and will be given the option of requesting an appeal to the CIS and/or a CDC informal hearing.

Ineligible Immigration Status

- Families determined to be ineligible when the evidence of citizenship or eligible non-citizen status submitted by a head of household or spouse cannot be verified either by the CDC's preliminary inquiry or by the CIS secondary search will be notified in writing that the individual or family has been determined ineligible.
- Families determined ineligible due to lack of citizenship or non-eligible citizenship status may request an appeal to the CIS according to 24 CFR 5.514(e) and may request an informal hearing with the CDC. Applicant families may request an informal hearing as described in Section 9-2 (c)(2) of Guidebook 7465.10G either upon the completion of the CIS appeal or in place of the CIS appeal.
- Assistance to an applicant may be delayed if the CIS appeal process has been concluded, but may not be denied until after the conclusion of the CDC informal hearing process, if the applicant requests an informal hearing.

Criminal Activity and Domestic Violence for Applicants

The CDC will deny admission to an applicant for the following reasons:

1. An applicant will be denied admission for three (3) years from the date of termination of rental assistance if a household member was terminated from federally assisted housing for drug-related criminal activity. The CDC may admit the household if it is determined:
 - That the household member who engaged in drug-related criminal activity has successfully completed a supervised drug rehabilitation program approved by the CDC and has had no further arrests; or
 - That the circumstances leading to termination no longer exist. (For example, the criminal household member has died, imprisoned, or no longer residing with the applicant.)
2. Any member of the household is subject to a lifetime registration requirement under a State sex offender registration program; For applicant households containing members subject to a lifetime sex offender registration requirement, the CDC will offer the family the opportunity to remove the member from the household. If the family is unwilling to do so, the CDC must deny admission to the family. The CDC will notify the family of its right to dispute the accuracy and relevance of the criminal background check information.
3. Has been convicted of manufacturing or producing methamphetamine on the premises of any federally assisted housing (including the building or complex in which the unit is located and associated common areas and grounds).
4. Households shall be denied admission for three (3) years after the date of the most recent conviction of the following types of activities:
 - Drug-related criminal activity,
 - Violent criminal activity including domestic violence,
 - Other criminal activity which may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity;
 - Other criminal activity which may threaten the health or safety of the owner, property management staff, or persons performing a contract administration function or responsibility on behalf of the

CDC (including a CDC employee or a CDC contractor, subcontractor or agent), or

- Shows a pattern of alcohol and/or drug abuse. A pattern shall be at least three (3) drug or alcohol-related criminal offenses within the five (5) year period prior to application for assistance.

Drug Related Criminal Activity or Other Criminal Activity

The following are standards to be applied as appropriate, for drug-related criminal activity and other criminal activity concerning denial of admission:

1. The CDC may determine the use of an illegal drug through a conviction of a drug-related charge.
2. The CDC shall determine involvement in criminal activity through the conviction for a criminal activity.
3. Any household member includes adults and minors who are on the lease or who are living in the household, but not reported to the CDC.
4. Currently engaging in illegal use of a drug or other criminal activity shall be defined as a conviction within one year from the date the CDC discovers the conviction.
5. Reasonable cause shall be determined by a conviction on an illegal use of a drug charge or other criminal activity.
6. There is no time period concerning the conviction of a drug-related charge for manufacturing, production, or distribution of methamphetamine on the premises of federally assisted housing. Such household members being convicted of this offense will be denied admission indefinitely.
7. The time period of ineligibility for admission for other drug-related convictions or other criminal activity convictions shall be three (3) years from the date of the conviction. Refer to Consideration of Circumstances listed below.
8. If the CDC previously denied admissions for criminal activity, the CDC elects not to consider evidence that a household member was not engaged in criminal activity for a period of time. The household shall not be eligible for admission for three (3) years from the date of the conviction.

9. Evidence of criminal activity shall be defined as conviction of criminal activity.

Consideration of Circumstances

In determining whether to deny admission because of action or failure to act by members of the family:

1. The CDC may consider all relevant circumstances such as the seriousness of the case, the extent of participation or culpability of individual family members, mitigating circumstance related to the disability of a family member, and the effects of denial or termination of assistance on other family members who were not involved in the action or failure.
2. In determining whether to deny admission or terminate assistance for illegal use of drugs or alcohol abuse by a household member who is no longer engaged in such behavior, the CDC may consider whether such household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program, or has otherwise been rehabilitated successfully (42 U. S. C. 13661).

For this purpose, the CDC may require the applicant or tenant to submit evidence of the household member's current participation in, or successful completion of a supervised drug or alcohol rehabilitation program or evidence of otherwise having been rehabilitated successfully.

3. If the family includes a person with disabilities, the CDC decision concerning such action is subject to consideration of reasonable accommodation in accordance with 24 CFR Part 8.

Drug Treatment Facility

As needed during the informal review or hearing process the CDC may seek information from a drug treatment facility to verify that an applicant or participant is participating in or has completed a drug rehabilitation program, or to verify drug-free status.

In such cases the CDC will utilize a written consent form required by 24 CFR 82.553(a) (i) (B). The CDC is not obligated to request information from drug treatment facilities and is not liable for damages for failure to request or receive the information.

All information received from a drug treatment facility must be maintained confidentially and not be misused improperly or disseminated.

The information must be destroyed either:

- No later than ten (10) calendar days after the CDC makes a final decision to admit the person to the HCV Program; or
- If the CDC denies admission, the CDC will destroy the information in a timely manner after the statute of limitations has passed for the individual to file a civil lawsuit.

Criminal History Report

A criminal history report may be requested from law enforcement agencies for adult members according to the following procedure:

- a. For all applicable household members, the CDC will submit to a law enforcement agency the name, sex, race, date of birth and social security number.
- b. Based on the identifiers submitted, the law enforcement agency will provide this CDC with any criminal history conviction record information and outstanding warrants that are found on the law enforcement agency Computerized Criminal History database and the appropriate Crime Information Center.
- c. The law enforcement agency may also search the National Crime Information Center (NCIC) for criminal information. If a record exists, the law enforcement agency will notify this CDC that such information was found, and will provide the CDC with a copy of the information.
- d. If the person disputes or contests the criminal history report received by the CDC, the CDC may at this time determine that a fingerprint check is necessary.
- e. In no case will the applicant be charged for the cost of the criminal history checks.

G. FINAL DETERMINATION AND NOTIFICATIONS

After the verification process is completed, a final determination of eligibility will be made before inviting the family to a briefing session.

The Housing Choice Voucher will not be issued before all eligibility criteria have been met.

Denial of Admissions

In addition to Section F of this chapter (Domestic Violence, Criminal Activity and Drug Abuse), denial of program assistance may be made for an applicant and participant for any of the following grounds:

a. The family fails to supply any information that is determined necessary by the CDC in the administration of the program including signature from all adult household members on HUD's consent form (HUD-9886); if the family revokes consent. The executed consent form (Form HUD-9886) will remain effective until the family is denied assistance, relinquishes their voucher, the assistance is terminated, or if the family provides written notification to CDC to revoke consent. Families have the right to revoke consent by notice to CDC, however, revoking consent will result in termination or denial of assistance.

Formatted: Level 5, Numbered + Level: 5 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1.25" + Indent at: 1.63", Adjust space between Latin and Asian text, Adjust space between Asian text and numbers, Tab stops: Not at -0.75" + -0.5" + 0" + 1.19" + 1.25" + 2" + 2.25" + 3"

Formatted: Font: (Default) Arial

- b. The applicant and/or participant provides information that is not true or complete;
- c. The applicant or family member(s) has been evicted from federally-assisted housing in the last three (3) years;
- d. If the CDC has terminated assistance under a Voucher or Certificate program for any member of the family for violation of the Family Obligations within the past three years;
- e. If any member of the family has ever committed fraud, bribery or any other corrupt or criminal act in connection with any federally assisted housing program;
- f. If the family currently owes rent or other amounts to the CDC or another PHA in connection with any rental assistance program.

Formatted: Indent: Left: 1.63", No bullets or numbering

The CDC, at its discretion, may offer a family the opportunity to enter an agreement to pay amounts owed to a PHA or amounts paid to an owner/landlord by a PHA. The PHA may prescribe the terms of the agreement;

- g. If the family has not reimbursed any PHA for amounts paid to an owner/landlord under a HAP contract for rent, damages to the unit, or other amounts owed by the family under the lease;

- h. If the family breaches an agreement to pay amounts owed to a housing authority or amounts paid to an owner/landlord by a housing authority;

The CDC, at its discretion, may offer a family the opportunity to enter an agreement to pay amounts owed to a PHA or amounts paid to an owner/landlord by a PHA. The PHA may prescribe the terms of the agreement);

- i. If the family has engaged in or threatened abusive or violent behavior toward CDC personnel;
- j. If an applicant is a Sex Offender and/or required to be registered in a "State life-time sexual offender" registry, they will be determined ineligible;
- k. Any family member has been convicted of manufacturing or producing methamphetamine on the premises of any federally assisted housing (including the building or complex in which unit is located and associated common areas and grounds);

l. The applicant does not meet the eligibility criteria (e.g. the family's annual income exceeds income limits for a family of that size);

Formatted: Indent: Left: 1.5", No bullets or numbering

m. Ownership of net family assets that exceed \$100,000 (as adjusted) require denial of assistance at admission. If a household has assets with a total cash value of more than \$100,000, they are ineligible for rental assistance and/or the assistance will be terminated. This applies both at move in, and upon a household's annual recertification.

Formatted: Font: 12 pt

Formatted: Font: 12 pt

n. An applicant households will be denied assistance at admission may not receive rental assistance if they own real property that is suitable for occupancy, unless any of the following exceptions are applicable and verifiable.

Formatted: Indent: Left: 1.5", No bullets or numbering

- The property is up for sale.
- The property does not meet the disability-related needs for all members of the family, including the need for additional bedrooms, proximity to accessible transportation, etc.;
- The property is jointly-owned with another non-household member that does not reside with the family when that family member lives in the jointly-owned property.
- The property's geographical location makes it so that the distance or commuting time between the property and the

Formatted: Font:

Formatted: Indent: Left: 1.5", No bullets or numbering

Formatted: Font: (Default) Arial

Formatted: Font:

Formatted: Font: (Default) Arial

Formatted: Font:

Formatted: Font: (Default) Arial

Formatted: Font:

Formatted: Font: (Default) Arial

family's place of work or school would create a financial hardship.

- The property is commercial and/or cannot be legally lived in;
- The property is physically unsafe and it is cost-prohibitive for the household to render it safe; or
- A family member cannot access it because they are a victim of domestic violence, dating violence, sexual assault, or stalking.

Formatted: Font:

Formatted: Font: (Default) Arial

Formatted: Font:

Formatted: Font: (Default) Arial

This applies both at move in, and upon a household's annual recertification. If a household owns real property and does not qualify for one of the exceptions listed above, they will no longer be eligible to receive rental assistance.

Formatted: Indent: Left: 1.5"

This determination will be made at the household's annual recertification and during initial eligibility.

Formatted: Indent: Left: 1.56"

If the household owns real property and they qualify for one of the exceptions identified above, the cash value of the real property is still included and counted as an asset as long as they have the legal authority to sell it. In this scenario, the \$100,000 asset threshold regulation identified above would still be applicable to the household, and depending on the value of the real property the household still may be ineligible for the program.

Formatted: Indent: Left: 1.56"

†

Formatted: Indent: Left: 1.5", No bullets or numbering

Any adult member refuses to sign or submit required consent forms including HUD's consent form (HUD-9886).

Use of Criminal Record

If the CDC proposes to deny admission for criminal activity as shown by a criminal record, the CDC must provide the subject of the record and the applicant with a copy of the criminal record.

The CDC must give the family an opportunity to dispute the accuracy and relevance of that record, in the informal review process in accordance with Sec. 982. 554

Removal from the Wait List and Right to an Informal Review

Removal from the Wait List:

A family may be removed from the Wait List for the following reasons:

- Failure to respond to CDC's written requests;

- Return mail from the USPS;
- Denial of Admission for ineligibility;
- If a family leases under HAP Contract with a tenant-based voucher (HCV, MS or FUP) and that family has an active wait list record on the tenant-based voucher waitlist (HCV, MS or FUP), that record will be removed from the waitlist;
- An applicant submitted an application when the Wait List was closed or the applicant was not eligible to apply;
- Any other reason CDC determines is necessary in the administration of the program.

Informal Review:

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

Applicants must submit their request for an informal review in writing to the CDC within ten (10) calendar days from the date of the determination letter.

Persons who claim disabilities and request a reasonable accommodation will have their informal review viewed in accordance with requirements to allow for reasonable accommodation. The 504 Coordinator will review all such reasonable accommodation requests appealing denial of admission or as part of a request for an informal review of the denial of admission.

Formatted: Indent: Left: 0.88"

The Informal Review will be conducted according to regulatory requirements and as outlined further in this Administrative Plan, Chapter XXI.

H. UPDATING THE WAIT LIST (PURGE)

The CDC may periodically update (purge) the Wait List to ensure that it is current and accurate.

The CDC may mail a letter to the applicant's last known address requesting information regarding their continued interest in maintaining a place on the Wait List.

If the applicant did not notify the CDC of a move as required, the CDC will not be responsible for the applicant's failure to receive the update request.

The request letter will include a deadline date by which the applicant must notify the CDC of their continued interest, by mail or in person.

Notification of a change in address to the U.S. Post Office or sources other than the CDC is not considered compliance with the requirements to notify the CDC.

An applicant's failure to check on their mail at the address given to CDC, whether the address is that of a family member, friend or PO Box, will not alleviate the applicant's responsibility to update their application.

Applicants will be given ten (10) calendar days, from the date of the letter, to return the notice of continued interest. The CDC does not accept responsibility for mail delays.

If the CDC fails to receive the updated applicant information by the deadline date, the applicant's name will be removed from the Wait List.

I. MONITORING OF SELECTION AND LEASING

In compliance with SEMAP requirements, a statistical report may be prepared each month to ensure that CDC has complied with current regulations affecting the Wait List and selection as it relates to income requirements, single elderly and non-elderly families, and the local preference selection of families.

J. RECORDS MANAGEMENT

All criminal information received will be maintained confidentially and not misused, or improperly disseminated.

All information provided to an owner, manger, or CDC pursuant to VAWA, including the fact that an individual is a victim of domestic violence, dating violence, or stalking, shall be retained in confidence by an owner, manager, or CDC, and shall neither be entered into any shared database nor be provided to any related entity, except to the extent that disclosure is requested or consented to in writing by the individual; required for use in an eviction proceeding of an abuser, stalker or perpetrator of domestic violence; or is otherwise required by applicable law.

Such information may be housed in a locked file with access restricted to individuals responsible for screening and determining eligibility and to the Executive Director.

If the applicant is determined to be eligible, the criminal report shall be shredded as soon as the applicant is housed. If the applicant is denied assistance, the criminal record information shall be destroyed immediately upon completion of the hearing or due process procedures and a final decision has been made.

All information received from a drug treatment facility must be maintained confidentially and not be misused improperly or disseminated.

The information must be destroyed either:

1. No later than ten (10) calendar days after the CDC makes a final decision to admit the person to the HCV Program; or
2. If the CDC denies admission, the CDC will destroy the information in a timely manner after the statute of limitations has passed for the individual to file a civil lawsuit.

K. FAMILY DESIGNATION AND DEFINITIONS

FAMILY

[24 CFR 5.403] To be eligible for assistance, an applicant must qualify as a family. Family as defined by HUD includes, but is not limited to the following, regardless of actual or perceived sexual orientation, gender identity, or marital status, a single person, who may be an elderly person, disabled person, near-elderly person, or any other single person and also includes a single person who: Is an otherwise eligible youth who has attained at least 18 years of age and not more than 24 years of age; Has left foster care or will leave foster care within 90 days, in accordance with a transition plan described in section 475(5)(H) of the Social Security Act (42 U.S.C. 675(5)(H)); and Is homeless or is at risk of becoming homeless at age 16 or older; or a group of persons residing together. Such groups include, but are not limited to a family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family), an elderly family, a near-elderly family, a disabled family, a displaced family, or the remaining member of a tenant family. CDC has the discretion to determine if any other group of persons qualifies as a family.

Formatted: Font: Not Bold

Formatted: Font: (Default) Arial

Formatted: No widow/orphan control

Formatted: Font: Italic

Gender Identity means actual or perceived gender characteristics.

Sexual orientation means homosexuality, heterosexuality, or bisexuality.

A family also includes two or more individuals who are not related by blood, marriage, adoption, or other operation of law but who can demonstrate that they have lived together previously for at least one year. Evidence of a

stable family relationship may include any of the following; birth certificates of the children, joint tax returns, prior lease (held jointly), joint bank accounts, insurance policies, affidavit of domestic partnership or equivalent documentation.

Each family must identify the individuals to be included in the family at the time of application, and must notify CDC in writing within ten (10) calendar days if the family's composition changes.

HOUSEHOLD

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

FAMILY BREAK-UP AND REMAINING MEMBER OF TENANT FAMILY

Family Break-up [24 CFR 982.315]

Except under the following conditions, the PHA has discretion to determine which members of an assisted family continue to receive assistance if the family breaks up:

- *If the family breakup results from an occurrence of domestic violence, dating violence, or stalking, the PHA must ensure that the victim retains assistance.*
- *If a court determines the disposition of property between members of the assisted family in a divorce or separation decree, CDC is bound by the court's determination of which family members continue to receive assistance.*

CDC Policy

When a family on the Wait List breaks up into two otherwise eligible families, only one of the new families may retain the original application date. Other former family members may make a new application with a new application date if the Wait List is open.

If a family breaks up into two otherwise eligible families while receiving assistance, only one of the new families will continue to be assisted.

In the absence of a judicial decision, or an agreement among the original family members, CDC will determine which family retains its placement on the Wait List, or which family will continue to receive assistance. In making its determination, CDC may take into consideration the following factors:

- Interest of any minor children, including custody arrangements,
- Interest of any ill, elderly, or disabled family members,
- Interest of any family member who is the victim of domestic violence, dating violence, or stalking, including a family member who was forced to leave an assisted unit as a result of such actual or threatened abuse,
- Any possible risks to family members as a result of criminal activity,
- The recommendations of social service professionals, and ~~(6)~~ which family member applied as head of household.

Formatted: Tab stops: 2.06", Left + Not at 2"

Documentation of these factors is the responsibility of the applicant/assisted families. If either or both of the families do not provide the documentation requested by CDC, both may be denied placement on the Wait List for failure to provide information requested by CDC. Chapter XVIII of this Administrative Plan further clarifies Family Break-ups.

Remaining Member of a Tenant Family [24 CFR 5.403]

The HUD definition of family includes the *remaining member of a tenant family*, which is a member of an assisted family who remains in the unit when other members of the family have left the unit. Household members such as live-in aides, foster children, and foster adults do not qualify as remaining members of a family. To be considered the remaining member of the tenant family, the person must have been previously approved by the CDC to be living in the unit, see Chapter XVIII, section D of this plan for further clarification. A reduction in family size may require a reduction in the voucher family unit size; see Chapter VI regarding subsidy standards.

If the dependents are the only "remaining members of a tenant family" and there is no family member able to assume the responsibilities of the head of household a minor may continue to receive assistance as a remaining family member if; (1) The court has awarded emancipated minor status to the minor, or (2) an income eligible court appointed or legal guardian moves into the unit with the minor child(ren). If both parents must leave the household and the Department of Social Services and/or the Juvenile Court has determined that another adult is to be brought into the assisted unit to care for the children for an indefinite period, the CDC will treat that adult as a visitor for sixty (60) calendar days. See Chapter XVIII, section D "remaining member of tenant family" for the policy on "Caretakers for a Child".

HEAD OF HOUSEHOLD [24 CFR 5.504(b)]

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

CDC Policy

The family may designate any qualified family member as the head of household. The head of household must have the legal capacity to enter into a lease under state and local law. A minor who is emancipated under state law may be designated as head of household.

SPOUSE, COHEAD, AND OTHER ADULT

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

CDC Policy

A minor who is emancipated under state law may be designated as a spouse, if married to the HOH.

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

Minors who are emancipated under state law may be designated as a co-head.

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

DEPENDENT [24 CFR 5.603]

A *dependent* is a family member who is under 18 years of age or a person of any age who is a person with a disability or a full-time student, except that the following persons can never be dependents: HOH, spouse, co-head, foster children/adults and live-in aides. Identifying each dependent in the family is important because each dependent qualifies the family for a dependent allowance.

JOINT CUSTODY OF DEPENDENTS

CDC Policy

Dependents who are subject to a joint custody arrangement will be considered in the family composition if they reside in the household 50% or more of the time, as long as this designation would not provide for multiple

subsidies. 50% will be defined as 182 calendar days per year, which do not need to run consecutively. To make this determination CDC will use evidence provided by the family, such as court ordered custody documents, school records, verification from Social Services agencies, written statements, IRS tax returns, and/or any other document CDC determines is acceptable.

When more than one family is claiming the same dependents in the household's composition, the family with primary custody at the time of the initial examination or reexamination will be able to claim the dependents as household members. If there is a dispute about which family should claim the dependents, CDC will make the determination based on available documents such as those listed above.

FULL-TIME STUDENT [24 CFR 5.603; HCV GB, p. 5-29]

A *full-time student* (FTS) is a person who is attending school or vocational training on a full-time basis. The time commitment or subject load that is needed to be full-time is defined by the educational institution. Identifying each FTS is important because: (1) each family member that is an FTS, other than the head, spouse, or co-head, qualifies the family for a dependent allowance, and (2) the earned income of such an FTS is treated differently from the income of other family members.

ELDERLY AND NEAR-ELDERLY PERSONS, AND ELDERLY FAMILY [24 CFR 5.100 and 5.403, FR Notice 02/03/12]

Elderly Persons

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

Near-Elderly Persons

A *near-elderly person* is a person who is 50-61 years of age.

Elderly Family

An *elderly family* is one in which the head, spouse, co-head, or sole member is an elderly person. Identifying elderly families is important because elderly families qualify for the elderly family allowance as described in Chapter IV section G of this plan.

PERSONS WITH DISABILITIES AND DISABLED FAMILY [24 CFR 5.403, FR Notice 02/03/12]

Persons with a Disability

Under the HCV program, special rules apply to persons with a disability and to any family whose head, spouse, or co-head is a person with a disability.

CDC must make all aspects of the HCV program accessible to persons with disabilities and consider reasonable accommodations requested based upon a person's disability.

DISABLED FAMILY

A *disabled family* is one in which the head, spouse, or co-head is a person with disabilities.

Identifying disabled families is important because these families qualify for the disabled family allowance as described in Chapter IV, section G of this plan. Even though persons with drug or alcohol dependencies are considered persons with disabilities, this does not prevent CDC from denying assistance for reasons related to alcohol and drug abuse in accordance with the policies found in Chapter XIV Termination of Assistance.

GUESTS [24 CFR 5.100]

A *guest* is a person temporarily staying in the unit with the consent of a member of the household who has expressed or implied authority to so consent.

CDC Policy

No adult person(s) other than those approved by CDC shall live/stay in the unit other than on a temporary basis which does not exceed fourteen days (14) in a one-year period.

Children who are subject to a joint custody arrangement or for whom a family has visitation privileges, that are not included as a family member because they live outside of the assisted household 186 or more days per year, not necessarily consecutively, are not subject to the time limitations of guests described above. CDC may require the family to provide documentation of residence and written permission from the owner/landlord.

A family may request an exception to this policy for valid reasons (e.g., care of a relative recovering from a medical procedure). An exception will not be made unless the family can identify and provide documentation of the residence to which the guest will return.

FOSTER CHILDREN AND FOSTER ADULTS

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

24 CFR § 5.603 A foster adult is defined as a member of the household who is 18 years or older and meets the definition of a foster adult under state law. State-level agencies define who is considered a foster adult/child, so the classification may vary from state to state. In general, a foster adult is unable to live independently due to a debilitating physical or mental condition and is placed with the family by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Formatted: Widow/Orphan control

A foster child is defined as a member of the household who meets the definition of a foster child under state law. In general, a foster child is placed with the family by an authorized placement agency (e.g., public child welfare agency) or by judgment, decree, or other order of any court of competent jurisdiction.

Foster adults/children are not considered family members and must not be included in calculations of income for eligibility and rent determination purposes. However, foster adults/children are considered household members and must be included when determining unit size or subsidy standards based on established policies.

The definition of "dependent" under § 5.603 explicitly excludes foster children and foster adults. CDC may not provide a dependent deduction under § 5.611(a) for a foster child or foster adult. Consistent with the determination that foster adults/children are not family members, income earned by foster adults/children, payments received for the care of foster adults/children, and expenses incurred related to foster adults/children are not considered to be family income or family expenses used in the determination of annual income.

Reasonable unreimbursed child-care expenses (as defined in § 5.603) for foster children under 13 years of age may be deducted from annual income if those expenses are necessary to enable a member of the family to work, look for work, or to further their education, but only if the unreimbursed child-care expense for the care of the foster child is paid from the family's annual income (and not another source, such as a stipend from a child welfare agency).

Families may be eligible to continue to receive the child-care expense deduction, pursuant to the child-care hardship exemption, when the unreimbursed child-care expense is for the care of a foster child under the age of 13, but only if the unreimbursed child-care expense for the care of the foster child is paid from the family's annual income (and not another source, such as a stipend from a child welfare agency).

When a member of an assisted family is temporarily placed in foster care (as confirmed by the state child welfare agency), the member is still counted as a family member in the unit from which they were removed. This means that a foster child or foster adult could be considered an assisted family member in one household while also being a foster child or adult in another household and receiving consideration in both families' voucher size and/or unit size.

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

Foster children and foster adults who are living with an applicant or who have been approved by the PHA to live with a participant family are considered household members but not family members. The income of foster children/adults, including California Kinship Guardian Assistant Payments (Kin-GAP) per PIH 2008-40, is not counted in family annual income, and foster children/adults do not qualify for a dependent deduction [24 CFR 5.603; HUD-50058-IB, p. 13].

CDC Policy

~~A foster child is a child that is in the legal guardianship or custody of a state, county, or private adoption or foster care agency, yet is cared for by foster parents in their own homes, under a short term or long term foster care arrangement with the custodial agency. A foster child or foster adult may be allowed to reside in the unit if they will be in the unit for more than 186 consecutive calendar days. Documentation from the Department of Public Health and Social Services agency responsible for placement must be provided prior to the placement of the child(ren), except in cases of emergency. See Chapter XX of this plan for additional clarification regarding foster children and foster adults.~~

Children that are temporarily absent from the home as a result of placement in foster care are discussed in this Chapter below.

ABSENT FAMILY MEMBERS

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

DEFINITIONS OF TEMPORARILY AND PERMANENTLY ABSENT

CDC Policy

Generally, an individual who is expected to be absent from the assisted unit for 183 consecutive days or less is considered temporarily absent and will continue to be considered a family member. Generally, an individual who is or is expected to be absent from the assisted unit for more than 183 consecutive days is considered permanently absent and no longer a family member.

Exceptions to this general policy are discussed below. See Chapter IV section B for further clarification regarding temporarily and permanently absent household members when determining if income will be included or excluded.

ABSENT STUDENTS

CDC Policy

Space may be provided for a family member who is away at school but who lives with the family during school recesses, and who has not established permanent housing elsewhere. For example, a college student residing in a dormitory or other campus housing while attending school would be considered temporarily absent. A college student who has signed a lease agreement elsewhere would be considered to have found permanent housing, and therefore removed from the household.

The student will continue to be considered a family member unless information becomes available to CDC that the student has established a separate household or the family declares that the student has established a separate household.

ABSENCES DUE TO PLACEMENT IN FOSTER CARE [24 CFR 5.403]

Children temporarily absent from the home as a result of placement in foster care are considered members of the family.

CDC Policy

In instances in which the children have been removed from the home by a social service agency, the agency will be contacted to determine the approximate length of time the children are expected to be away from the home.

If the agency indicates that the children are expected to return to the home at some point or a date certain, or that it is unknown whether the children will be returned to the home but there is an expectation rendered by a social service agency that the children will be returned at some point, the children will remain a part of the family composition and will be counted toward the family's subsidy standard, but will not be counted as dependents until they return to the home.

If, in the opinion of a social service agency, the children are not ever expected to be returned to the home, the children will be removed from the family composition and the family's subsidy standard will be reduced accordingly.

CDC will attempt to obtain written verification from the social service agency. Oral conversations with the social service agency will be thoroughly documented in the family file, including the date of contact, name and title of contact person, name of agency, and telephone number and details of the conversation.

If the child is receiving other federal rent subsidy, the child will be removed from the CDC assisted household until s/he is no longer receiving the other federal rent subsidy.

ABSENT HEAD, SPOUSE, OR CO-HEAD

CDC Policy

A head, spouse, or co-head absent from the unit more than 183 consecutive days due to employment will continue to be considered a family member unless s/he is receiving other federal rent subsidy.

FAMILY MEMBERS PERMANENTLY CONFINED FOR MEDICAL

REASONS [HCV GB, p. 5-22]

If a family member is confined to a nursing home or hospital on a permanent basis, that person is no longer considered a family member and the income of that person is not counted [HCV GB,p. 5-22].

CDC Policy

CDC will request verification of the family member's permanent absence from a responsible medical professional. If the responsible medical professional cannot provide a determination, the person will be considered temporarily absent. If the family certifies that the family member is confined on a permanent basis, it may present, and CDC will consider, any additional documentation or evidence.

ABSENCE DUE TO HOSPITALIZATION OF SOLE FAMILY MEMBER.

When the family consists of only one member and that person leaves the home to go into a hospital or nursing home for a period of more than 183 consecutive days, the assistance will be terminated. If a medical provider or other source of similar information documents the person is expected to return to the unit in 183 consecutive days or less, the person shall continue to receive assistance. If the person is not back in the unit within 183 consecutive days, assistance will be terminated.

RETURN OF PERMANENTLY ABSENT FAMILY MEMBERS

CDC Policy

The family must request in writing CDC's approval for the return to the assisted unit of any adult family member that CDC previously determined to be permanently absent. The family must notify CDC in writing within 10 days of the return of any minor that CDC has determined to be permanently absent. The individual is subject to the eligibility and screening requirements discussed elsewhere in this chapter.

LIVE-IN AIDE

A *live-in aide* is a person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who: (1) is 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 [24 CFR 5.403]. This definition applies to a specific person [PIH 2008-20].

The PHA must approve a live-in aide who meets all of the criteria if necessary as a reasonable accommodation in accordance with 24 CFR 8, to make the program accessible to and usable by the family member with disabilities.

The PHA may not approve an unidentified live-in aide, nor a larger unit than the family qualifies for under the PHA's subsidy standards for an unidentified live-in aide.

Occasional, intermittent, multiple or rotating care givers do not meet the definition of a live-in aide since 24 CFR Section 982.402(b)(7) implies live-in aides must reside with a family permanently for the family unit size to be adjusted in accordance with the subsidy standards established by the PHA. Therefore, an additional bedroom should not be approved.

The PHA must consider requests for an exception to the established subsidy standards on a case by-case basis and provide an exception, where necessary, as a reasonable accommodation. The PHA shall document the justification for all granted exceptions.

The income of a live-in aide is not counted in the calculation of annual income for the family [24CFR 5.609(b)]. Relatives may be approved as live-in aides if they meet all of the criteria defining a live-in aide. Because live-in aides are usually not family members, a relative who serves as a live-in aide would not be considered a remaining member of a tenant family.

CDC Policy

The live-in aide, and any family members of the live-in aide, must be identified by the family and approved by CDC. The CDC may not approve an unidentified live-in aide, nor a larger unit than the family qualifies for under the CDC's subsidy standards for an unidentified live-in aide.

A family's request for a live-in aide must be made in accordance with CDC's Request for Reasonable Accommodation policies.

CDC presumes that a relative is a household member, not a live-in aide. For a relative to qualify as a live-in aide, the tenant must show that the care provided is through an arms-length transaction. The family and the live-in aide will be required to submit a certification and documentation that shows the live-in aide is:

- Capable of providing the required care for the tenant;
- Not obligated for the support of the person(s) needing the care;
- Has never been a member of the household while the family was receiving housing assistance, nor has the person made regular financial contributions to the household while the family was receiving housing assistance;
- There is no other reason for the person to live in the unit other than to provide care for the elderly, near-elderly, or disabled family member. The live-in aide declarant should have to demonstrate they have a previous residence they left in good standing;
- Intends to maintain his or her finances separately and live independently from the disabled tenant's household;
- Approval from the owner/landlord.

Written verification will be required from a reliable, knowledgeable professional, such as a doctor, social worker, or case worker, that the live-in aide is essential for the care and well-being of the elderly, near-elderly, or disabled family member.

For continued approval, the family must submit a new request-subject to CDC's verification every year during the Annual Re-certification.

CDC will not approve a particular person as a live-in aide, and may withdraw such approval if [24 CFR 982.316(b)]:

- The person commits fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;
- The person commits drug-related criminal activity or violent criminal activity; or
- The person currently owes rent or other amounts to CDC or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act.

RESOLUTION # 2080-23

ADOPTED: 05.25.2023

IV. DETERMINATION OF INCOME, TOTAL TENANT PAYMENT AND FAMILY SHARE, ASSETS LIMITATIONS AND ASSETS, & HARDSHIP EXEMPTIONS

Formatted: Font: Bold

- A. Annual Income
- B. Annualize Income
- C. Averaging Income
- D. Absences to Household, visitors and Joint Custody
- E. Income Definitions
- F. Federally mandated Income Exclusions
- G. HUD Required Deductions
- H. Minimum Rent
- I. Prorated Assistance for Mixed Families
- J. Rent Burden
- K. Zero Income Families
- L. Utility allowance and Utility Reimbursement Payments
- M. Total Tenant Payment Exceeds Gross rent/Zero HAP Assistance
- N. Hardship Exemptions
- O. Asset Limitations at Admission
- P. Assets

Formatted: Font: (Default) Arial, 12 pt

Formatted: Indent: Left: 0.5", Space After: 0 pt

The CDC will not devise or implement income or rent determination, verification, or other related policies or procedures in a way that discriminates against persons on the basis of race, color, national origin, sex, religion, familial status, and perceived or actual disability.

A. A. ANNUAL INCOME

Formatted: Font: Bold

Formatted: Font: Bold

Annual income includes all amounts received from all sources by each member of the family who is 18 years of age or older, the head of household, or spouse of the head of household, in addition to unearned income received by or on behalf of each dependent who is under 18 years of age. Annual income does not include amounts specifically excluded in paragraph (b) of 24 CFR § 5.609.

Formatted: Indent: Left: 0.5"

All amounts received by the head of household, co-head, or spouse, including the income of a day laborer, independent contractor, and seasonal worker are included in annual income regardless of age, unless otherwise excluded in paragraph (b) of 24 CFR § 5.609.

Note: Annual income includes "all amounts received," not the amount that a family may be legally entitled to receive but did not. For example, a family's child-support or alimony income must be based on payments received, not the

RESOLUTION # ~~2072-22~~ (12/2022)

amounts the family is entitled to receive based on any court or agency order. A copy of a court order or other written payment agreement alone may not be sufficient verification of amounts received by a family.

However, when a family member's wages or benefits are garnished, levied, or withheld to pay restitution, child support, tax debt, student loan debt, or other applicable debts, CDC must use the gross amount of the income, prior to the reduction, to determine a family's annual income.

Annual income also includes all actual anticipated income from assets even if the asset is excluded from net family assets but the income from the asset is not otherwise excluded. Imputed returns on net family assets are included in annual income only when net family assets exceed \$50,000 (a figure that is annually adjusted for inflation) and actual asset income cannot be calculated for all assets. CDC will not impute income from assets if the total value of net family assets is equal to or less than \$50,000 (as adjusted by inflation).

Income includes all monetary amounts received on behalf of the family. For the purpose of calculating the Total Tenant Payment, HUD defines what is to be calculated and what is to be excluded in the federal regulations. In accordance with this definition, all income not specifically excluded in the regulations is income. When calculating a household's income, including asset income, at the time of admission to the program or during interim reexaminations, CDC must use anticipated income (current income) (i.e., the family's estimated income for the upcoming 12-month period).

During annual reexaminations and/or relocations CDC must first determine the family's income for the previous 12-month period and use this amount as the family income for annual reexaminations; however, adjustments to reflect current income must be made. Any change of income since the family's last annual reexamination, including those that did not meet the threshold to process an interim reexamination of family income must be considered. Income from assets is always anticipated, irrespective of the income examination type.

A change in income, for example, may be a loss of income or the addition of a new source of income. Changing to a different employer in the prior year does not necessarily constitute a change if the income earned from either employer is substantially the same. CDC will look at the entirety of the family's unearned income and earned income from the prior year, in which earned income may have been one constant job or many different jobs that start and stop. Cost of Living Adjustments (COLA) to Social Security income and Social Security disability income are always considered changes to income because the COLA is an adjustment that automatically occurs annually by law.

RESOLUTION # 2072-22 (12/2022)

Annual income is used to determine whether the family is within the Income Limits. Annual income is the gross anticipated amounts, monetary or not, that go to, or on behalf of, the family (including temporarily absent head, spouse or co-head), and are received from a source outside the family within the twelve (12) months following certification. All income that is not specifically excluded in the HUD regulations is counted.

Adjusted Income is the Annual Income minus HUD allowable expenses and deductions.

Both Annual and Adjusted Income are used to calculate the amount of the subsidy for Vouchers. In calculating Annual and Adjusted Income, the CDC must include the income of every member of the household, including those who are temporarily absent. Income of persons who are permanently absent from the household will not be counted.

Income is defined by HUD regulations and is further interpreted in HUD Notices and Memoranda.

The CDC is required to verify family income, family composition and characteristics, value of assets, and other factors relating to eligibility determinations both before an applicant is issued assistance and annually. Refer to Chapter V, Verification Requirements.

The CDC may use several methods to verify income and income deductions. Refer to Chapter V, Verification Requirements, of this administrative plan for income verification requirements. Up front and third party (independent) verifications will be obtained by the CDC either electronically or sent by mail to the appropriate agency. To qualify as third party verification the document(s) must never touch the applicant or tenant's hands.

Formatted: Quick a.2, Tab stops: 0", Left + 0.56", Left + 0.94", Left + 3", Left + 3.5", Left + 4", Left + 4.5", Left + 5", Left + 5.5", Left + 6", Left + 6.5", Left + 7", Left + 7.5", Left + 8", Left + 8.5", Left + 9", Left + 9.5", Left + 10", Left + 10.5", Left + 11", Left + 11.5", Left + 12", Left + 12.5", Left + 13", Left + Not at 1.25" + 1.63"

B. ANNUALIZING & AVERAGING INCOME

To annualize income, the CDC will may multiply:

- Hourly income by the number of hours worked in a year;
- Weekly income by 52 weeks, unless it is verified that less weeks will be worked;
- Bi-weekly income by 26 pay-periods;
- Semi-monthly income by 24 pay-periods; and
- Monthly income by 12 pay-periods.

Where income is seasonal or fluctuates as to hours or rates, such as for teachers, construction workers, farmers or migrant workers, the CDC will use an average for twelve (12) months based on past income history of the family and such anticipated income that can be verified.

C. AVERAGING INCOME

There are two ways to calculate income when the income cannot reasonably be anticipated for a full year:

1. Annualize current income (and subsequently conduct an interim reexamination if income changes); or
2. Average known sources of variable income to estimate an annual income (no interim adjustment is required if income remains as predicted).

~~Information about this information is available on the HUD website at https://www.hud.gov/program_offices/rental/qa_fair_housing_2013.html~~

If third party written verification is not possible, the CDC may use third party oral verification. If third party verification is not possible, the Review of Documents method of verification may be used. And if that method is not possible, the CDC may accept self declaration. When any form of verification other than third party written is not used, the CDC must document the file with the reason that another form of verification was used.

D. ABSENCES TO HOUSEHOLD, VISITORS AND JOINT CUSTODY OF MINORS; INCOME INCLUSIONS

regulations, the income of the temporarily absent spouse of the head of household will be included in total family income. The CDC will consider an absence anticipated to last less than three (3) months to be "temporary" unless the head of household can provide verification that the household member is permanently absent.

1. Income of Temporarily Absent Household Members.

In accordance with HUD regulations, the income of the temporarily absent spouse of the head of household will be included in total family income. The CDC will consider an absence anticipated to last less than three (3) months to be

Formatted: Font: Bold

Formatted: Indent: Left: 0.5", First line: 0", Tab stops: 0.5", Left + Not at 0.88" + 1.25" + 1.63"

Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left + Not at 0.88"

Formatted: Indent: Left: 0.5"

Formatted: Font: (Default) Arial, Underline

Formatted: Level 1, Justified, Indent: Left: 0.5", Line spacing: single, Tab stops: 0.63", Left + 0.88", Left + 1.63", Left + Not at 0.38" + 1.5" + 1.88" + 2.25" + 3.5" + 4" + 4.5" + 5" + 5.5" + 6" + 6.5" + 7" + 7.5" + 8" + 8.5" + 9" + 9.5" + 10" + 10.5" + 11" + 11.5" + 12" + 12.5" + 13"

Formatted: No underline

Formatted: Font: (Default) Arial, Underline

Formatted: Indent: Left: 0.5"

Formatted: Font: (Default) Arial

Formatted: Level 1, Indent: Left: 0.5", Line spacing: single, Tab stops: 0.63", Left + 0.88", Left + 1.63", Left + Not at 0.38" + 1.5" + 1.88" + 2.25" + 3.5" + 4" + 4.5" + 5" + 5.5" + 6" + 6.5" + 7" + 7.5" + 8" + 8.5" + 9" + 9.5" + 10" + 10.5" + 11" + 11.5" + 12" + 12.5" +

"temporary" unless the head of household can provide verification that the household member is permanently absent.

In calculating Annual and Adjusted Income, the CDC must estimate the income of every member of the household, including those who are temporarily absent. Income of persons who are permanently absent from the household will not be counted.

Formatted: Indent: Left: 0.56", Tab stops: 1.69", Left + Not at 1.25"

Formatted: Indent: Left: 0.5", Tab stops: 0.88", Left

Families must report in writing to the CDC any absence from the household of more than ten (10) calendar days and shall report their absence to the owner/landlord, consistent with the lease provisions. Any changes in family composition must be reported in writing to the CDC within ten (10) calendar days of the change in family composition. Families will be counseled at briefing sessions and re-certification on the effect family composition may have in determining Voucher size and Total Tenant Payment as well as the CDC's policies for dealing with such changes. At times, situations may arise that result in the temporary or permanent absence of a family member or members from the household. Such situations will be handled in the following manner:

Absence of children for foster care. In instances in which the children have been removed from the home by a social service agency, the agency will be contacted to determine the approximate length of time the children are expected to be away from the home.

Formatted: Indent: Left: 0.5", Tab stops: 0.88", Left + 1.69", Left + Not at 1.25"

Formatted: Indent: Left: -0.94", Hanging: 1.44", Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5"

(1) If the agency indicates that the children are expected to return to the home at some point, the children will remain a part of the family composition and will be counted toward the family's subsidy standard, but will not be counted as dependents until they return to the home.

Formatted: Font: Bold, Italic

Formatted: Tab stops: 1.06", Left + Not at 1.25"

(2) If the children are not ever expected to be returned to the home, the children will be removed from the family composition and the family's subsidy standard will be reduced accordingly.

Formatted: Indent: Left: 1.06", First line: 0", Tab stops: 0.56", Left + 1.06", Left + Not at 1.25" + 2"

Formatted: Tab stops: 1.06", Left + Not at 1.25"

Formatted: Indent: Left: 1.06", First line: 0", Tab stops: 0.56", Left + 1.06", Left + Not at 1.25" + 2"

(+) If the agency indicates that it is unknown whether the children will be returned to the home, the children will remain a part of the family composition.

Formatted: Font: (Default) Arial

Oral conversations with the social service agency must be thoroughly documented in the family file, including the date of contact, name and title of

Formatted: Indent: Left: 0.5", Tab stops: 2.31", Left + Not at 1.63"

contact person, name of agency, and telephone number and the details of the conversation.

Absence of single parent; use of caretaker adult.—When a single parent leaves the household for an extended period as a result of imprisonment, hospitalization, military service, etc., and another adult moves into the home to care for the children, the rental assistance will not be terminated.

Formatted: Indent: Left: 0.5"

The family composition will be modified to include the name of the caretaker as head of household. The caretaker's income may not be included in the family income, depending on whether or not the caretaker is considered to be a part of an assisted household for purposes of welfare assistance or other benefit programs.

The single parent's name may be removed and the new caretaker listed as the head of the household or, in the alternative as a co-head. The file will be documented to explain the circumstances. When the parent returns to the unit, the family will report the anticipated change in household and provide documentation to CDC as to whether or not the caretaker will leave or remain in the household. In addition, the caretaker will be responsible for obtaining the owner's/landlord's approval.

Absence of head of household, spouse or co-head due to military service or school. If the head of household, spouse or co-head is absent from the home to serve in the military or attend school, the income will be included in the calculation of family income. However, income received as a result of special hazardous duty pay when exposed to hostile fire will not be included.

Formatted: Indent: Left: 0.5", No bullets or numbering, Tab stops: 2", Left + Not at 1.63"

Formatted: Indent: Left: 0.5"

Absence of other family member due to military service or school. If a family member other than the head of household, spouse or co-head is absent from the home to serve in the military or attend school, the family has the option of considering the person permanently absent (income not counted, not on lease, and not counted for Voucher size) or temporarily absent (income counted, on lease, counted for Voucher size). For those family members in military service, the income received as a result of imminent danger pay when exposed to hostile fire will not be included.

Formatted: Indent: Left: 0.5", No bullets or numbering, Tab stops: Not at 1.63"

Formatted: Indent: Left: 0.5"

Absence due to hospitalization of sole family member. When the family consists of only one member and that person leaves the home to go into a hospital or nursing home for a period of more than six (6) months, the assistance will be terminated. If a medical source documents that the person is expected to return to the unit in 180 days or less, the person shall continue to receive assistance. If the person is not back in the unit within 180 days, assistance will be terminated.

Formatted: Indent: Left: 0.5", No bullets or numbering, Tab stops: Not at 1.63"

Formatted: Indent: Left: 0.5"

Absence of All Household Members. If all members of the household are absent for 30 cumulative days, but have not moved from the unit, assistance will be terminated. In order to determine if the family is absent from the unit, the CDC may write letters to the family at the unit, telephone the family at the unit, interview the owner/landlord and neighbors, and/or verify if utilities are in service. In cases in which the family has moved from the unit, assistance will be terminated in accordance with the procedures set forth ~~furthor~~ in this Plan.

Formatted: Indent: Left: 0.5", No bullets or numbering, Tab stops: Not at 1.63"

Formatted: Indent: Left: 0.5"

Adult visitors. An adult may visit a unit for no more than ~~fourteen~~ (14) calendar days per year. The CDC must approve adults exceeding this limit before being considered a family member and added to the lease.

Formatted: Indent: Left: 0.5", No bullets or numbering, Tab stops: Not at 1.63"

Formatted: Indent: Left: 0.5"

Child visitors. Children under the age of eighteen (18) may visit a unit for a maximum of thirty (30) cumulative days per year without being considered part of the family, provided the family has the written permission of the owner/landlord. In cases where the children under the age of eighteen (18) are visiting for summer break, or the guardian has less than 50% custody of the minor, the head of household will be responsible for providing CDC documentation to that effect. In those instances the children will not be considered part of the household.

Formatted: Indent: Left: 0.5", No bullets or numbering, Tab stops: Not at 1.63"

Formatted: Indent: Left: 0.5"

Joint Custody of Children. Children who are subject to a joint custody agreement but live in the unit at least ~~fifty-one~~ percent (50+) of the time ~~may~~ will be considered members of the household. ~~If the family includes a child who is temporarily absent from the home due to foster care, the standards in paragraph number 8 above will be used.~~

Formatted: Indent: Left: 0.5", No bullets or numbering, Tab stops: Not at 1.63"

E. INCOME DEFINITIONS

Formatted: Indent: Left: 0.5"

Earned Income: 24 CFR § 5.100

Earned Income is defined as income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment. Earned income does not include any pension or annuity, transfer payments (meaning payments made or income received in which no goods or services are being paid for, such as welfare assistance, Social Security, and other governmental subsidies/benefits), or any cash or in-kind benefits.

Day Laborer: 24 CFR § 5.603(b)

RESOLUTION # 2072-22 (12/2022)

A day laborer is defined as an individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future.

Income earned as a day laborer is not considered nonrecurring income under 24 CFR § 5.609(b)(24) and must be included, unless specifically excluded in 24 CFR § 5.609(b) (e.g., earnings of full-time students in excess of the dependent deduction.

Independent Contractor: 24 CFR § 5.603(b)

An independent contractor is an individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code federal income tax requirements and whose earnings are consequently subject to the self-employment tax.

In general, an individual is an independent contractor if they have the right to control or direct only the conduct of the work. For example, while instructions and route information are generally provided, third-party delivery and transportation service providers are considered independent contractors unless state law dictates otherwise. In addition, individuals considered "gig workers," such as babysitters, landscapers, rideshare drivers, and house cleaners, typically fall into the category of independent contractor.

Income earned as an independent contractor is not considered nonrecurring income and must be included unless specifically excluded in 24 CFR § 5.609(b).

Seasonal Worker: 24 CFR § 5.603(b)

A seasonal worker is defined as an individual who is:

- 1) Hired into a short-term position (e.g., for which the customary employment period for the position is 6 months or fewer); and
- 2) the employment begins about the same time each year (such as summer or winter).

← Formatted: Indent: Left: 0.56"

← Formatted: Indent: Left: 0.56"

Typically, the individual is hired to address seasonal demands that arise for the employer or industry. Some examples of seasonal work include employment limited to holidays or agricultural seasons. Seasonal work may include but is not limited to employment as a lifeguard, ballpark vendor, or snowplow driver.

← Formatted: Indent: Left: 0.5"

Income earned as a seasonal worker is not considered nonrecurring income and must be included unless specifically excluded in 24 CFR § 5.609(b) (e.g., § 5.609(b)(14), etc.).

Unearned Income: 24 CFR § 5.100

Unearned income means any annual income, as calculated under 24 CFR § 5.609, that is not earned income. Some examples of unearned income include but are not limited to pension or annuity payments, welfare assistance, Social Security, and other governmental subsidies/benefits, or any cash or in-kind benefits, actual anticipated income from assets, and imputed returns on net family assets.

a. _____

2. _____ Earned Income

_____ Earnings anticipated to be received in the twelve (12) months following the effective date of the certification would be annualized. To annualize income, the CDC will multiply:

- Hourly income by the number of hours worked in a year;
- Weekly income by 52 weeks, unless it is verified that less weeks will be worked;
- Bi-weekly income by 26 pay periods;
- Semi-monthly by 24 pay periods; and
- Monthly by 12 pay periods.

_____ Where income is seasonal or fluctuates as to hours or rates, such as for teachers, construction workers, farmers or migrant workers, the CDC will use an average for twelve (12) months based on past income history of the family and such anticipated income that can be verified.

3. _____ Temporary or Sporadic Income

_____ Temporary or sporadic income is not counted in determination of annual income. Employment lasting less than 30 days will be considered temporary. Sporadic income includes amounts that are neither reliable nor periodic.

4. _____ Cyclical or Seasonal Work

When income varies due to cyclical or seasonal work, and the source of income has not changed from the previous year, the CDC may rely on the previous year's income to anticipate income for the coming year. Increases in pay rate over that of the previous year would be considered.

When anticipated income cannot be determined for a full twelve (12) month period, the CDC will annualize current income and conduct an interim

Formatted: Indent: Left: 0.13", Hanging: 0.38", No bullets or numbering

Formatted: Indent: Left: 0.5"

Formatted: Justified, Indent: Left: 0.13", Hanging: 0.38", Tab stops: Not at 0" + 0.75"

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5", Tab stops: Not at 0.75"

Formatted: Indent: Left: 0.5", Tab stops: Not at 0.75"

RESOLUTION # 2072-22 (12/2022)

~~reexamination when income changes.~~

~~5. Net Income from Business or from Self-Employment~~

~~The net income from the operation of a business or self employment is counted as income. Net income is the amount of business income received less expenses incurred. Deductions from business income can include business vehicle expenses, supplies and materials, staff salary and benefits, depreciation of assets. Any withdrawals of cash from the business will be considered income unless the withdrawal is reimbursements of cash or assets invested in the operation by the family. Expenditures for expansion or amortization of capital indebtedness are not used as deductions from income.~~

~~Business expansion includes substantially increasing the size of the business or branching out into adjacent areas that are not part of the original operation. Straight line depreciation of assets is an allowable expense and can be verified through examination of the income tax forms filed for the business or financial statements. Similarly, the accounting records and financial statements can be used to determine the cash or assets invested in the business. This information can be used to determine whether or not a withdrawal is a reimbursement of investments in the business. If a business is co-owned by someone outside the household, financial statements and income tax returns can provide information to determine the level of net income to be attributed to the family from part ownership of the business.~~

~~6. Regular Contributions and Gifts~~

~~Regular contributions and gifts received from persons outside the household are counted as income for Tenant Rent calculation purposes. 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, feed from the food bank or other charitable organizations, or sporadic gifts.~~

~~For zero income families), the CDC may interview the tenant and review his or her current bills and receipts every ninety (90) days to determine the amounts paid for known household expenses and the sources of regular income, including in-kind contributions. This will be determined via a zero income questionnaire.~~

~~Third party verification of income from regular contributions and gifts will be obtained whenever possible. If the party providing regular contributions refused to verify the information, the CDC will document the file. In this case, the head of household or member receiving the income will be asked to complete a Declaration of Regular Contributions.~~

RESOLUTION # ~~2072-22~~ (12/2022)

~~7. Financial Assistance to Single Eligible Student of Higher Education~~

~~Financial assistance included in annual income is any financial assistance that a student receives in excess of tuition (e.g., athletic and academic scholarships) and that the student receives (1) under the Higher Education Act, (2) from private sources (3) from an institution of higher education as defined by the Higher Education Act of 1965.~~

~~Treatment of financial assistance received by an eligible student of higher education is included as follows:~~

~~Eligible single student, age 23 or younger, not a veteran, no dependent child (meets requirements of 24 CFR 5.612), the CDC shall count as income all financial assistance in excess of tuition (except student loans).~~

~~The CDC will exclude all student financial assistance in determining income for the following:~~

- ~~* Eligible single student, over age 23 with dependent child~~
- ~~* Eligible single student, age 24 or older~~
- ~~* Student of higher education (regardless of age), living in parental household~~

~~8. Alimony and Child Support~~

~~Alimony and child support payments are counted as income for Tenant Rent calculation purposes. The amount awarded is counted unless the tenant can verify that they are not receiving that amount. Third party verification of income from these sources is obtained by contacting the former spouse and/or the Child Support Recovery Unit. If the verification is not received within a reasonable amount of time, the CDC will allow the family to submit at least the last three (3) months of child support check stubs and/or complete a self declaration statement.~~

~~9. Lump Sum Payments~~

~~Lump sum payments received due to delayed start of periodic payments (e.g., unemployment, TANF, or child support) except Social Security and Supplemental Security Income benefits (which are not counted as income), whether due to disputes or processing problems, are counted as income in the following manner:~~

~~If the lump sum amount is reported within ten (10) calendar days of the~~

RESOLUTION # 2072-22 (12/2022)

~~date it was received, the lump sum amount will not be taken into account prior to the next re-certification. If, at the next annual re-certification, the lump sum amount has been converted to an asset (i.e., placed in a savings account or invested), it will be treated like any other asset.~~

~~b. If the lump sum is not reported within ten (10) calendar days, the increased income will be handled retroactively by adding the income to the annual income that was in effect when the payment was received, as long as the date is not prior to program participation. The Total Tenant Payment will be recalculated and compared to the previous Total Tenant Payment. The family has the choice of paying this "retroactive" rent to the CDC in a lump sum or entering into a Premissory Note with the CDC. The family officially owes this money to the CDC whether or not the family chooses to continue its participation in the Housing Choice Voucher program.~~

~~Attorney fees may be deducted from lump sum payments when the services were necessary to recover the lump sum settlement and when the recovery does not include additional monies to pay the attorney fees.~~

~~Social Security and Supplemental Security Income benefits that are received in a lump sum or prospective monthly amounts are excluded from annual income. The lump sum payment may be treated as an asset.~~

Formatted: Indent: Left: 0.5"

~~10. Income from Assets~~

Commented [TD1]: HERE

~~a. Assets Valued Under \$5000~~

~~When assets owned by any family member (including minors) have a combined each value of less than \$5,000, actual income received from the asset(s) is counted as income. (An example is checking and savings accounts.) In determining the value of checking accounts the CDC will use the lesser of the current balance or the average daily balance of the account for the most recent past three (3) months. Anticipated interest will be determined by multiplying the value of the checking account by the annual interest rate.~~

~~b. Assets Valued Over \$5,000~~

~~When assets owned by any family member (including minors) have a combined cash value of more than \$5,000 the CDC will use the greater of actual income received from the asset(s) or imputed income using the HUD passbook rate.~~

~~c. Assets Disposed of for Less than Fair Market Value~~

~~The CDC will count as an asset the difference between the market value and the actual amount received for assets disposed of for less than market value for two (2) years from date of disposition. An imputed income may be calculated if all assets total more than \$5,000.~~

Formatted: Level 1, Indent: Left: 0.5", Tab stops: 0", Left + Not at 0.88"

~~d. Contributions to Retirement Funds~~

Formatted: Indent: Left: 0.13"

~~While an individual is employed, only the amount the family can withdraw without retiring or terminating employment is included as assets. After retirement or termination of employment, any amount the employee elects to receive, as a lump sum is included in income.~~

Formatted: Level 1, Indent: Left: 0.5", Tab stops: Not at 0.88"

11. ~~Military (Armed Forces) Pay~~

Formatted: Level 1, Indent: Left: 0.5", Tab stops: Not at 0.88" + 1.25"

Military (Armed Forces) Pay

Formatted: Indent: Left: 0.13"

~~The mMilitary pPay of the head of household, spouse or co-head is included in annual income. All regular pay, special pay and allowances of member of the military will be included in income, except for special hazardous (EXCEPTION: Special hazardous duty pay for a family member exposed to hostile fire is excluded as income.)~~

Formatted: Level 1, Left, Indent: Left: 0.5", Tab stops: Not at -0.75" + -0.5" + 0" + 0.5" + 0.88" + 1.25" + 1.63"

Formatted: Font: Bold

Formatted: Left, Indent: Left: 0.5"

Formatted: Indent: Left: 0.5"

12. ~~Public Assistance~~

Formatted: Font: Bold

Public Assistance

~~Public assistance includes:~~

- ~~_____ Temporary Assistance to Needy Families (TANF); and~~
- ~~_____ General Assistance.~~

Formatted: Font: (Default) Arial, Bold

Formatted: Level 1, Indent: Left: 0.5", Tab stops: -0.75", Left + -0.5", Left + 0", Left + 0.88", Left + 1.63", Left + Not at 1.25"

Formatted: Indent: Left: 0.5"

~~General assistance is excluded in the calculation of annual income, while TANF is included as income. Special calculations must be made for benefits received in "as paid" state or local programs. California and Mendocino County benefits are not "as paid."~~

Formatted: Indent: Left: 0.5", First line: 0"

~~"As paid" programs are those in which the family receives a specific amount for shelter and utilities and the amount is adjusted based upon the actual amount the family pays for shelter and utilities.~~

Formatted: Indent: Left: 0.5"

13. ~~Imputed Welfare Income~~

Formatted: Font: Bold

~~The CDC will not reduce a family's contribution to rent if the family's welfare benefits were reduced due to, w:~~

Formatted: Font: (Default) Arial, Bold

~~a. Welfare fraud; or~~

~~b. Failure to fulfill the Welfare Department's economic self-sufficiency or work.~~

Formatted: ;, Indent: Left: 0.5", Tab stops: Not at -0.75" + -0.5" + 0" + 0.5" + 0.88" + 1.63"

Formatted: Indent: Left: 0.5"

~~Imputed Welfare income must be calculated if the Welfare Agency verifies in writing that a family has been sanctioned for one of the two reasons above.~~

Formatted: Font: (Default) Arial

Formatted: Normal, Indent: Left: 0.5", Tab stops: 0", Left

Formatted: Normal, Indent: Left: 0.5", Tab stops: 1.25", Left

Formatted: Indent: Left: 0.5"

~~Under these circumstances, the CDC will not reduce the total tenant payment for~~

the family. The amount of the sanction in welfare benefits is identified as imputed welfare income. The amount of the imputed welfare income plus other income received by the family is used to calculate the total tenant payment.

When new income to the household exceeds the imputed welfare income, the imputed welfare income is no longer considered in the determination of annual income.

The family will be offered an opportunity for an informal hearing. The CDC will determine through third-party written verification why the benefits were reduced or suspended before adjusting the income and rent. If welfare benefits expired and program requirements were met, the family income will be reduced to determine rent.

14. Payments in Lieu of Earnings

When payments in lieu of earnings cannot be anticipated for the twelve (12) months following examination, annualize the payments in lieu of earnings and conduct an interim recertification when income changes. Examples of payments in lieu of earnings may include:

- Unemployment;
- Disability payments (unless it is a lump sum payment);
- Workers' Compensation (unless a lump sum payment); and
- Severance Pay (unless a lump sum payment)

- Unemployment;
- Disability payment (unless it is a lump sum payment);
- Workers' Compensation (unless it is a lump sum payment); and
- Severance Pay (unless it is a lump sum payment).

Lump-sum health and accident insurance payments and Workers' Compensation are not included counted as income.

15. Periodic Payments and Allowances

The full amount of periodic amounts received from:

Formatted: Font: (Default) Arial, Bold

Formatted: Font: (Default) Arial, Bold

Formatted: Body Text Indent 2, Left, Indent: Left: 0.5", First line: 0", No widow/orphan control, Tab stops: Not at 1.25"

Formatted: Indent: Left: 0.5", First line: 0"

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 1.25"

Formatted: Font: (Default) Arial

Formatted: Body Text Indent 2, Left, Indent: Left: 0.5", No bullets or numbering, No widow/orphan control, Tab stops: Not at 1.5"

Formatted: Indent: Left: 0.5"

Formatted: Font: Bold

Formatted: Indent: Left: 0.5", First line: 0"

Formatted: Indent: Left: 0.13"

- Social Security;
- Supplemental Security Income;
- Annuities;
- Insurance Policies;
- Retirement Funds;
- Pensions;
- Disability or Death Benefits;
- Alimony or Spousal Support;
- Child Support;
- Other Types of Periodic Receipts.

- Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"
- Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"
- Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"
- Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"
- Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"
- Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"
- Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"
- Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"
- Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"

The withdrawal of cash from an investment that is received as periodic payments (i.e. 401K, IRA) should be counted as income unless the family can document and the CDC verifies that amounts withdrawn are reimbursement of amounts invested.

Formatted: Indent: Left: 0.5"

When a family makes a withdrawal from an account in which it has made an investment (such as an annuity or IRA), the withdrawals count as income only after the amount invested has been totally paid out.

If benefits (such as Social Security or Veteran's benefits) are reduced due to a prior overpayment, use the actual amount of the current allocation (before withholding for medical premiums).

If benefits are reduced due to other withholding, such as an IRS garnishment or child support garnishment, use the full award amount.

16. Income of Dependents

- Formatted: Font: Bold
- Formatted: Font: (Default) Arial, Bold
- Formatted: , Indent: Left: 0.5", First line: 0", Tab stops: Not at 1.25"
- Formatted: Indent: Left: 0.5"

A dependent is a family member who is under 18 years of age, is disabled (regardless of age), or is a full-time student (regardless of age).

The head of household, spouse or co-head, foster-child, or live-in aide are never

dependents.

Benefits and non-earned income of minors is counted in determining annual income. Earned income of minors is not counted.

Count only the first \$480 of earned income of full-time students age 18 and older who are not the head of household, spouse or co-head.

Count all non-earned income of full-time students except for financial assistance of dependent students of higher education.

Count all income (earned and non-earned) of the head of household, spouse or co-head, even if he/she is a full-time student or a minor.

47. **Income of a Live-in Aide**

Formatted: Font: Bold

The income of a live-in aide is excluded from income provided that the person meets the live-in aide criteria established by HUD.

A live-in aide is a person who resides with one or more elderly or near elderly persons or persons with a disability and who:

Formatted: Indent: Left: 0.5", Line spacing: single, Tab stops: Not at -0.75" + -0.5" + 0.38" + 1.25" + 1.5" + 1.88" + 2.25" + 3.5" + 4" + 4.5" + 5" + 5.5" + 6" + 6.5" + 7" + 7.5" + 8" + 8.5" + 9" + 9.5" + 10" + 10.5" + 11" + 11.5" + 12" + 12.5" + 13"

Formatted: Indent: Left: 0.5", Tab stops: 0.81", Left

Formatted: Tab stops: 0.81", Left

Formatted: Indent: Left: 0.5", Tab stops: 0.81", Left + Not at 0"

• Is determined to be essential to the care and well-being of the persons;

•

• Is not obligated for the support of the persons; and

•

• Would not be living in the unit except to provide the necessary supportive services.

Formatted: Indent: Left: 1", Line spacing: single, No bullets or numbering, Tab stops: Not at -0.75" + -0.5" + 0.38" + 1.5" + 1.88" + 2.25" + 3.5" + 4" + 4.5" + 5" + 5.5" + 6" + 6.5" + 7" + 7.5" + 8" + 8.5" + 9" + 9.5" + 10" + 10.5" + 11" + 11.5" + 12" + 12.5" + 13"

Formatted: Indent: Left: 1", Line spacing: single, No bullets or numbering, Tab stops: Not at -0.75" + -0.5" + 0.38" + 1.5" + 1.88" + 2.25" + 3.5" + 4" + 4.5" + 5" + 5.5" + 6" + 6.5" + 7" + 7.5" + 8" + 8.5" + 9" + 9.5" + 10" + 10.5" + 11" + 11.5" + 12" + 12.5" + 13"

Formatted: Indent: Left: 0.5", Tab stops: 1.44", Left + Not at 1.25"

This definition does not automatically exclude relatives. ~~Husbands or wives for example may provide attendant care for spouses would not have their income excluded since they would be living in the unit and are legally responsible for support. An adult son, daughter or other relative would have their income excluded if they can demonstrate that they otherwise would be living elsewhere.~~ Verification would involve a determination regarding whether the person previously lived outside the unit and moved back solely to take care of the family

member, and has not resided in the unit for at least six (6) months.

Verification of need for live-in aide services should be obtained from qualified medical, health or social services/rehabilitation specialists. Verification of legal requirement for support includes marriage certificates, court ordered guardianship, or other legal documents requiring the attendant to be legally responsible for support of the person they care for. The CDC would have to verify residency of the attendant as being elsewhere through prior landlords, rental agreements or leases, rental receipts, utility bills in the attendant's name for another address, driver's license or other government issued ID, etc.

Live-in aides are not remaining members of a resident family and must vacate the unit if the person they care for vacates. Also, live-in attendants should have their own bedroom and may have family members live with them provided that HUD will not increase the subsidy by the cost of additional bedrooms and the presence of the live-in aide's family does not cause over-crowding.

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5", Tab stops: 1.44", Left + Not at 1.25"

Formatted: Indent: Left: 0.5", Tab stops: 1.44", Left

Formatted: Indent: Left: 0.13"

F. C. AVERAGING INCOME

~~There are two ways to calculate income when the income cannot reasonably be anticipated for a full year:~~

Formatted: Indent: Left: 0.5", First line: 0", Tab stops: Not at 0.88"

Formatted: Font: Bold

Formatted: Level 1, Indent: Left: 0.5", Tab stops: Not at 0.5" + 0.88"

~~1. Annualize current income (and subsequently conduct an interim reexamination if income changes); or~~

Formatted: Font: Bold

Formatted: Level 1, Indent: Left: 0.5"

~~2. Average known sources of variable income to estimate an annual income (no interim adjustment is required if income remains as predicted).~~

Formatted: Level 1, Indent: Left: 0.5", Tab stops: Not at 0.5" + 0.88"

Formatted: Level 1, Justified, Indent: Left: 0.5", First line: 0", Tab stops: -0.75", Left + -0.5", Left + 0", Left + 1.63", Left

~~Income from the previous year may be analyzed to determine the amount of anticipated income when future income cannot be clearly verified. If, by averaging, a reasonable estimate can be made, that estimate will be used to anticipate annual income over the next twelve (12) months, instead of changing the HAP every month as the income fluctuates.~~

Formatted: Level 1, Indent: Left: 0.5", Tab stops: Not at 0.5" + 0.88"

D. FEDERALLY MANDATED INCOME EXCLUSIONS

Formatted: Indent: Left: 0.5", Tab stops: Not at 0.88"

Formatted: Tab stops: Not at 0.88"

Some amounts are prohibited from being included in a family's income for rent determination purposes. These amounts, called exclusions, are not part of Annual Income. Partially excluded income is reported on the 58, fully excluded income is not reported on the 58. Excluded income is reported on form HUD-50058.

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left

The CDC must obtain verification for income exclusion if, without that verification, the CDC would not be able to determine whether or not the income is to be excluded from Annual Income. Depending on the circumstances, any or all of the following may need to be verified:

Formatted: Indent: Left: 0.5"

- Source of excluded income;
- Circumstances that qualify a family member's income to be excluded; or
- The amount of the exclusion.

Formatted: Indent: Left: 1.06", No bullets or numbering

Formatted: Indent: Left: 1.06", No bullets or numbering

Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"

Formatted: Font: Not Bold, Not Italic

Formatted: Indent: Left: 0.56", Tab stops: 1.13", Left

Formatted: Font: Bold

Formatted: Indent: Left: 0.5"

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Font: Bold

- Source of excluded income;
- Circumstances that qualify a family member's income to be excluded; or
- The amount of the exclusion

Formatted: Indent: Left: 0.5", First line: 0", Tab stops: 1.25", Left

Formatted: Font: Bold

Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5"

Formatted: Font: (Default) Arial

Formatted: Font: Bold

4. **Wages of Family Members Under Age 18**

The full amount of income from employment of minor children (including foster children) under the age of 18 (excluding the head of household, spouse of head of household, or co-head).

Formatted: Body Text Indent, Indent: Left: 0.5", Tab stops: 1.13", Left

Formatted: Font: (Default) Arial, Bold

Formatted: Font: (Default) Arial

2. **Earnings in Excess of \$480 for Full-Time Students Over Age 18 (except Head of Household, spouse or co-head)**

The first \$480 of earned income of each full-time student 18 years old or older (excluding the Head of Household, spouse or co-head) earned is counted in calculation of Annual Income.

Formatted: Body Text Indent, Left, Indent: Left: 0.5", First line: 0", Tab stops: 1.13", Left + Not at 1.25"

Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left

Formatted: Font: Bold

3. **Refunds or Rebates of Property Tax on Home**

Formatted: Indent: Left: 0.5", First line: 0", Tab stops: 1.13", Left

Formatted: Indent: Left: 0.5"

Amounts received by a family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit are excluded in the calculation of Annual Income.

Formatted: Indent: Left: 0.5", First line: 0", Tab stops: 1.13", Left + 6.5", Left + Not at 1.25"

Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", First line: 0"

4. All student financial assistance for:
• Eligible single student, over age 23 with dependent child
• Eligible single student, age 24 or older
• Student of higher education (regardless), living in parental household

- Formatted: Indent: Left: 0.5"
- Formatted: Font: (Default) Arial
- Formatted: Normal, Justified, Indent: Left: 0.5", Tab stops: 1.13", Left
- Formatted: Font: Bold
- Formatted: Font: Bold

5. Lump Sum Additions to Family Assets
Lump sum additions to family assets, such as inheritances, health and accident insurance, worker's compensation, capital gains and settlements for personal or property losses are excluded in the calculation of Annual Income.

- Formatted: Font: Bold
- Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left
- Formatted: Indent: Left: 0.5", First line: 0", Tab stops: 1.13", Left
- Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left
- Formatted: Font: Bold

6. Lump-Sum Payments of Deferred Benefits
Deferred periodic amounts from Supplemental Security Income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts are excluded in the calculation of Annual Income.

- Formatted: Indent: Left: 0.5", First line: 0", Tab stops: 1.13", Left
- Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left

7. Amounts Set Aside for Use under PASS
Amounts received by a person with a disability that are disregarded for a limited time for purposes of SSI eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS) are excluded in the calculation of Annual Income.

- Formatted: Font: Bold
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left
- Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left + 3.75", Left
- Formatted: Font: (Default) Arial
- Formatted: Normal, Justified, Indent: Left: 0.5", Tab stops: 1.13", Left + 1.25", Left + 3.75", Left
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.5", Tab stops: 0.63", Left
- Formatted: Font: Bold
- Formatted: Indent: Left: 0.5", Tab stops: 0.69", Left

8. Non-recurring income; 24 CFR §§ 5.609(b)(24) and CFR 891.105
The nonrecurring income exclusion replaces the former exclusion for temporary, nonrecurring, and sporadic income (including gifts), but it provides a narrower definition of excluded income in contrast to the former broad exclusion of temporary, nonrecurring, or sporadic income.

- Formatted: Indent: Left: 0.5", Tab stops: 0.5", Left
- Formatted: Indent: Left: 0.5", Tab stops: 0.88", Left

Income that will not be repeated beyond the coming year (i.e., the 12 months following the effective date of the certification), based on information provided by the family, is considered nonrecurring income and is excluded from annual income.

However, income received as an independent contractor, day laborer, or seasonal worker is not excluded from income under § 5.609(b)(24), even if the source, date, or amount of the income varies.

Income that has a discrete end date and will not be repeated beyond the coming year during the family's upcoming annual reexamination period will be excluded from a family's annual income as nonrecurring income. This does not include unemployment income and other types of periodic payments that are received at regular intervals (such as weekly, monthly, or yearly) for a period of greater than one year that can be extended.

← Formatted: Indent: Left: 0.5", Tab stops: 0.5", Left
← Formatted: Indent: Left: 0.5", Tab stops: 0.69", Left

For example, an increasing number of cities and states are piloting guaranteed income programs that have discrete beginning and end dates. This income can be excluded as nonrecurring in the final year of the pilot program. For example, for an annual reexamination effective 2/1/2024, guaranteed income that will be repeated in the coming year but will end before the next reexamination on 2/1/2025 will be fully excluded from annual income.

Income amounts excluded under this category may include, but are not limited to, nonrecurring payments made to the family or to a third party on behalf of the family to assist with utilities, eviction prevention, security deposits to secure housing, payments for participation in research studies depending on the duration, and general one-time payments received by or on behalf of the family.

The following list of exclusions is codified at 24 CFR § 5.609(b)(24) as nonrecurring income. Please note that the list is not exhaustive:

← Formatted: Indent: Left: 0.5"
← Formatted: Indent: Left: 0.63", Tab stops: 0.69", Left

- Payments from the U.S. Census Bureau for employment lasting no longer than 180 days and not culminating in permanent employment;
- Direct federal or state economic stimulus payments;
- Amounts directly received by the family as a result of state refundable tax credits or state tax refunds at the time they are received;
- Amounts directly received by the family as a result of federal refundable tax credits or federal tax refunds at the time they are received;
- Gifts for holidays, birthdays, or other significant life events or milestones (e.g., wedding, baby shower, or anniversary gifts);
- In-kind donations (e.g., food, clothing, or toiletries received from a food bank or similar organization); and

← Formatted: Indent: Left: 1", No bullets or numbering
← Formatted: Indent: Left: 1", No bullets or numbering
← Formatted: Indent: Left: 1", No bullets or numbering
← Formatted: Indent: Left: 1", No bullets or numbering
← Formatted: Indent: Left: 1", No bullets or numbering
← Formatted: Indent: Left: 1", No bullets or numbering

- Lump-sum additions to net family assets (e.g., lottery winnings, contest winnings, etc.).

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Verification of Nonrecurring income: CDC will accept a self-certification from the family stating that the income will not be repeated in the coming year. If the income is guaranteed and repeated in the coming year and payments are periodic in nature (monthly, weekly, annually) CDC will obtain verification directly from the third-party source confirming date the income will end.

Formatted: Indent: Left: 0.5"

Examples of Recurring and Nonrecurring Income

Formatted: Font: Not Bold

Scenario A: Non-recurring earned income excluded from annual income: Justin Clark worked for four months over the past year for a company that has since gone out of business. During the Clark family's reexamination interview, the CDC asks Justin whether he expects to work for the company again in the coming year. Justin provides proof that the company went out of business. The CDC must exclude Justin's earned income received from the company that went out of business from the family's annual income.

Scenario B: Recurring earned income included in annual income: Ana Johnson works as an independent information technology (IT) contractor during various times of the year, when her clients require additional IT contract support. Ana reasonably believes that she will be contracted again the following year based on discussions with her clients. The CDC must include the income that Ana earns as an IT contractor in the family's annual income.

Scenario C: Guaranteed Basic Income (GBI) excluded from annual income: Lucretia Jones reports at her upcoming annual reexamination effective on 5/1/24 that her GBI program will be ending on 1/31/25. The CDC excludes this income because the programs will stop before the next annual reexamination on 5/1/25. This income must be excluded, because there is a set term for the program, and the payments will not be repeated beyond the coming year, which is the final year of a GBI program.

Scenario D: Research stipend included as annual income: Lillian Gonzalez reports at the annual reexamination that will be effective on 5/1/24 that she receives monthly payments for participation in a research project that is expected to last for 18 months and will end on 9/30/25. The CDC includes this as income because the amounts will be received through the next annual reexamination on 5/1/25. For the 5/1/25 annual reexamination, the family provides a letter stating that the income will end on 9/30/25, so the CDC will exclude the income received after the 5/1/25 annual reexamination.

RESOLUTION # 2072-22 (12/2022)

Non-recurring Income: Temporary U.S. Census Bureau Employment: 24 CFR § 5.609(b)(24)(i)

Payments from the U.S. Census Bureau for employment relating to the decennial census or the American Community Survey lasting no longer than 180 days and not culminating in permanent employment are excluded from annual income. However, it should be noted that any permanent employment with the U.S. Census Bureau should be considered in the annual income calculation.

Non-recurring Income: Economic Stimulus or Recovery Payments: 24 CFR § 5.609(b)(24)(ii)

Direct federal or state payments intended for economic stimulus or recovery are excluded from annual income. HUD will continue to advise CDC of which payments are considered economic stimulus or recovery payments for the purposes of income calculation.

Non-recurring Income: State Tax Refunds: 24 CFR § 5.609(b)(24)(iii)

Amounts directly received by the family as a result of state refundable tax credits or state tax refunds at the time they are received are excluded from annual income.

Non-recurring Income: Federal Tax Refunds: 24 CFR § 5.609(b)(24)(iv)

Amounts directly received by the family as a result of federal refundable tax credits and federal tax refunds at the time they are received are excluded from annual income.

Non-recurring Income: Gifts: 24 CFR § 5.609(b)(24)(v)

Gifts for holidays, birthdays, or other significant life events or milestones (e.g., weddings, baby showers, anniversaries) are excluded from annual income.

Non-recurring Income: In-Kind Donations: 24 CFR § 5.609(b)(24)(vi)

Non-monetary in-kind donations, such as food or toiletries, received from a food bank or similar organization are excluded from annual income. When calculating annual income, CDC is prohibited from assigning monetary value to non-monetary in-kind donations received by the family from a food bank or similar organization.

Non-recurring, non-monetary in-kind donations from friends and family may be excluded as non-recurring income if determined to be a gift. See (24 CFR § 5.609(b)(24)). Temporary, Non-Recurring, Sporadic Income

~~Temporary, non-recurring or sporadic income (including gifts) is excluded in the calculation of Annual Income.~~

Formatted: Font: Bold
Formatted: Indent: Left: 0.5", Tab stops: 1.75", Left

~~Sporadic income is that which is not of a regular nature and which cannot be counted on continuing.~~

~~9. **Medical Expenses**~~

Formatted: Font: Bold
Formatted: Indent: Left: 0.5", First line: 0", Tab stops: 1.75", Left + Not at 1.25"
Formatted: Indent: Left: 0.5"

~~Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member are excluded in the calculation of Annual Income.~~

~~10. **Income of Live-In Aides**~~

Formatted: Font: Bold
Formatted: Body Text Indent 2, Left, Indent: Left: 0.5", Line spacing: single, Tab stops: Not at -0.75" + -0.5" + 0.38" + 0.88" + 1.25" + 1.5" + 1.88" + 2.25" + 3.5" + 4" + 4.5" + 5" + 5.5" + 6" + 7" + 7.5" + 8" + 8.5" + 9" + 9.5" + 10" + 10.5" + 11" + 11.5" + 12" + 12.5" + 13"

~~All income of a live-in aide is excluded in determining annual income.~~

~~11. **Adoption Assistance Payments in Excess of \$480 per Child**~~

~~Count as Annual Income the first \$480 per child of adoption assistance payments.~~

Formatted: Font: Bold
Formatted: Body Text Indent 2, Indent: Left: 0.5", Tab stops: Not at 1.25"

~~12. **Payments to Keep Developmentally Disabled Family Members at Home**~~

Formatted: Body Text Indent 2, Left, Indent: Left: 0.5", First line: 0", Tab stops: Not at 1.25"

~~An amount paid by a State or local agency to a family with a member who has a developmental disability living at home is excluded in the calculation of Annual Income.~~

~~13. **Payments Received for the Care of Foster Children or Adults**~~

~~Payments received for the care of foster children or foster adults are excluded in the calculation of Annual Income. Foster Adults are usually persons with disabilities, unrelated to the tenant family, who are unable to live alone.~~

Formatted: Font: Bold

~~14. **Armed Forces Hostile Fire Pay**~~

~~The special pay to a family member serving in the Armed Forces who is exposed to hostile fire is excluded in the calculation of Annual Income. All other pay to household members who are serving in the Armed Forces is included in income.~~

Formatted: Font: Bold

~~15. **Foreign Government Reparation Payments**~~

Formatted: Body Text Indent 2, Left, Indent: Left: 0.5"
Formatted: Body Text Indent 2, Left, Indent: Left: 0.5", Tab stops: Not at 1.25"
Formatted: Indent: Left: 0.5", Tab stops: 1.63", Left

Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era are excluded in the calculation of Annual Income.

Formatted: Indent: Left: 0.5"

16. Earnings and Benefits from Employment Training Programs Funded by HUD

Formatted: Indent: Left: 0.5", Tab stops: 1.63", Left

Formatted: Font: Bold

Formatted: Indent: Left: 0.13", Tab stops: 1.63", Left + Not at 1.25"

Formatted: Font: (Default) Arial, Bold

Training programs funded by HUD will have goals and objectives. This is not to be confused with employment by the CDC.

Formatted: Body Text Indent 2, Left, Indent: Left: 0.5", First line: 0", Tab stops: Not at 1.25"

Formatted: Indent: Left: -0.38"

17. Incremental Earnings and Benefits from Participation in Qualifying State and Local Employment Programs

Formatted: Font: Bold

Formatted: Font: (Default) Arial, Bold, Not Italic

Incremental earnings and benefits received by any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff are excluded in the calculation of Annual Income.

Formatted: Block Text, Left, Indent: Left: 0.5", First line: 0", Tab stops: Not at 1.25"

Formatted: Indent: Left: 0.13"

Formatted: Indent: Left: 0.5", Tab stops: 1.75", Left + Not at 1.25"

A qualified training program is one that is part of a State or local employment-training program and has clear goals and objectives. This would include programs that have the goal of assisting participants in obtaining employment skills, and are authorized or funded by Federal, State or local law, or operated by a public agency. These include programs through Department of Labor, Employment Training Administration, and Welfare-to-Work Grants.

Formatted: Indent: Left: 0.5"

Amounts excluded by this provision are excluded only for the period during which the family member participates in the employment-training program.

Formatted: Indent: Left: 0.5", Tab stops: 1.75", Left

Formatted: Font: Bold

18. Reimbursement for Out of Pocket Expenses While Attending a Public Assisted Training Program

Formatted: Indent: Left: 0.5"

Amounts received by participants in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program are excluded in the calculation of Annual Income.

Formatted: Indent: Left: 0.5", First line: 0", Tab stops: 1.75", Left + Not at 1.25"

Formatted: Indent: Left: 0.13"

Formatted: Indent: Left: 0.5", Tab stops: 1.56", Left + Not at 1.25"

Formatted: Font: Bold

Formatted: Indent: Left: 0.13"

19. Resident Service Stipend not to Exceed \$200 per Month for Services to the CDC.

Amount received under a resident service stipend are excluded in the calculation of Annual Income.

A resident service stipend is a modest amount, not to exceed \$200 per month, received by a resident for performing a service for the CDC or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, ground maintenance, resident initiatives coordination, and serving as a member of the CDC's governing board.

No resident may receive more than one such stipend during the same period of time.

The Public Housing Reform Act provides that the governing board of a PHA must generally contain at least one member who is directly assisted by the PHA. To support and facilitate implementation of this new statutory requirement, HUD has clarified that the resident service stipend exclusion covers amounts received by residents who serve on the CDC governing board.

20. The value of the allotment provided to an individual under the Food Stamp Act.

Payments to volunteers under the Domestic Volunteer Services Act which includes, but is not limited to:

- o RSVP;
- o Foster Grandparents;
- o Senior Companion Program;
- o VISTA;
- o Peace Corps;
- o Service Learning Program;
- o Special Volunteer Programs;

Formatted: Font: (Default) Arial, Bold

Formatted: Body Text Indent 2, Left, Indent: Left: 0.5", First line: 0", Tab stops: 1.56", Left + Not at 1.25"

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", Tab stops: 1.75", Left + Not at 1.25"

Formatted: Indent: Left: 0.5", Tab stops: 1.75", Left

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5", Tab stops: 1.75", Left

Formatted: Font: Bold

Formatted: Indent: Left: 0.5"

Formatted: Font: Bold, No underline

Formatted: Font: Bold

Formatted: Indent: Left: 0.5", First line: 0", Tab stops: 1.75", Left + 6.5", Left + Not at 1.25"

Formatted: Font: Bold

Formatted: Indent: Left: 0.13"

Formatted: Font: Bold

Formatted: Indent: Left: 0.5", Space After: 0 pt, No bullets or numbering, Tab stops: 1.75", Left

Formatted: Font: (Default) Arial

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06", Tab stops: 0.81", Left + Not at 1.5"

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06", Tab stops: 0.81", Left + Not at 1.5"

Formatted: Font: (Default) Arial

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06", Tab stops: 0.81", Left + Not at 1.5"

Formatted: Font: (Default) Arial

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06", Tab stops: 0.81", Left + Not at 1.5"

Formatted: Font: (Default) Arial

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06", Tab stops: 0.81", Left + Not at 1.5"

Formatted: Font: (Default) Arial

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06", Tab stops: 0.81", Left + Not at 1.5"

Formatted: Font: (Default) Arial

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06", Tab stops: 0.81", Left + Not at 1.5"

← Small Business Administration programs such as National Volunteer Program to Assist Small Business and Promote Volunteer Service to Persons with Business Experience;

← Service Corps of Retired Executives (SCORE); or

• Active Corps of Executives.

Formatted: Font: (Default) Arial

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06", Tab stops: 0.81", Left + Not at 1.5"

Formatted: Font: (Default) Arial

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06", Tab stops: 0.81", Left + Not at 1.5"

~~The first \$2000 of payments received under the Alaska Native Claims Settlement Act.~~

Formatted: Font: Bold

Formatted: Indent: Left: 0.5"

~~Income derived from certain sub marginal land of the U.S. that is held in trust for certain Indian tribes.~~

Formatted: Font: Bold

Formatted: Left, Indent: Left: 0.5", No bullets or numbering

Formatted: Indent: Left: 0.13"

~~Payments or allowances under Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP).~~

Formatted: Font: Bold

Formatted: Left, Indent: Left: 0.5", No bullets or numbering

Formatted: Indent: Left: 0.13"

~~Payments received under programs funded in whole or in part under the Job Training Partnership Act, now known as Workforce Investment Act.~~

Formatted: Font: Bold

Formatted: Left, Indent: Left: 0.5", No bullets or numbering

Formatted: Indent: Left: 0.13"

~~Income derived from the disposition of funds of the Grand River Band of the Ottawa Indians.~~

Formatted: Font: Bold

Formatted: Left, Indent: Left: 0.5", No bullets or numbering

Formatted: Indent: Left: 0.13"

~~The first \$2000 of per capita shares from judgment funds awarded by the Indian Claims Commission or the Court of Claims or from funds held in trust for an Indian tribe by the Secretary of the Interior.~~

Formatted: Font: Bold

Formatted: Left, Indent: Left: 0.5", No bullets or numbering

Formatted: Indent: Left: 0.13"

~~The full amount of Federal scholarships funded under Title IV of the Higher Education Act of 1965, including awards under Federal work study programs or under the Bureau of Indian Affairs student assistance program.~~

Formatted: Font: Bold

Formatted: Left, Indent: Left: 0.5", No bullets or numbering

Formatted: Indent: Left: 0.13"

30.

ayments received from programs funded under Title V of the Older Americans Act of 1965 which includes, but is not limited to:

- Senior Community Services Employment Program;
- National Caucus Center on the Black Aged;
- National Urban League;
- Association National Pro Personas Mayors;
- National Council on Senior Citizens; or
- Green Thumb.

~~Payments received on or after January 1, 1989 from the Agent Orange Settlement Fund or any fund established pursuant to the settlement in the Agent Orange product liability legislation.~~

Formatted: Font: Bold

Formatted: Left, Indent: Left: 0.5", No bullets or numbering

Formatted: Left, Indent: Left: 0.5", No bullets or numbering

Formatted: Indent: Left: 0.75", Tab stops: Not at 1.75"

31.

Payments received under the Maine Indian Claims

~~Child care arranged for or provided under the Child Care and Developmental Block Grant Act or any amount received for such care or reimbursement for costs incurred in such care.~~

Formatted: Indent: Left: 0.56", No bullets or numbering

Formatted: Indent: Left: 0.56", First line: 0", Tab stops: Not at 1.25"

32.

~~ederal and State Earned Income Tax Credit refund payment.~~

~~Payments by the Indian Claims Commission to the Confederate Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation.~~

Formatted: Indent: Left: 0.19"

Formatted: Indent: Left: 0.56", No bullets or numbering, Tab stops: 6.5", Left

Formatted: Indent: Left: 0.19"

~~The first \$2000 of income received by an individual Indian derived from interests or trusts or restricted land.~~

Formatted: Indent: Left: 0.56", No bullets or numbering

Formatted: Indent: Left: 0.56", No bullets or numbering

~~Allowances, earnings, and payments to AmeriCorps participants under the~~

~~National and Community Service Act of 1990.~~

← Formatted: Indent: Left: 0.56", No bullets or numbering

~~Any allowance paid under provisions of 38 U.S.C 1905 to a child suffering from spina bifida who is the child of a Vietnam Veteran.~~

← Formatted: Indent: Left: 0.56", No bullets or numbering

~~Any amount of crime victim compensation that the applicant (under the Victims of Crime Act) receives through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant.~~

← Formatted: Indent: Left: 0.56", No bullets or numbering

~~An amount earned by temporary Census employees for determining income in the Department's assisted housing programs. Terms of employment may not exceed 180 days for the purposes of the exclusion.~~

← Formatted: Indent: Left: 0.56", No bullets or numbering

Income Earned on Amounts Placed in a Family's Family Self Sufficiency (FSS)

← Formatted: Indent: Left: 0.5"

Account: 24 CFR § 5.609(b)(27)

Income earned on amounts placed in a family's FSS account is excluded from the family's calculation of annual income.

Income of Live-in Aides, Foster Children, and Foster Adults: 24 CFR § 5.609(b)(8)

Income of a live-in aide, foster child, or foster adult as defined in 24 CFR §§ 5.403 and 5.603 is excluded from the family's calculation of annual income.

Payments Received for the Care of Foster Children or Foster Adults or State or Tribal Kinship or Guardianship Care Payments: 24 CFR § 5.609(b)(4)

Payments received for the care of foster children or foster adults, or state or Tribal kinship or guardianship care payments, are excluded from annual income.

This income exclusion also applies to Kinship Guardian Assistance Payments (Kin-GAP), kinship care payments, and other state-based kinship or guardianship payments that are alternatives to traditional foster care programs.

Insurance Payments or Settlements: 24 CFR § 5.609(b)(5)

Insurance payments and settlements for personal or property losses, including

RESOLUTION # 2072-22 (12/2022)

but not limited to payments under health insurance, motor vehicle insurance, and workers' compensation, are excluded from annual income. Any workers' compensation is always excluded from annual income, regardless of the frequency or length of the payments.

Examples of Insurance Payments or Settlements

Bethanne Williams received a settlement from her insurance company in the amount of \$2,500 because of a car accident. Bethanne's car accident settlement payment is excluded from annual income.

Example of Workers' Compensation Received In Lieu of Wages

Tobias Reynolds was injured in a work accident. He is receiving bi-weekly workers' compensation payments. These amounts are excluded from annual income.

Civil Action Recoveries or Settlements: 24 CFR § 5.609(b)(7)

Any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law that resulted in a member of the family becoming a person with disabilities are excluded from annual income. Any amounts recovered are excluded irrespective of whether they are received periodically or in a lump sum payment.

Earned Income of Dependent Full-Time students: 24 CFR § 5.609(b)(14)

Earned income of dependent full-time students in excess of the amount of the deduction for a dependent in § 5.611 is excluded from annual income. Full-time students must be dependent family members for this exclusion to apply. This exclusion does not apply to the head of household, spouse, or co-head. This means that the first \$480 of the income earned by dependent full-time students will be included in the family's calculation of annual income. The dependent deduction will be adjusted annually in accordance with the (CPI-W)

Adoption Assistance Payments: 24 CFR § 5.609(b)(15)

Adoption assistance payments in excess of \$480 per adopted child are excluded from the family's calculation of annual income. This amount will be adjusted annually in accordance with the CPI-W.

RESOLUTION # 2072-22 (12/2022)

All dependents, including adopted family members, are eligible to receive the \$480 (as adjusted for inflation) dependent deduction and the exclusion described in this paragraph.

Veterans Regular Aid and Attendance: 24 CFR § 5.609(b)(17)

Payments to veterans in need of regular aid and attendance are excluded from annual income under 38 U.S.C. 1521. This income exclusion applies only to veterans in need of regular aid and attendance and not to other beneficiaries of the payments, such as a surviving spouse.

Certain veterans are eligible for "aid and attendance" payments from the Veterans Affairs (VA) Administration. These payments are distinct from payments made to veterans under other VA programs, including the Veterans Pension program. CDC will carefully review any income documentation provided by the family, because many types of VA income, including the Veterans Pension and the VA Survivors Pension, are included in annual income.

Home-Based Care Payments for a Family Member(s) with a Disability(ies): 24 CFR § 5.609(b)(19)

Payments made by or authorized by a state Medicaid agency (including through a managed-care entity (IHSS)) or other state or federal agency to a family to enable a family member who has a disability to reside in the family's assisted unit are excluded from the calculation of the family's annual income. Authorized payments may include payments to a member of the assisted family through the state Medicaid agency (including through a managed-care entity (IHSS)) or other state or federal agency for caregiving services the family member provides to enable a family member who has a disability to reside in the family's assisted unit.

A family member with a disability qualifies the family for this income exclusion. Amounts received may be intended for items such as services, equipment, and compensation provided to a family member. The payments are excluded from income as long as the amounts are provided to enable a family member with a disability to remain in the family's assisted unit. Both the person providing the care and the person who has the disability must be family members (not household members) and must live in the same assisted household.

The exclusion does not apply to income earned by the family for other caregiving services provided to individuals outside of the assisted household.

Loan Proceeds: 24 CFR § 5.609(b)(20)

RESOLUTION # 2072-22 (12/2022)

Loan proceeds (the net amount disbursed by a lender to a borrower under the terms of a loan agreement) received by the family or a third party (e.g., proceeds received by the family to finance the purchase of a car) are excluded from annual income. The loan borrower or co-borrower must be a member of the family for this income exclusion to be applicable.

Loan proceeds may include, but are not limited to, personal loans (with a loan agreement) and student loans, regardless of whether the proceeds are received in the form of a refund to the student.

Certain Payments Received by Tribal Members: 24 CFR § 5.609(b)(21)
Payments received by Tribal members as a result of claims relating to the mismanagement of assets held in trust by the United States, to the extent such payments are also excluded from gross income under the Internal Revenue Code (IRC) or other federal law, are excluded from annual income.

Generally, payments received by tribal members in excess of the first \$2,000 of per-capita shares are included in a family's annual income for purposes of determining eligibility. However, as explained below, payments made under the Cobell Settlement, and certain per-capita payments under the recent Tribal Trust Settlements, must be excluded from annual income in HUD programs that adopt the definitions of annual income in 24 CFR 5.609.

The following two subsections describe the circumstances when settlement payments paid to Tribal members are excluded from annual income through federal law or as required under the IRC.

Cobelli Settlement

In *Elouise Cobell et al. v. Ken Salazar et al.*, a class of individual members of Indian tribes filed suit against the United States for its failure to adequately manage certain trust assets. The settlement was authorized pursuant to the Claims Resolution Act of 2010 (Pub. L. 111-291). In accordance with the Act, lump-sum or periodic payments received by an individual Indian under the Cobell Settlement are statutorily excluded from counting toward a family's annual income, or as a resource, for purposes of determining initial eligibility or level of HUD assistance, for a period of one year from the time of receipt of that payment. This exclusion from income applies to all HUD programs and is included in the list of federally mandated exclusions from annual income that HUD periodically publishes in the Federal Register.

← Formatted: Indent: Left: 0.5", Space After: 0 pt

← Formatted: Indent: Left: 0.5"

Tribal Trust Settlements

RESOLUTION # 2072-22 (12/2022)

The United States has entered into settlements with a number of federally recognized Indian tribes, settling litigation in which the tribes alleged that the Department of the Interior and the Department of the Treasury mismanaged monetary assets and natural resources the United States holds in trust for the benefit of the tribes.

In some circumstances, proceeds from these settlements have resulted in, or will result in, per-capita payments to Indian families by Indian tribes. To date, at least 70 Indian tribes have settled Tribal Trust cases.

24 CFR 5.609(b)(21) requires that certain payments received by Tribal members, to the extent that such payments are excluded from gross income under the IRC, must be excluded from family income. The Internal Revenue Service (IRS) issued guidance in IRS Notice 2013-1, "Per Capita Payments from Proceeds of Settlements of Indian Tribal Trust Cases," advising that per-capita payments made from the proceeds of the enumerated Tribal Trust Settlements are excluded from the gross income of the members of the tribe receiving the per-capita payments under 25 USC 117b(a) and 25 USC 1407.

IRS Notice 2013-1 also clarifies, however, that per-capita payments that exceed the amount of the Tribal Trust Settlement proceeds and that are made from an Indian tribe's private bank account in which the tribe has deposited the settlement proceeds are included in the gross income of the members of the tribe receiving the per-capita payments.

For example, if an Indian tribe receives proceeds under a settlement agreement, invests the proceeds in a private bank account that earns interest, and subsequently distributes the entire amount of the bank account as per-capita payments, then a member of the tribe excludes from gross income that portion of the member's per-capita payment attributable to the settlement proceeds under 25 USC 117b(a) and 25 USC 1407 and must include the remaining portion of the per-capita payment in gross income in accordance with the guidance provided in IRS Notice 2013-1.

Per-capita payments not excluded from gross income in accordance with the IRC should be reviewed for potential exclusion as "nonrecurring income" (24 CFR § 5.609(b)(24)) or as "lump sum additions to net family assets" (24 CFR § 5.609(b)(24)(vii)).

The IRS last updated the list of Indian tribes who have entered into Tribal Trust Settlements with the United States in 2013, and for whom per-capita Tribal Trust payments are excluded from gross income.

CDC will ensure they are reviewing the current list of Tribal Trust Settlements when determining whether a family's per-capita proceeds should be excluded from annual income.

Example: Tribal Trust Settlements

Scenario A: An Indian tribe received \$1.2 million from a Tribal Trust Settlement. The Indian tribe immediately distributed per-capita payments to its members. The Tribal Trust Settlement is treated in accordance with the guidance in IRS Notice 2013-1 and excluded from adjusted gross income. Therefore, the per-capita payments to members are excluded from annual income.

Scenario B: An Indian tribe received \$10 million from a Tribal Trust Settlement. The Indian tribe invested the settlement funds at a private institution. After a year, the Indian tribe distributed the settlement funds plus earned interest to its members. IRS Notice 2013-1 provides guidance that per capita payments that exceed the amount of the Tribal Trust case settlement proceeds and that are made from an Indian tribe's private bank account in which the tribe has deposited the settlement proceeds are not excluded from adjusted income, so the interest payments to members are not excludable from annual income under 24 CFR

Exclusions from Other Federal Statutes: 24 CFR § 5.609(b)(22)

This exclusion applies to all amounts that HUD is required by federal statute to exclude from annual income. HUD will publish a notice in the Federal Register to identify the benefits that qualify for this exclusion. Updates will be published when necessary.

Replacement Housing Gap Payments: 24 CFR § 5.609(b)(23)

Replacement housing "gap" payments made in accordance with the Uniform

RESOLUTION # ~~2072-22~~ (12/2022)

Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA"), as implemented by 49 CFR Part 24, are excluded from annual income. "Gap" payments offset the increased out-pocket costs of displaced persons who move from one federally subsidized housing unit to another federally subsidized housing unit.

However, replacement housing "gap" payments are not excluded from annual income if the increased cost of rent and utilities is reduced or eliminated, and the displaced person retains or continues to receive the replacement housing "gap" payments.

Replacement housing "gap" payments should cover a minimum of 42 months of tenancy at the new unit.

Example: Replacement Housing Gap Payments

The Patel family was displaced from their Project-Based Voucher unit as the result of a HUD-funded acquisition and rehabilitation of the property that will last longer than one year. The family subsequently obtained a Housing Choice Voucher (HCV) and moved into a home where the owner accepts HCVs.

The Patels' rent and utility expenses are \$100 higher in their new unit. The Patels receive replacement housing "gap" payments of \$100 intended to cover the difference between the Patels' former rent and utility expenses in their Project-Based Voucher unit and their current rent and expenses under their HCV assistance. The "gap" payments must be excluded from the family's annual income for the period during which gap payments are provided (42 months) or the increased cost of rent and utilities is reduced or eliminated, whichever is shorter.

Achieving a Better Life Experience (ABLE) Accounts: 24 CFR § 5.609(b)(22)

ABLE accounts are excluded from the definition of net family assets, and therefore, income generated from such accounts is not considered when calculating income from assets. Distributions from these accounts are also excluded from income.

HUD developed specific guidance on ABLE accounts based on language included in the ABLE Act of 2014. Certain contributions deposited into ABLE accounts are excluded in addition to the above-mentioned exclusions. See Treatment of ABLE Accounts in HUD-Assisted Programs (Notice H 2019-06/PIH 2019-09).

Formatted: Indent: Left: 0.5"

RESOLUTION # 2072-22 (12/2022)

Income and Distributions from Coverdell Education Savings Accounts, 529 Accounts and "Baby Bond" Accounts: 24 CFR § 5.609(b)(10)

Income and distributions from any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under section 529 of such Code, and income earned by government contributions to, and distributions from, "baby bond" accounts created, authorized, or funded by Federal, State, or local government are excluded from income and net family assets.

Gross Income from Self-Employment or Operation of a Business: 24 CFR §§ 5.609(b)(24) and 5.609(b)(28)

The gross income received by a family through self-employment, or the operation of a business is excluded from income. Gross income is all income amounts received into the business, prior to the deduction of business expenses. To determine the amount of business or self-employment income included in a family's annual income, the net income of the business must first be determined.

Net income is the "gross income amount minus business expenses" that allows the business to operate. The net income from self-employment or the operation of a business is considered income.

Expenditures for business expansion or amortization of capital indebtedness are not deductible when determining the income from a business. An allowance for the depreciation of assets used in a business or profession may be deducted, based on a straight-line depreciation, as provided in IRS's regulations.

Any withdrawal of cash or assets from the operation of a business is income except to the extent that such withdrawal is to reimburse the family member for cash or assets that the family has invested in the operation of the business.

Example: Exclusion of Gross Income from Self-Employment or Operation of a Business

Bill Conrad is the sole owner of BC Lawn Service. BC Lawn Service grossed \$75,000 annually in 2024. BC Lawn Service also incurred a total of \$35,000 in business expenses, including lawn equipment, rakes, insurance, depreciation of a tractor, and wage payments.

After subtracting the \$35,000 in business expenses from the \$75,000 gross income, the net income is \$40,000, which will be included in Bill's calculation of annual income.

Civil Rights Settlements or Judgments: 24 CFR § 5.609(b)(25)

Civil rights settlements or judgments, including settlements or judgments for back pay, are excluded from the calculation of annual income.

Historically HUD has followed a practice of excluding from income civil rights settlements and judgments as lump-sum additions to assets, which would include amounts received as a result of litigation or other actions, such as conciliation agreements, voluntary compliance agreements, consent orders, other forms of settlement agreements, or administrative or judicial orders under nondiscrimination laws. However, this new exclusion clarifies that even where such payments are not lump-sum payments but instead may have a payment schedule, such payments are excluded.

Additionally, this exclusion applies to back pay received by the family pursuant to a civil rights settlement or judgment.

Student Financial Assistance: 24 CFR § 5.609(b)(9)

The treatment of student financial assistance depends on the HUD program, student/household characteristics, and the type of financial assistance received by the student. The student financial assistance rules apply to both full-time and part-time students.

The two types of student financial assistance applicable are described below.

Higher Education Act

Amounts Received Under Section 479B of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1087uu) Section 479B provides that certain types of student financial assistance are to be excluded in determining eligibility for benefits made available through federal, state, or local programs financed with federal funds.

The types of financial assistance listed below are considered 479B student financial assistance programs; however, this list is not exhaustive, and 479B will be updated as of July 1, 2024.

◦ Federal Pell Grants:

◦

◦ Teach Grants:

◦

← Formatted: Indent: Left: 0.5"

← Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

← Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

- Federal Work Study Programs;
-
- Federal Perkins Loans;
-
- Student financial assistance received under the Bureau of Indian Education;
-
- Higher Education Tribal Grant;
-
- Tribally Controlled Colleges or Universities Grant Program;
-
- Employment training program under section 134 of the Workforce Innovation and Opportunity Act (WIOA).

Other Student Financial Assistance

Other student financial assistance includes grants or scholarships received from the following sources:

- The Federal government;
-
- A state (including U.S. territories), Tribe, or local government;
-
- A private foundation registered as a nonprofit under 26 U.S.C. 501(c)(3);
-
- A business entity (such as a corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, or nonprofit entity); or
-
- An institution of higher education.

Other student financial assistance does not include:

- Financial support provided to the student in the form of a fee for services performed (e.g., a work study or teaching fellowship that is not excluded
- under section 479B of the Higher Education Act HEA); or
-
- Gifts, including gifts from family or friends.

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Formatted: Indent: Left: 0.69"

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5"

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Formatted: Indent: Left: 0.69"

Formatted: Indent: Left: 0.5"

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Formatted: Bulleted + Level: 1 + Aligned at: 0.94" + Indent at: 1.19"

Note: Other student financial assistance may be paid directly to the student or to the educational institution on the student's behalf. The CDC must verify that the other student financial assistance is for the student's actual covered costs.

Formatted: Indent: Left: 0.5"

~~22.~~

Formatted: Indent: Left: 0.31", Hanging: 0.19", No bullets or numbering

~~E. SELF SUFFICIENCY INCENTIVE FOR PERSONS WITH DISABILITIES (EARNED INCOME DISALLOWANCE)~~

Formatted: Indent: Left: 0.31", Hanging: 0.19"

~~1. This disallowance of an increase in earned income only applies to families currently receiving housing assistance. In order to qualify the family is one:~~

~~a. Whose annual income increases as a result of employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment; or~~

~~b. Whose annual income increases as a result of increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program; or~~

~~c. Whose annual income increases as a result of new employment or increased earnings of a family member who is a person with disabilities, during or within six (6) months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act. The TANF program includes formula driven maintenance assistance and such benefits and services as one time payments; wage subsidies and transportation assistance provided that the total amount over a six (6) month period is at least \$500; or~~

~~d. Previously unemployed includes a person with disabilities who has earned, in the twelve (12) months previous to employment, no more than would be received for ten (10) hours a week for fifty (50) hours per year at one established minimum wage.~~

~~Note: Receipt of Food Stamps and/or Medicaid is not part of the TANF program. If no TANF assistance is provided as listed above, the family will not qualify for the earned income disallowance under TANF provisions but may qualify under the remaining criteria. The CDC will verify receipt of benefit or services other than monthly maintenance with the TANF provider if the family indicates that their eligibility for the earned income disallowance is based on other assistance under TANF.~~

~~Incremental increases in earned income are excluded fully for the first twelve (12) month period and 50% excluded for the second twelve (12) month period. The CDC will maintain a log for each individual showing, if applicable, earning and benefits from qualified training programs, incremental earnings from increased employment for the first twelve (12) month period and the second~~

RESOLUTION # 2072-22 (12/2022)

~~twelve (12) month period. Since the total window of opportunity for the earned income disallowance extends over forty eight (48) months, the log will adequately reflect all periods of employment and non-employment, to assure the family member receives the benefit of each full twelve (12) month period.~~

~~2. The disallowance of increase in earned income will be calculated as follows:~~

~~During the cumulative twelve (12) month period beginning on the date a member, who is a person with disabilities of a qualified family, is first employed or the family first experiences an increase in annual income attributable to employment, the CDC must exclude from annual income, of a qualified family, any increase in income of the disabled family member as a result of employment, over prior income of that family member.~~

~~Example: The disabled family member receives SSI of \$500 per month. The disabled family member starts a job as a greeter at a local retail store for \$5.00 per hour, 20 hours per week. Assume for this example the SSI remains the same.~~

~~The first 12 months the income is as follows:~~

| | | |
|--|---------------------|---------------------------------|
| SSI: \$500 x 12 = | \$6,000 | |
| Work: \$5.00/hr x 20 hrs x 52 weeks = | \$5,200* | |
| | | \$6,000 Gross Annual |
| | | Income |

~~*this amount is excluded for 12 months.~~

~~a. Phase In Period. During the second cumulative twelve (12) month period after the date a family member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the CDC must exclude from the annual income of a qualified family member fifty percent (50%) of any increase in income of such family member as a result of employment over income of the family member prior to the beginning of such employment.~~

~~The second 12 months the income is as follows:~~

| | |
|--|---|
| SSI: \$550 x 12 = | \$6,600 |
| Work: \$5.50/hr x 25 hrs x 52 weeks = | \$7,150 |
| Excluded 50% = | \$3,575 |
| | \$10,175 Gross Annual Income |

~~a. Maximum four year disallowance. The disallowance of increased earned income of an individual family member who is a person with disabilities as provided in a. and b., above, is limited to a lifetime forty eight (48) month period. The disallowance applies for a cumulative twelve (12) month period for the fifty percent (50%) exclusion for the second twelve (12) month period.~~

b. This exclusion does not apply to admissions.

~~Because only a person with disabilities is eligible for the earned income disallowance under the Housing Choice Voucher Program, the CDC will discontinue the allowance for a qualifying person with disabilities who is no longer considered disabled at their next regularly scheduled recertification. A decision regarding "no longer disabled" will be verified through the Social Security Administration for SSI and SDI recipients or from a medical, health, or rehabilitation professional for those not receiving publicly funded benefits.~~

F. ASSETS

Lump-Sum Additions to Net Family Assets: 24 CFR § 5.609(b)(24)(vii)
Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings, are excluded from annual income. These amounts may count toward net family assets in accordance with 24 CFR § 5.603.

Formatted: Indent: Left: 0.31", Hanging: 0.19", Line spacing: Multiple 1.05 li, Tab stops: 1.5", Left + 1.88", Left + 2.25", Left + 3.5", Left + 4", Left + 4.5", Left + 5", Left + 5.5", Left + 6", Left + 6.5", Left + 7", Left + 7.5", Left + 8", Left + 8.5", Left + 9", Left + 9.5", Left + 10", Left + 10.5", Left + 11", Left + 11.5", Left + 12", Left + 12.5", Left + 13", Left + Not at 0" + 0.5" + 1.63"
Formatted: Indent: Left: -0.25"

Examples of Lump-Sum Additions to Net Family Assets

Scenario A: Trevor Lucky bought 10 lottery tickets and discovered that one of the tickets won Trevor \$1,000. Trevor reported his winnings as part of an interim reexamination. The CDC determined that the lottery winnings are a one-time, lump-sum addition to net family assets and should not be included in the annual income calculation.

Scenario B: Logan fundraises \$5,000 online to help pay for personal expenses (e.g., "Go Fund Me"). The CDC verified with Logan that this was a one-time solicitation for donations of cash and that Logan does not intend for this to be a recurring source of income. The \$5,000 is a one-time, lump-sum addition to net family assets and should not be included in the annual income calculation.

Scenario C: At the next annual reexamination, the CDC determines that Logan solicited for donations online a second time and raised an additional \$4,500. Again, Logan certified that he does not intend for this to be a recurring source of income, but, because the CDC can establish a pattern, the \$4,500 is not considered a lump-sum addition to net family assets and should be included in the annual income calculation.

Other Federally Mandated Income Exclusions

The first \$2000 of payments received under the Alaska Native Claims Settlement Act.

Formatted: Font: Bold
Formatted: Font: Not Bold, No underline
Formatted: Font: Not Bold

RESOLUTION # 2072-22 (12/2022)

Income derived from certain sub-marginal land of the U.S. that is held in trust for certain Indian tribes.

Payments or allowances under Department of Health and Human Services Low-Income Home Energy Assistance Program (LIHEAP).

Payments received under programs funded in whole or in part under the Job Training Partnership Act, now known as Workforce Investment Act.

Formatted: Font: Not Bold, No underline

Formatted: Font: Not Bold

Income derived from the disposition of funds of the Grand River Band of the Ottawa Indians.

The first \$2000 of per capita shares from judgment funds awarded by the Indian Claims Commission or the Court of Claims or from funds held in trust for an Indian tribe by the Secretary of the Interior.

The full amount of Federal scholarships funded under Title IV of the Higher Education Act of 1965, including awards under Federal work study programs or under the Bureau of Indian Affairs student assistance program.

Formatted: Font: Not Bold, No underline

Formatted: Font: Not Bold

The value of the allotment provided to an individual under the Food Stamp Act.

Formatted: Font: Not Bold

Payments received on or after January 1, 1989 from the Agent Orange Settlement Fund or any fund established pursuant to the settlement in the Agent Orange product liability legislation.

Payments received under the Maine Indian Claims Settlement Act of 1980.

Child care arranged for or provided under the Child Care and Developmental Block Grant Act or any amount received for such care or reimbursement for costs incurred in such care.

Payments by the Indian Claims Commission to the Confederate Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation.

The first \$2000 of income received by an individual Indian derived from interests or trusts or restricted land.

Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990.

Any allowance paid under provisions of 38 U.S.C 1805 to a child suffering from spina bifida who is the child of a Vietnam Veteran.

RESOLUTION # 2072-22 (12/2022)

Any amount of crime victim compensation that the applicant (under the Victims of Crime Act) receives through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant.

An amount earned by temporary Census employees for determining income in the Department's assisted housing programs. Terms of employment may not exceed 180 days for the purposes of the exclusion.

Formatted: Justified, Indent: Left: 0.5", Line spacing: single, No widow/orphan control, Don't adjust space between Latin and Asian text, Don't adjust space between Asian text and numbers

~~The CDC will determine the net cash value of each asset by deducting reasonable costs that would be incurred to convert the asset to cash from the market or face value of the asset.~~

Formatted: Indent: Left: 0.5", Tab stops: Not at -0.75" + -0.5" + 0" + 0.5" + 0.88" + 1.63"

~~Reasonable costs include, but are not limited to: penalties for early withdrawal of funds from CD's, Money Market accounts, IRAs, annuities, etc.; the cost basis plus commissions and fees for stocks, bonds and other capital investments; appraisal fees, realtor commissions, closing costs, repair costs, if applicable, for real property; penalty fees for early withdrawal of IRA's, pensions and annuities.~~

~~If assets are held jointly in an "and" or an "or" account, the full value of the asset less any reasonable costs will be counted unless the family member can demonstrate that their access to the account is legally restricted. The CDC must be able to verify the restriction.~~

~~Necessary items of personal property are not counted as assets. These include but are not limited to: clothing, furniture, personal automobiles, computers and related equipment for personal but not business use.~~

~~Assets include, but are not limited to trusts (only if a family member has access or control of the trust), joint accounts, investments, CDs, IRAs, Keogh, real or personal property or other annuities to which the family member has access even if penalties would be imposed for early withdrawal.~~

~~In determining the net cash value of assets, the CDC will treat assets as follows:~~

~~1. Trusts~~

~~Principal from a trust is not counted as an asset if the trust is not revocable by, or under the control of, any member of the family, so long as the fund continues to be held in trust. Any distributions are considered to be part of annual income. A lump sum distribution in total~~

RESOLUTION # ~~2072-22~~ (12/2022)

~~or in part will be added to all other income and divided by twelve (12) to obtain the gross monthly income. Verification of trust provisions should be contained in the original trust documents. If the documents cannot be obtained, verification should be obtained from the trustee (an individual or financial institution).~~

~~If a family sets up an irrevocable trust for the benefit of another person outside of the household, the CDC must determine whether or not the value of the trust is less than the fair market value of the assets contained therein had the family retained the asset. If that is the case, the fair market value less reasonable costs must be determined and the net value of the asset included in total assets. Any income the family receives from this trust will be included in annual income. Nominal amounts set aside in trust for or donated to charitable organizations up to \$1000.00 will not be considered assets disposed of for less than fair market value.~~

~~2. Joint Ownership~~

~~For joint ownership of assets, the CDC must determine the percentage of ownership attributable to the family member. Documents that may provide this information include deeds, tax returns, ownership papers, and financial institution records. These types of documents should, if applicable to the asset, describe whether the family member has full or restricted access to the asset. If restricted, the CDC will use only that portion of the asset available to the family member.~~

~~3. Investments~~

~~The family must maintain the original copies of receipts for purchases of stocks, bonds, etc. Another source is original periodic statements from brokers that reflect the cost basis of any investment holding which are liquidated. This information will provide the basis for determining reimbursement for amounts invested.~~

~~4. Retirement Benefits (CDs, IRAs, Keogh)~~

~~Retirement/pension accounts, while the household member is employed, are counted as assets only if there is access to cash from the account while employed. Similarly, if funds are held in the account with the principal restricted from access, only distributions from the fund are counted as income.~~

~~5. Checking and Savings Accounts~~

RESOLUTION # 2072-22 (12/2022)

~~Checking and savings accounts are also considered as assets. The total amount in savings will be considered an asset unless the account is specifically designated under a plan for self sufficiency for a person with a disability under Social Security Administration guidelines. Checking accounts are also assets under HUD guidelines; however, since most checking accounts are used primarily as a pass through for receipt of income and payment of monthly household expenses, only the amount in the checking account in excess of \$1000.00 will be considered to be an asset. The CDC may grant an exception to this threshold if the family states and the CDC can verify that regular household expenses such as rent, utilities, food, etc., exceed that threshold. Verification of these accounts will be made first, from a bank verification form completed by the bank. If the bank charges either the resident or CDC more than \$5.00 per Bank Statement, then the CDC will use bank statements and passbooks. Bank statements for at least six (6) consecutive months will be requested for verification of balances in checking accounts. For threshold exceptions, original billings, rental receipts and related documents will be required.~~

~~Note: The interest from an interest bearing checking account is considered as income.~~

~~6. Annuities~~

~~Annuities may provide for either fixed or variable payment. For variable payments, the CDC will evaluate historical information to determine the approximate anticipated payment amount for the next twelve (12) month period. This annualized income may be adjusted based on significant changes from the anticipated income. The holder of an annuity may withdraw the funds at any time before maturity but will pay a penalty for early withdrawal. Verification of the penalty amount may be obtained from the company holding the annuity and should be deducted from the total distribution before determining asset or income amounts. Monthly or periodic regular annuity payments are counted, as income while the principal of the annuity remains an asset until fully liquidated. Verification of any annuity expenses will be obtained from the annuity provider.~~

~~7. Net Cash Value of Assets Disposed of for Less than Fair Market Value for 2 Years from Date of Disposition~~

~~Reasonable costs include, but are not limited to: penalties for early withdrawal of funds from CD's, Money Market accounts, IRAs,~~

~~annuities, etc.; the cost basis plus commissions and fees for stocks, bonds and other capital investments; appraisal fees, realtor commissions, closing costs, repair costs, if applicable, for real property; penalty fees for early withdrawal of IRA's, pensions and annuities.~~

~~— If assets are held jointly in an "and" or an "or" account, the full value of the asset less any reasonable costs will be counted unless the family member can demonstrate that their access to the account is legally restricted. The CDC must be able to verify the restriction.~~

~~— Necessary items of personal property are not counted as assets. These include but are not limited to: clothing; furniture, personal automobiles, computers and related equipment for personal but not business use.~~

~~8. Lump Sum Additions~~

~~— Lump sum additions such as inheritances, insurance payments (including payments under health and accident insurance and Workers' Compensation, except those portions which are reimbursement for expenses paid out by the family or otherwise excluded by HUD regulation), capital gains and settlement for personal or property losses are counted as assets whether or not they are placed in savings or other investment vehicles. The CDC will verify payments of inheritances through the executor; health, accident and Workers' Compensation payments through the provider; capital gains through the broker, original 1099s or tax returns; and settlements for personal or property losses through the insurer.~~

~~Lump sum payments of \$500 or less will not be included in the calculation of assets.~~

G. HUD REQUIRED DEDUCTIONS

CDC must consider mandatory deductions when determining a family's annual adjusted income.

Dependent Deduction (24 CFR § 5.611(a)(1))

The dependent deduction amount is currently \$480. This amount will be adjusted annually and applies to a family's next annual or interim reexamination after the annual adjustment, whichever is sooner. Not later than September 1 annually, HUD will publish the CPI-W adjusted dependent deduction to the HUD User Web site. CDC must implement the adjusted dependent deduction for all income examinations that are effective on January 1 or later.

| |
|--|
| Formatted: Font: Bold |
| Formatted: Indent: Left: 0.5" |
| Formatted: Indent: Left: 0.5", First line: 0", Tab stops: Not at 1.25" |
| Formatted: Indent: Left: -0.25", Tab stops: 2.06", Left + Not at 0.88" + 1.25" |
| Formatted: Indent: Left: 0.5", Tab stops: 0.5", Left + 2.06", Left |

One dependent deduction is applicable for each family member (other than the head, spouse or co-head) who are minors (including children who are adopted), and for family members who are eighteen (18) and older who are full-time students or who are disabled (foster children, foster adults, and children of live-in aides are not entitled to this deduction).

Elderly/Disabled Family Deduction (24 CFR § 5.611(a)(2))

The elderly/disabled family deduction is currently \$525. This amount will be adjusted annually and applies to a family's next annual or interim reexamination after the annual adjustment, whichever is sooner. Not later than September 1 annually, HUD will publish the CPI-W adjusted dependent deduction to the HUD User Web site. CDC must implement the adjusted elderly/disabled family deduction for all income examinations that are effective on January 1 or later.

One deduction per family for families whose head, spouse or co-head is 62 or over and/or disabled,

Formatted: Normal, Left, Indent: Left: 0.5", Line spacing: Multiple 1.08 li, No bullets or numbering, Tab stops: 2.06", Left + Not at -0.75" + -0.5" + 0" + 0.88" + 1.63"

Formatted: Font:

Formatted: Indent: Left: 0.5", Tab stops: 0.5", Left + 2.06", Left

Formatted: Indent: Left: 0.5"

Unreimbursed Health & Medical Care Expenses and Reasonable Attendant Care & Axillary Apparatus Expenses Deduction (24 CFR § 5.611(a)(3))

The sum of unreimbursed health and medical care and reasonable attendant care and auxillary expenses that exceed 10 percent of the family's annual income can be deducted from annual income. Prior to HOTMA implementation, the threshold was 3 percent of the family's annual income. This deduction is deducted for all family members of an eligible elderly/disabled family.

Formatted: Font: Bold

Formatted: Normal, Left, Indent: Left: 0.5", Line spacing: Multiple 1.08 li, No bullets or numbering, Tab stops: 2.06", Left + Not at -0.75" + -0.5" + 0" + 0.88" + 1.63"

Formatted: Indent: Left: 0.5", Tab stops: 0.5", Left + 2.06", Left

1. Definition of Unreimbursed Health and Medical Care Expenses and Reasonable Attendant Care and Auxillary Apparatus Expenses Deduction (24 CFR § 5.603)

Health and medical care expenses, as defined in 24 CFR § 5.603, include costs incurred for the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatments affecting any structure or function of the body.

Formatted: Indent: Left: 0.5"

Health and medical care expenses include medical insurance premiums and long-term care premiums that are paid or anticipated to be paid during the period for which annual income is computed. Medical insurance premiums are eligible health and medical care expenses.

Health and medical care expenses may be deducted from annual income only if they are eligible under the definition and not otherwise reimbursed and may only be deducted for elderly or disabled families.

CDC will utilize IRS Publication 502 when determining which expenses are included when calculating a household's medical expenses. However, IRS publication 502 is not inclusive. If Publication 502 instructs that a certain expense is not to be considered, CDC will refer back to HUD's definition (above) prior to making a determination.

2. Unreimbursed Reasonable Attendant Care and auxiliary apparatus Expenses (24 CFR § 5.611(a)(3)(ii))

Auxiliary Apparatus. Auxiliary apparatus items can include, for example, expenses for wheelchairs, ramps, adaptations to vehicles, guide dogs, assistance animals, or special equipment to enable a person who is blind or has low vision to read, or type or special equipment to assist a person who is deaf or hard of hearing.

Attendant Care. Some examples of attendant care expenses can include teaching a person with disabilities how to perform day-to-day tasks independently like cleaning, bathing, doing laundry, and cooking. Attendant care can be 24-hour care, or care during sporadic periods throughout the day.

Attendant care includes the actual cost of providing an attendant to care for a disabled person either in the home or in the work place based on local standards for hourly pay or salary. Equipment may include but not be limited to providing a wheelchair (manual or electric) to allow the disabled individual the mobility to go from home to place of employment or to facilitate care in the home, ramps to provide access to and from the unit, modifications to a vehicle or special equipment to enable a blind individual to read or type, but only if this enables the disabled person or other family member to work, any other type of special equipment needed for mobility if the use thereof is demonstrated to be employment related for the disabled person or another family member.

In order to claim the deduction for the cost of unreimbursed reasonable attendant care and auxiliary apparatus expenses, the family must include a person with a disability, and the expenses must enable any member of the family (including the member who is a person with a disability) to be employed. If the unreimbursed reasonable attendant care and auxiliary apparatus expense exceeds the amount earned by the person who was enabled to work, the deduction will be capped at the amount earned by that individual.

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: -0.25"

Child-Care Expenses Deduction (24 CFR §§ 5.603 Child-Care Expenses and 5.611)

Under 24 CFR § 5.611(d), any reasonable child-care expenses necessary to enable a member of the family to be employed or to further their education are deducted from income.

Reasonable child-care expenses are defined in 24 CFR § 5.603(a) and are expenses for the care of children (including foster children if the unreimbursed child-care expenses are paid from the family's annual income and not from another source, such as a stipend from the child welfare agency), and the child is under 13 years of age, when all the following statements are true:

- The care is necessary to enable a family member to be employed or to further his or her education (e.g., work, look for work, or further their education (academic or vocational)); and
- The expense is not reimbursed by an agency or individual outside the household.

Formatted: Indent: Left: 1.38", No bullets or numbering

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 1.13" + Indent at: 1.38"

The amount deducted must not exceed the amount of employment income that is included in annual income.

Formatted: Indent: Left: 0.5"

The following standards are the criteria for allowing childcare expenses as a deduction:

Formatted: Indent: Left: 0.5", Tab stops: 1.69", Left + Not at 1.25"

- a. Childcare to work: The maximum childcare allowed would be based on the amount earned by the person enabled to work. The "person enabled to work" is the adult member of the household who earns the least amount of income from employment. The childcare deduction may not exceed the amount of income earned by the person enabled to work.
- b. Childcare for school: The CDC will compare the number of hours the family member is attending school and base the reasonableness standard on the number of hours that the family member is attending school (with the addition of one hour travel time to and from school) versus the number of hours claimed for childcare. The number of hours for which the childcare deduction is allowed shall not exceed the school and travel time
- c. Childcare to seek employment: The deduction for childcare to seek employment must not exceed the Annual Adjusted Income of the family member seeking employment. The deduction does

Formatted: Indent: Left: 1.63", No bullets or numbering

not include transportation costs, or other expenses incurred, and are limited to one year per individual.

To claim the deduction, verification from the childcare provider must include the name, address, and phone number of the company or individual childcare provider, the names of the children being cared for, the number of hours for which childcare is provided, the rate of pay, and the typical yearly amount paid (taking into account school and vacation periods).

Verification from the job seeker must include documentation from an employment service agency and/or written verifications of interviews from potential employers.

At annual certification the CDC will determine the total anticipated childcare expense for the employed family members (including increases for care need during school breaks and summer vacations for school age children) and average the amount over twelve (12) months. Should there be a significant variation from the estimated amount the family may request an interim certification adjustment.

Formatted: Indent: Left: 0.5"

—————To qualify for childcare deductions under the provision of actively seeking employment, the family member may be a participant in an official job search program or may simply demonstrate independent job search activities. In either case, in order to verify the time spent in seeking employment, the CDC will require the family to maintain a log that reflects the following:

The date and time of departure from home (including time needed to drop off children for childcare, if provided outside the home):

Formatted: Indent: Left: 0.25", Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.56", No bullets or numbering, Tab stops: 1.5", Left + Not at 0"

- The name and location of the prospective employer, unemployment office or employment agency;
- The name of the person(s) contacted and telephone number;
- The length of time for completion of the application, the interview, testing or other job search activity;
- The time the children are picked up and the time arrived at home.;
- The name, address, telephone number and social security number of the childcare provider; and

Formatted: Indent: Left: 1.5", No bullets or numbering

Formatted: Indent: Left: 1.5", No bullets or numbering

Formatted: Indent: Left: 1.5", No bullets or numbering

Formatted: Indent: Left: 1.5", No bullets or numbering

- The total amount paid for the childcare.

Formatted: Indent: Left: 1.5", No bullets or numbering

If multiple applications or interviews are held consecutively or on the same day, the above information should be provided for each prospective employer or agency. The CDC will use this information to verify the contacts and the eligibility of childcare expenses. Since job search activities may be irregular and not easily anticipated, the CDC may attempt a limited inclusion at the annual certification and conduct an interim examination after some actual expenditures have been incurred. In many instances, job search periods will be of limited duration, but in some cases the job search period may be extended, especially if the type of employment sought is limited in availability, employment opportunities of any kind are scarce or the job skills needed are unusual.

Formatted: Indent: Left: 0.5", Tab stops: 1.56", Left + Not at 0.88"

To qualify for childcare deductions under the provision of furthering education, the family member must demonstrate that they are enrolled in some accredited or approved educational or training program. While the type of educational effort may vary widely and be either full-time or part-time, evidence of regular participation will be required and verified by the CDC. Furthering education can include but is not limited to: completing high school or equivalency (GED), trade school, Community or Junior College, four-year College, technical schools, ESL or basic education classes, apprenticeship programs, certificate programs, clerical school and even independent study, if the family member must access on-line educational programs out of the home. The family member must provide and the CDC verifies information on the type of educational program, the number of units or hours of participation, the name of the educational institution or training facility. The CDC will allow childcare expense coverage to include pick-up and drop-off of children at the provider's location. The CDC will also evaluate expenses which may exceed the norm if childcare must be provided evenings, nights or week-ends for either educational or employment purposes.

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5", Tab stops: 1.19", Left + Not at 0.88"

The CDC will review the work hours or educational hours to assure that the combined employment or education hours plus pick-up/drop-off times are within a reasonable timeframe (generally determined to be no more than one hour before or after scheduled work hours or class times). Exceptions may be made for overtime, special seminars or testing, providing the CDC can verify the extended times.

Formatted: Indent: Left: 0.5", Tab stops: 1.19", Left

Childcare expenses may be divided between two households in cases of split custody. If only one custodian is an assisted family, the cost of childcare will be pro-rated based on the percentage paid by each custodial parent. The cap on eligibility for childcare expenses allowed the assisted family would still be based on the earned income limitation.

One or more family members can engage in qualifying activities for childcare purposes as long as the limitations of reasonable expenses for job search and education and expenses not exceeding earned income for employment are applied.

The deduction for childcare is not given if an agency or person outside the household reimburses the expenses.

Formatted: Indent: Left: 0.5", Line spacing: single, Widow/Orphan control, Tab stops: 0", Left + 0.5", Left + 1.19", Left + 1.63", Left + Not at 0.38" + 1.5" + 1.88" + 2.25" + 3.5" + 4" + 4.5" + 5" + 5.5" + 6" + 6.5" + 7" + 7.5" + 8" + 8.5" + 9" + 9.5" + 10" + 10.5" + 11" + 11.5" + 12" + 12.5" + 13"

Formatted: Font:

HUD has five (5) allowable deductions from annual income:

Dependent Allowance: \$490 each for family members (other than the head, spouse or co-head) who are minors (including children who are adopted), and for family members who are eighteen (18) and older who are full time students or who are disabled (foster children, foster adults, and children of live in aides are not entitled to this deduction).

2. Elderly/Disabled Allowance: \$400 per family for families whose head, spouse or co-head is 62 or over or disabled.

Formatted: Tab stops: 1.25", Left

2. Allowable Medical Expenses: Deducted for all family members of an eligible elderly/disabled family.

Formatted: Level 3, Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0" + Indent at: 0"

IRS publication 502 will be used as guidance where questions arise as to an item's eligibility. This publication provides a complete listing and description of allowable medical and dental expenses that can be included as medical deductions. Where an expense item can be treated as either a medical or a disability assistance expense the CDC will calculate the expenses both ways and give the family the greater deduction.

The CDC will advise all families at each certification/recertification that they may report any extraordinary one time nonrecurring medical or disability expense cost between annual recertification and request an interim recertification.

Allowable Disability Assistance Expenses: Deducted for attendant care or auxiliary apparatus for persons with disabilities if needed to enable the disabled person or another adult family member to work.

Formatted: Justified, Indent: Left: 1.25", Tab stops: Not at 0" + 0.75"

H.

Disability assistance expenses are those reasonable expenses that are anticipated during the period for which annual income is computed for attendant care and auxiliary apparatus for a disabled family member and that are necessary to enable a family member (including the disabled

Formatted: Indent: Left: 1.25", No bullets or numbering

Formatted: Font: Bold, No underline

Formatted: Indent: Left: 0.5"

Formatted: Font: Bold

RESOLUTION # 2072-22 (12/2022)

~~family member) to be employed. These expenses may not be paid to a member of the family nor reimbursed by an outside source.~~

~~The CDC must determine what is "reasonable" based on local conditions and costs as well as whether the expenses are directly linked to enabling the family member to work. Reasonable attendant care costs for the locality should be verified through a local social services agency which handles attendant care needs, or an Independent Living Center that assists families in matching attendants with disabled clients. In determining the reasonable cost for equipment, special apparatus or accessibility modifications, the family should provide estimates of costs for the CDCs use in evaluating what is "reasonable".~~

Formatted: Font: Bold

~~Attendant care includes the actual cost of providing an attendant to care for a disabled person either in the home or in the work place based on local standards for hourly pay or salary. Equipment may include but not be limited to providing a wheelchair (manual or electric) to allow the disabled individual the mobility to go from home to place of employment or to facilitate care in the home, ramps to provide access to and from the unit, modifications to a vehicle or special equipment to enable a blind individual to read or type, but only if this enables the disabled person or other family member to work, any other type of special equipment needed for mobility if the use thereof is demonstrated to be employment related for the disabled person or another family member. The amount allowed is limited to the amount that exceeds 3% of gross family income and does not exceed the amount earned as a result of the expense.~~

~~The CDC must be able to verify that there is a direct link between the disability assistance expenses claimed by the family and a family member (including the disabled family member) going to work. This will generally involve determining whether the employed family member was previously employed.~~

~~If more than one family member is enabled to work as a result of the incurring of disability assistance expenses, the CDC will verify the employment and combine the incomes of all working family members to establish the cap by which the expenditures are limited.~~

~~In some cases, purchased equipment, a computer with adaptation devices for the disabled individual, for example, will not be used exclusively for employment purposes. In such case, the CDC will require the family to certify as to the percentage of the time the equipment is used strictly for employment purposes and prorate the expense.~~

~~Example: A computer is purchased for the home and is used by the disabled person to perform medical billing or transcription. The disabled person certifies that 60% of the computer use is strictly related to the employment and 40% for other personal use. The cost of the computer, peripheral equipment (printer, software, etc) and special adaptive devices is verified by original invoices and receipts to be \$2,400. The CDC would allow \$1440 as the disability assistance expense deduction provided that the income from the employment use of the equipment exceeds the expense cap.~~

Formatted: Font: Bold

Formatted: Font: Bold

~~If both childcare and disability expenses are needed to enable a person to work, the CDC will use the same employment income to justify the childcare allowance and the disability assistance allowance.~~

- ~~4. Childcare Expenses: Deducted for the care of children, including foster children, under thirteen (13) years of age when childcare is necessary to allow an adult member to work, attend school, or actively seek employment.~~

Formatted: Font: Bold, No underline

Formatted: Font: Bold

Formatted: Font: Bold, No underline

Formatted: Font: Bold

~~The following standards are the criteria for allowing childcare expenses as a deduction:~~

- ~~a. Childcare to work: The maximum childcare allowed would be based on the amount earned by the person enabled to work. The "person enabled to work" is the adult member of the household who earns the least amount of income from employment. The childcare deduction may not exceed the amount of income earned by the person enabled to work.~~

Formatted: Font: Bold, No underline

Formatted: Font: Bold

Formatted: Font: Bold, No underline

Formatted: Font: Bold

- ~~b. Childcare for school: The CDC will compare the number of hours the family member is attending school and base the reasonableness standard on the number of hours that the family member is attending school (with the addition of one hour travel time to and from school) versus the number of hours claimed for childcare. The number of hours for which the childcare deduction is allowed shall not exceed the school and travel time.~~

Formatted: Font: Bold, No underline

Formatted: Font: Bold, No underline

Formatted: Font: Bold

- ~~Childcare to seek employment: The deduction for childcare to seek employment must not exceed the Annual Adjusted Income of the family member seeking employment. The deduction does not include transportation costs, or other expenses incurred, and are limited to one year per individual.~~

Formatted: Font: Bold, No underline

Formatted: Font: Bold

Formatted: Font: Bold, No underline

Formatted: Font: Bold

Formatted: Font: Bold, No underline

Formatted: Font: Bold

~~To claim the deduction, verification from the childcare provider must include the name, address, and phone number of the company or individual childcare provider, the names of the children being cared for, the number of hours for which childcare is provided, the rate of pay, and the typical yearly amount paid (taking into account school and vacation periods).~~

Formatted: Font: Bold

RESOLUTION # 2072-22 (12/2022)

~~Verification from the job seeker must include documentation from an employment service agency and/or written verifications of interviews from potential employers.~~

~~Childcare expenses must be "reasonable" and may not exceed the amount of employment income that is included in annual income. The CDC will make a determination as to what is a reasonable rate for childcare based on local conditions and rates. The CDC will obtain information from the social services agency that certifies childcare providers, day care centers, federally funded after school programs, etc., and determine a scale of reasonable costs. If it is determined that there is a significant difference between in-home care and day care center charges, the CDC will develop a separate scale for each.~~

~~If the family has school age children who require care only before and/or after school hours, the CDC will consider payment for before and/or after school activities to be a reasonable expense in lieu of individual childcare.~~

~~At annual certification the CDC will determine the total anticipated childcare expense for the employed family members (including increases for care need during school breaks and summer vacations for school age children) and average the amount over twelve (12) months. Should there be a significant variation from the estimated amount the family may request an interim certification adjustment.~~

~~If childcare is required to allow one or more family members to be employed, the amount of the childcare expense may not exceed the total of earned income received by all family members. The amount of childcare expenditure must be reasonable if the purpose of the childcare is to allow a family member to actively seek employment or to further his or her education.~~

~~To qualify for childcare deductions under the provision of actively seeking employment, the family member may be a participant in an official job search program or may simply demonstrate independent job search activities. In either case, in order to verify the time spent in seeking employment, the CDC will require the family to maintain a log that reflects the following:~~

- ~~• The date and time of departure from home (including time needed to drop off children for childcare, if provided outside the home);~~
- ~~• The name and location of the prospective employer, unemployment office or employment agency;~~

RESOLUTION # ~~2072-22~~ (12/2022)

- ~~• The name of the person(s) contacted and telephone number;~~
- ~~• The length of time for completion of the application, the interview, testing or other job search activity;~~
- ~~• The time the children are picked up and the time arrived at home;~~
- ~~• The name, address, telephone number and social security number of the childcare provider; and~~
- ~~• The total amount paid for the childcare.~~

~~— If multiple applications or interviews are held consecutively or on the same day, the above information should be provided for each prospective employer or agency. The CDC will use this information to verify the contacts and the eligibility of childcare expenses. Since job search activities may be irregular and not easily anticipated, the CDC may attempt a limited inclusion at the annual certification and conduct an interim examination after some actual expenditures have been incurred. In many instances, job search periods will be of limited duration, but in some cases the job search period may be extended, especially if the type of employment sought is limited in availability, employment opportunities of any kind are scarce or the job skills needed are unusual.~~

~~— To qualify for childcare deductions under the provision of furthering education, the family member must demonstrate that they are enrolled in some accredited or approved educational or training program. While the type of educational effort may vary widely and be either full time or part-time, evidence of regular participation will be required and verified by the CDC. Furthering education can include but is not limited to; completing high school or equivalency (GED), trade school, Community or Junior College, four-year College, technical schools, ESL or basic education classes, apprenticeship programs, certificate programs, clerical school and even independent study, if the family member must access on-line educational programs out of the home. The family member must provide and the CDC verifies information on the type of educational program, the number of units or hours of participation, the name of the educational institution or training facility. The CDC will allow childcare expense coverage to include pick up and drop off of children at the provider's location. The CDC will also evaluate expenses which may exceed the norm if childcare must be provided evenings, nights or week ends for either educational or employment purposes.~~

~~— The CDC will review the work hours or educational hours to assure that the combined employment or education hours plus pick-up/drop-off times are within a reasonable timeframe (generally determined to be no more than one hour before or after scheduled work hours or class~~

times). Exceptions may be made for overtime, special seminars or testing, providing the CDC can verify the extended times.

~~Childcare expenses may be divided between two households in cases of split custody. If only one custodian is an assisted family, the cost of childcare will be pro rated based on the percentage paid by each custodial parent. The cap on eligibility for childcare expenses allowed the assisted family would still be based on the earned income limitation.~~

Formatted: Font: Bold

~~One or more family members can engage in qualifying activities for childcare purposes as long as the limitations of reasonable expenses for job search and education and expenses not exceeding earned income for employment are applied.~~

The deduction for childcare is not given if an agency or person outside the household reimburses the expenses.

H. MINIMUM RENT

Formatted: Font: Bold

~~The minimum rent for voucher participants is set at \$0. The minimum rent for project-based project-based voucher participants is set at \$25.~~

Formatted: Indent: Left: 0.5"

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

I. PRORATED ASSISTANCE FOR "MIXED" FAMILIES

Formatted: Font: (Default) Arial

Formatted: Quick A., Left, Indent: Left: 0.5", First line: 0", Tab stops: 0.88", Left + Not at -0.75" + -0.5" + 1.13" + 1.25" + 1.63"

Formatted: Font: Not Italic

Formatted: Font: (Default) Arial, Bold

Formatted: Font: (Default) Arial, Bold

Formatted: Font: (Default) Arial, Bold

1. Applicability

Prorated assistance must be offered to any mixed applicant or participant family. A mixed family is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible members.

Formatted: Quick A., Left, Indent: Left: 0.5", Tab stops: Not at -0.75" + -0.5" + 0" + 1.25" + 1.63"

Formatted: Font: (Default) Arial

Formatted: Quick A., Left, Indent: Left: 0.5", No bullets or numbering, Tab stops: 0.88", Left + Not at -0.75" + -0.5" + 0" + 0.5" + 1.25" + 1.63"

Formatted: Font: (Default) Arial

Mixed families that were a participant on June 19, 1995 and do not qualify for continued assistance must be offered prorated assistance. Mixed family applicants are entitled to prorated assistance. Families that become mixed after June 19, 1995 by addition of an ineligible member are entitled to prorated assistance.

Formatted: Quick A., Left, Indent: Left: 0.5", Tab stops: Not at -0.75" + -0.5" + 0" + 0.5" + 1.25" + 1.63"

Formatted: Font: (Default) Arial

Formatted: Quick A., Left, Indent: Left: 0.5", Tab stops: Not at -0.75" + -0.5" + 0" + 0.5" + 1.25" + 1.63"

2. Prorated Assistance Calculation.

Prorated assistance is calculated by determining the amount of assistance payable if all family members were eligible and multiplying by the percent of the family members who actually are eligible. Total Tenant Payment is the gross rent minus the prorated assistance.

- Formatted: Font: (Default) Arial
- Formatted: Quick A., Left, Indent: Left: 0.5", No bullets or numbering, Tab stops: 0.88", Left + Not at -0.75" + -0.5" + 0" + 0.5" + 1.25" + 1.63"
- Formatted: Font: (Default) Arial
- Formatted: Quick A., Indent: Left: 0.5", Tab stops: 0.88", Left

J. RENT BURDEN

Initial Rent Burden

The Rent Burden is the family's payment to the owner/landlord plus utility allowance. This total figure should be equal to or less than forty percent (40%) of the family's monthly adjusted income.

New admissions to the Housing Choice Voucher Program and continuing program participants who move to a new unit will not be allowed to pay more than forty percent (40%) of adjusted income for rent. If the rent burden of the selected unit is over forty percent (40%), the new admission family, or participant family who is moving will be advised to seek a lower priced unit.

- Formatted: Font: Bold
- Formatted: Font: Bold
- Formatted: Tab stops: 0.69", Left + Not at 0.88"
- Formatted: Font: Italic
- Formatted: Font: (Default) Arial, Italic
- Formatted: Font: Italic
- Formatted: Font: (Default) Arial
- Formatted: Normal, Indent: Left: 0.5", Hanging: 0.38", No bullets or numbering, Tab stops: 0.69", Left + Not at 0" + 0.5" + 0.88" + 1.63"
- Formatted: Indent: Left: 0.5", Tab stops: 0.69", Left + Not at 0" + 0.5" + 0.88" + 1.25" + 1.63"
- Formatted: Indent: Left: 0.5"

3. Family Moves

If a family requests to move out of the current unit to another unit and is eligible for continued assistance, the family will be issued a Housing Choice Voucher and will be subject to the new rent calculation and to the forty percent (40%) rent burden restriction.

- Formatted: Font: Italic
- Formatted: Indent: Left: 0.5", No bullets or numbering, Tab stops: Not at 0.88"
- Formatted: Font: (Default) Arial
- Formatted: Level 3, Indent: Left: 0.5", Tab stops: Not at 0.88" + 1.25"
- Formatted: Level 3, Justified, Indent: Left: 0.5", Tab stops: -0.75", Left + -0.5", Left + 0", Left + 0.5", Left + 1.63", Left
- Formatted: Indent: Left: 0.5", Tab stops: Not at 0.88"
- Formatted: Font: Italic

3. Owner/landlord Increases in Rent

If an owner/landlord submits notice of an increase in rent for a contracted unit, and the resulting Tenant Rent exceeds forty (40) percent of the family's adjusted income, the family has the option to remain in the unit and pay the additional costs. The family may also submit a Notice to Move to the owner/landlord and request a Housing Choice Voucher to move to another unit.

- Formatted: Indent: Left: 0.5", Tab stops: Not at 0.88"

K. ZERO INCOME FAMILIES

- Formatted: Font: Bold

Families reporting no family income will be asked at application and recertification how the family pays for necessary living expenses. If it is determined that the family is receiving includable income, ~~regular monetary or non-monetary contributions and/or gifts from non-household members~~, the value of this income ~~and gifts may~~ will be annualized to estimate income.

Formatted: Indent: Left: 0.5", Tab stops: 1.13", Left + Not at 0.88"

If it is determined that the family receives no includable income, ~~income from gifts, contributions, or any other source~~, the family will be required to complete, sign, and date a statement of zero family income. Such families will be required to maintain all receipts for any expenses (e.g., food and clothing, utility bills) for the most recent three (3) months. This amount, excluding any food stamps or the CDC Utility Allowance payments, will be annualized to determine annual income. Zero income families will be reevaluated ~~every one hundred and twenty (120) calendar day~~ ninety (90) days to determine if there are any new sources of income. The reevaluation may include an inquiry to the Department of Labor.

Formatted: Tab stops: 0.38", Left + Not at 0"

1. ~~If a family reports that it does not have an income, all adult members will be required to sign a no income affidavit, and answer all questions on a zero-income questionnaire, and execute a temporary ninety (90) day recertification.~~

Formatted: Indent: Left: 0.5", Tab stops: 0.38", Left + 0.5", Left + Not at 0" + 1.31"

Formatted: Indent: Left: 0.5", Tab stops: 0.38", Left + Not at 0"

Formatted: Indent: Left: 0.5", Tab stops: 0.38", Left + 1.13", Left + Not at 0" + 0.88"

Formatted: Font: Not Bold, Not Italic

Formatted: Font: (Default) Arial

Formatted: Tab stops: 0.38", Left + Not at 0"

Formatted: Font: (Default) Arial, Not Italic

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

2. ~~Family members over the age of 18 years of age who are attending school full time may not be required to report income status every one hundred and twenty calendar days, ninety (90) days.~~

Formatted: Normal, Justified, Indent: Left: 0.5", Tab stops: -0.75", Left + -0.5", Left + 0.38", Left + 0.5", Left + 1.13", Left + 1.25", Left + 1.63", Left + Not at 0"

Formatted: Font: (Default) Arial

Formatted: Tab stops: 0.38", Left + Not at 0"

Formatted: Font: (Default) Arial

3. ~~Where outside sources are paying bills or donating household goods on a regular basis, the value of these contributions may will be included as annual income.~~

Formatted: Font: Not Italic

Formatted: Font: (Default) Arial

Formatted: Normal, Justified, Indent: Left: 0.5", First line: 0", Tab stops: -0.75", Left + -0.5", Left + 0.38", Left + 0.5", Left + 1.13", Left + 1.25", Left + 1.63", Left + Not at 2.5" + 3.5" + 4" + 4.5" + 5" + 5.5" + 6" + 6.5" + 7" + 7.5" + 8" + 8.5" + 9" + 9.5" + 10" + 10.5" + 11" + 11.5" + 12" + 12.5" + 13"

Formatted: Indent: Left: 0.5", Tab stops: 0.38", Left + 1.13", Left + Not at 0" + 0.88"

L. UTILITY ALLOWANCE AND UTILITY REIMBURSEMENT PAYMENTS

Formatted: Font: Bold

Formatted: Tab stops: 0.75", Left

Formatted: Indent: Left: 0.5", Tab stops: Not at 0.88"

The utility allowance is intended to cover the cost of utilities not included in the rent. The allowance is based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. Allowances are not based on the family's actual energy consumption. Changes in the allowance will be effective as determined by the Board of Commissioners.

The CDC's Utility Allowance Schedule is set up according to bedroom size and building type. The family will be given the form HUD-52667 with the adopted utility allowances for the area in which the subsidy is issued. The utility allowance schedule will include the allowances for all services for each type unit by bedroom size. When searching for a suitable unit, the family will be able to select the appropriate allowance and calculate the total utility allowance according to the unit selected and the utilities the family will be responsible for paying.

1. Utility Reimbursement Payments

Where families provide their own range and refrigerator, the CDC will provide an allowance for the range and refrigerator. Allowances for water, sewer and trash services are averaged the same as other utilities. Where the Utility Allowance exceeds the family's Total Tenant Payment, the CDC will provide a Utility Reimbursement Payment for the family each month. The check will be made out directly to the tenant and/or utility company of the tenant's choice.

2. Utility Allowance Survey

The CDC will review the utility allowance schedule annually. If the review finds a utility rate has changed by ten percent (10%) or more since the last revision of the utility allowance schedule, the schedule will be revised to reflect the new rate. Revised utility allowances will be applied in a participant family's rent calculation at their next reexamination.

M. TOTAL TENANT PAYMENT EXCEEDS GROSS RENT/ZERO HAP ASSISTANCE

Formatted: Font: Bold

Families whose Total Tenant Payment exceeds the Gross Rent of the occupied

Formatted: Indent: Left: 0.5", Tab stops: 1.38", Left + Not at 0.88"

unit may remain on the CDC's Housing Choice Voucher program for six (6) months from the effective date of the zero assistance. This will not be considered a break in continued assistance. The family may remain in the same unit and pay rent for six (6) months before being removed from the program. If the family's income decreases or the unit rent increases within the six (6)-month period, the family will be reinstated into the program without applying to the waiting list.

The family may request to move to another unit by giving the CDC and the owner/landlord a thirty (30)-day written notice to vacate. The family must pay the rent during the thirty (30)-day period. The CDC will issue the family a Voucher to move at the end of the notice period. If the family moves from the current unit within the six (6)-month period without giving proper written notice, that is a violation of the lease as well as family obligations, a Voucher will not be issued and the family will be terminated from the program. If assistance is terminated, for violation of family obligations, the family is ineligible for rental assistance for up to three (3) years from the date of termination.

~~3. Utility Allowance Survey~~

~~The CDC will review the utility allowance schedule annually. If the review finds a utility rate has changed by ten percent (10%) or more since the last revision of the utility allowance schedule, the schedule will be revised to reflect the new rate. Revised utility allowances will be applied in a participant family's rent calculation at their next reexamination.~~

N. HARDSHIP EXEMPTIONS

HARDSHIP EXEMPTIONS – Family Notification~~FAMILY NOTIFICATION~~

CDC will promptly notify families in writing of the change in the determination of adjusted income and the family's rent resulting from the application of any hardship exemption. The written notice must also inform the family of the dates that the hardship exemption will begin and expire and the requirement for the family to report to CDC if the circumstances that made the family eligible for relief are no longer applicable.

The notice must also state that the family's adjusted income and tenant rent will be recalculated upon expiration of the hardship exemption. CDC must provide families 30 days' notice of any increase in rent.

Family Notification of Hardship Exemption Denial

CDC will promptly notify families in writing if they are denied for any hardship exemption. The notification must specifically state the reason for the denial.

Formatted: Indent: Left: 0.5"

Formatted: Font: 12 pt

Family Notification of Hardship Exemption Termination

CDC must notify the family if the hardship exemption is no longer necessary and will be terminated because the circumstances that made the family eligible for the exemption are no longer applicable. The notice must state the termination date and provide 30 days' notice of rent increase, if applicable.

Hardship Exemptions for Health and Medical Care Expenses and Reasonable

Attendant Care and Auxiliary Apparatus Expenses (24 CFR §§ 5.611(c)(1); 5.611(c)(1)(D); and 5.611(c)(2))

The threshold to deduct health and medical care expenses and reasonable attendant care and auxiliary apparatus expenses has been increased from an excess of 3 percent to an excess of 10 percent of annual income. Concurrently with this increase, the regulations provide financial hardship exemptions for unreimbursed health and medical care expenses, and for reasonable attendant care and auxiliary apparatus expenses for eligible families.

A family will benefit from this hardship exemption only if the family has eligible expenses that can be deducted in excess of 5 percent of annual income.

In order to claim unreimbursed health and medical care expenses, the family must have a head, co-head, or spouse that is elderly or a person with a disability.

In order to claim unreimbursed reasonable attendant care and auxiliary apparatus expenses, the family must include a person with a disability, and the expenses must enable any member of the family (including the member who is a person with a disability) to be employed.

To initiate, or conclude a hardship exemption only, CDC will process and submit a non-interim reexamination transaction.

Families may be eligible for relief under one of two categories: phased-in relief or general relief, as defined below.

CDC automatically implements phased in relief for eligible family's families. A family receiving phased-in relief may request to receive general hardship relief instead; once a family chooses to obtain general relief, a family may no longer receive the phased-in relief. Below defines the phased-in relief and general relief hardship exemptions.

Formatted: Indent: Left: 0.5"

RESOLUTION # 2072-22 (12/2022)

Phased-in Relief – Hardship Exemption

This section describes the phased-in relief for families affected by the statutory increase in the threshold to receive unreimbursed health and medical care and reasonable attendant care and auxiliary apparatus expense deductions from annual income.

All families who received a deduction for unreimbursed health and medical care and/or reasonable attendant care or auxiliary apparatus expenses based on their most recent income review prior to the HOTMA effective date, will begin receiving the 24-month phased-in relief at their next annual reexamination or interim reexamination, whichever occurs first after the date on which the PHA/MFH

Owner implements the phased-in relief. Families who receive phased-in relief will have eligible expenses deducted that exceed 5 percent of annual income for 12 months. Twelve months after the 5 percent phase-in began, families will have eligible expenses deducted that exceed 7.5 percent of annual income for the immediately following 12 months. After the family has completed the 24 months phase-in at the lower thresholds, as described above, the family will remain at the 10 percent threshold, unless the family qualifies for relief under the general hardship relief provision.

When an eligible family's phased-in relief begins at an interim reexamination, the PHA/MFH Owner will need to process another transaction one year later to move the family along to the next phase. The transaction can be either an interim reexamination if triggered, or a non-interim reexamination transaction. The following table demonstrates when the phased-in relief will begin and increase every 12 months during the 24-month phase-in period.

General Relief – Hardship Exemption

This section describes when a family is eligible for general relief related to the health and medical care expense and reasonable attendant care and auxiliary apparatus expense deduction.

To receive general relief, a family must demonstrate that the family's unreimbursed health and medical care expenses or unreimbursed reasonable attendant care and auxiliary apparatus expenses increased, or the family's financial hardship is a result of a change in circumstances that would not otherwise trigger an interim reexamination.

Relief is available regardless of whether the family previously received an unreimbursed health and medical care expense deduction, unreimbursed

RESOLUTION # 2072 22 (12/2022)

reasonable attendant care and auxiliary apparatus expense deduction, are currently receiving phased-in hardship relief, or were previously eligible for either this general relief or the phased-in relief.

General relief hardship exemptions must be requested by the family in writing and submitted to CDC. The family will qualify for a general relief hardship exemption if the following situations apply:

- The family is awaiting an eligibility determination for a federal, state, or local assistance program, such as a determination for unemployment compensation or disability benefits;
- The family's income decreased because of a loss of employment, death of a family member, or due to a natural or federal/state declared disaster.

If CDC determines that a family is eligible for general relief, the family will receive a deduction for the sum of the eligible expenses that exceed 5 percent of annual income. The family's hardship relief ends when the circumstances that made the family eligible for the relief are no longer applicable or after 90 days, whichever comes earlier.

No extensions for hardship exemptions are permissible and the family may only receive one hardship exemptions per circumstance that triggered the hardship exemption.

CDC must not conduct an interim reexamination to add, remove a hardship exemption, unless another change experienced by the family triggers an interim reexamination. Instead, the CDC will process and submit a non-interim reexamination transaction.

Example One:

Mr. Beck's annual reexamination is due on August 1, 2024. In his last reexamination, he did not have any unreimbursed health and medical expenses and/or auxiliary and attendant care expenses. However, Mr. Beck has since been in a car accident, and he has increased eligible health and medical expenses equal to 6 percent of his annual income. On February 15, 2024, Mr. Beck asks the CDC for a hardship exemption to allow him to receive a health and medical care expense deduction, which will help him cover his rent.

CDC determines that the family is eligible for general relief and an interim reexamination would not have otherwise been triggered. CDC processes a non-interim change that applies a health and medical expense deduction for the eligible expenses that exceed 5 percent of annual income for 90 days.

Child-Care Expenses Deduction and Hardship Exemption to Continue Child-Care Expenses Deduction (24 CFR §§ 5.603 Child-Care Expenses and 5.611)

Formatted: Indent: Left: 0.5"

Under 24 CFR § 5.611(d), any reasonable child-care expenses necessary to enable a member of the family to be employed or to further their education are deducted from income.

Reasonable child-care expenses are defined in 24 CFR § 5.603(a) and are expenses for the care of children (including foster children if the unreimbursed child-care expenses are paid from the family's annual income and not from another source, such as a stipend from the child welfare agency), and the child is under 13 years of age, when all the following statements are true:

Formatted: Indent: Left: 0.5"

- The care is necessary to enable a family member to be employed or to further his or her education (e.g., work, look for work, or further their education (academic or vocational)); and
- °
- °
- ° The expense is not reimbursed by an agency or individual outside the household.

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

The amount deducted must not exceed the amount of employment income that is included in annual income.

Formatted: Indent: Left: 0.5"

Hardship Exemption to Continue Child-Care Expense Deduction

A family whose eligibility for the child-care expense deduction is ending may receive a hardship exemption to continue receiving a child-care expense -deductions in certain circumstances:

Formatted: Indent: Left: 0.5"

- when the family no longer has a member that is working, looking for
- work, or seeking to further their education, and
- °
- ° the deduction is necessary because the family is unable to pay their rent.

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Indent: Left: 0.5"

When a family requests a hardship exemption to continue receiving a child-care expense deduction that is ending, CDC must recalculate the family's adjusted income and continue the child-care deduction if the family demonstrates to CDCs satisfaction that the family is unable to pay their rent.

CDC will consider the following factors when determining if the family is unable to pay rent:

- Utility allowance and applicable expenses (child-care expenses and health and medical expenses) is more than 45 percent of the family's adjusted income, or

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

°

- ° Obtain documentation verifying whether the family has experienced unanticipated expenses, such as large medical bills, that have affected their ability to pay their rent, and these expenses are anticipated to continue for more than a 30-day period.

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

The hardship exemption and the resulting alternative adjusted income calculation will remain in place for a period of up to 90 days. If the circumstances that made the family eligible for the hardship exemption are no longer applicable the family must report that change to CDC within ten calendar days, and CDC will remove the hardship exemption the first of the following month. No extensions to this hardship exemption are applicable.

Formatted: Indent: Left: 0.5"

To initiate or conclude a hardship exemption, CDC will submit a non-interim transaction code on form HUD-50058, unless there is an accompanying event that triggers an interim reexamination.

O. ASSET LIMITATIONS AT ADMISSION

Formatted: Indent: Left: 0.5"

Regulations: 24 CFR §§ 5.100 (real property); 5.603; and 5.618

Formatted: Font: 12 pt

Applicable Programs: PBV, HCV, VASH, EHV, FUP, MS

CDC must deny admission of an applicant if they are determined to not meet the requirements of the two asset limitations identified below.

Formatted: Indent: Left: 0.5"

1. Asset Limitation: Net Family Assets that Exceed \$100,000.

Formatted: Font: 12 pt

Formatted: Indent: Left: 0.5"

Inflationary Adjustments: HUD will adjust the \$100,000 asset limitation annually in accordance with the Consumer Price Index-Urban Wage Earners and Clerical Workers.

If the net family assets exceed \$100,000 (adjusted annually for inflation) the family is not eligible to receive rental assistance at admission. The definition of net family assets can be found under Assets in this chapter of the administrative plan.

2. Asset Limitation: Real Property that is Suitable for Occupancy

Formatted: Font: 12 pt

Real property means "real property as provided under the State law in which the property is located." Families are not eligible for assistance at admission if they have:

Formatted: Indent: Left: 0.5"

—present ownership interest in the real property, and

o

Formatted: Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at:

—a legal right to reside in the real property, and

o

Formatted: Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at:

o have the legal authority to sell a property (based on laws of the state or locality in which the property is located) that is suitable for occupancy by the family as a residence.

Legal Right to Reside in the Real Property: The real property restriction applies only when the family has the legal right to reside in the real property. Whether a family has the legal right to reside in a property may be dependent on state and local law. The family may own real property that legally they may not reside in. For example, the family may own a commercial property, such as a convenience store or other retail establishment, which cannot be occupied as a

Formatted: Indent: Left: 0.5", Tab stops: 0.5", Left

place of residence by the family. Families who claim they lack the legal right to reside in the real property must provide evidence to support their claim(s). What constitutes sufficient evidence will vary by circumstance.

Formatted: Tab stops: 0.5", Left

Legal Authority to Sell the Real Property: The real property restriction applies only when the family has the legal authority to sell the real property, based on the laws of the state or locality in which the property is located. There may be multiple reasons why a family does not have such legal authority. For example, when families are contesting ownership of a property in court, or an individual is in divorce proceedings, they may be unable to sell the property until the completion of those proceedings. Someone who owns heirs' property may not have the authority to sell until others' claims to fractional ownership have been settled. Families who claim they lack the legal authority to sell the real property must provide evidence to support their claim(s). What constitutes sufficient evidence will vary by circumstance. For example, a divorce pleading or complaint may demonstrate that there are actual divorce proceedings occurring

Formatted: Indent: Left: 0.5", Tab stops: 0.5", Left

Suitability of Real Property for Occupancy: A property will be considered suitable for occupancy unless the family demonstrates that the real property meets one of the following five conditions (24 CFR § 5.618(a)(2)):

Formatted: Indent: Left: 0.5", Tab stops: 0.5", Left

- The property is not capable of meeting the disability-related needs of all members of the family (e.g., does not meet physical accessibility requirements, family has disability-related need for additional bedrooms, family needs proximity to accessible transportation). Documentary requirements to establish disability-related needs must comply with applicable fair housing and civil rights requirements.

Formatted: Indent: Left: 0.56"

- The property is not sufficient for the size of the family. CDC's occupancy standards may be used for such a determination.

Formatted: Font: Italic

Formatted: Indent: Left: 1", No bullets or numbering

Formatted: Font: Italic

Formatted: Indent: Left: 1", No bullets or numbering, Tab stops: 0.5", Left

- The property is geographically located so that it creates a hardship for the family (e.g., the distance or commuting time between the property and the family's place of work or school would place a hardship on the family, as determined by the CDC. Distance or commute time to school/work are illustrative, but not exhaustive, examples of geographic hardships). The general parameters to determine whether the location of real property constitutes a geographic hardship will be if the commute time to a

Formatted: Font: Italic

Formatted: Indent: Left: 1", No bullets or numbering

Formatted: Font: Italic

Formatted: Indent: Left: 1", No bullets or numbering, Tab stops: 0.5", Left

household members place of work or school is greater than one hour. CDC may and will also consider the specific circumstances of the family, including information provided by the family, in making a determination.

Formatted: Font: Italic

← The property is not safe to reside in because of its physical condition (e.g., the property's physical condition poses a risk to the family's health and safety and the condition of the property cannot be easily remedied). Unsafe property conditions could include external circumstances or environmental factors outside the control of the family. The property may be deemed not suitable for occupancy if the alterations that would be needed to make it safe to live in are cost prohibitive.

Formatted: Indent: Left: 1", No bullets or numbering, Tab stops: 0.5", Left

• The family does not have the legal right to reside in the property.

Formatted: Font: Italic

Formatted: Indent: Left: 1", No bullets or numbering

Formatted: Indent: Left: 1", No bullets or numbering, Tab stops: 0.5", Left

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1", Tab stops: 0.5", Left

Exemptions from Real Property: The real property restriction at admission does not apply to the following:

• Any property for which the family is receiving assistance under 24 CFR § 982.620 (i.e., a manufactured home owned by a family who receives assistance to lease the space or lot in which it is located).

Formatted: Indent: Left: 0.5"

• Any property jointly owned by a family member and another individual who does not live with the family but who resides at the jointly owned property. See 24 CFR § 5.618(a)(1)(ii)(B).

Formatted: Indent: Left: 1", No bullets or numbering

← Any property owned by a family that includes a person who is a victim of domestic violence, dating violence, sexual assault, or stalking, as those terms are defined in 24 CFR Part 5 (Subpart L). For example, if the victim is a minor, the real property limitation does not apply to any property owned by the victim's parent or guardian. When a family requests an exemption from the real property limitation on this basis, CDC must accept self-certification and follow the confidentiality and documentation-request requirements established at 24 CFR § 5.2007. See 24 CFR § 5.618(a)(1)(ii)(C).

Formatted: Indent: Left: 1", No bullets or numbering

Formatted: Indent: Left: 1", No bullets or numbering

- Any property that the family is offering for sale. Documentary evidence of the sales process could include, for example, a contract with a real estate agent or a current real estate listing. See 24 CFR § 5.618(a)(1)(ii)(D).

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Self-Certifications for Real Property: In determining whether the family owns real property that would make them out of compliance, CDC will rely upon a self-certification (at the time of admission) from the family.

Formatted: Indent: Left: 0.5"

The self-certification form will include certification to the following:

- certification the family has present ownership interest in the property, and
- also inquire about the family's legal right to reside in the property, and
- the effective legal authority to sell any real property that is suitable for occupancy by the family.

Formatted: Indent: Left: 1", No bullets or numbering

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Indent: Left: 1", No bullets or numbering

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

If the family certifies they do not have any present ownership interest in the real property, CDC will accept the self-certification as sufficient documentation to determine the family is not out of compliance with the real property restriction.

Formatted: Indent: Left: 0.5"

However, if the family owns real property, CDC must seek third party verification of:

Formatted: Indent: Left: 0.5"

the family's legal right to reside in the property.

Formatted: Indent: Left: 1", No bullets or numbering

the effective legal authority to sell the property, and

Formatted: Indent: Left: 1", No bullets or numbering

whether the property is suitable for occupancy by the family as a residence.

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Note: Ownership of real property is relevant to the asset limitation in two distinct ways: 1) if the family has an ownership interest in real property, that interest may cause the family's net family assets to exceed \$100,000 (adjusted for inflation), in which case the family is out of compliance and not eligible for rental assistance; and

Formatted: Indent: Left: 0.5"

2) if the family has a present ownership interest in, a legal right to reside in, and the effective legal authority to sell a property that is suitable for occupancy by the family as a residence, then the family is out of compliance.

There are several exemptions to the real property restriction at § 5.618(a)(1)(ii), which identify when a real property ownership interest does not by itself render the family out of compliance with the asset limitation. However, those exemptions do not indicate that such real property is excluded from the calculation of net family assets. Unless the real property is specifically excluded from net family assets in the definition under § 5.603, it may be included in net family assets. If the value of that real property brings the net family assets above \$100,000 (as adjusted for inflation), the family will be out of compliance.

Compliance at Admission

Ownership of net family assets that exceed \$100,000 (as adjusted) or ownership of disqualifying real property require denial of assistance at admission. CDC does not have the discretion to not enforce or provide limited enforcement of the asset limitation at admission.

Formatted: Font: 12 pt
Formatted: Indent: Left: 0.5", Space After: 0 pt

Note: Families residing in units converting to Section 8 PBRA or PBV through the Rental Assistance Demonstration (RAD) may not be rescreened upon conversion pursuant to the RAD statute; therefore, RAD families converting to PBRA or PBV are not subject to the asset limitation provision at conversion. Instead, families residing in units converting under the First or Second Component of RAD to PBRA (including units originally assisted under the Section 202/811 PRAC program) or PBV will be subject to the PHA/MFH Owner's discretionary asset limitation policies at their next annual or interim reexamination after conversion, whichever is sooner.

Formatted: Indent: Left: 0.5", Space After: 0 pt
Formatted: Indent: Left: 0.5"

CDCs Discretion at Annual and Interim Reexamination & Non-Enforcement Policy

CDC has the discretion with respect to the enforcement of the asset limitation at annual and interim reexamination. CDC has adopted a written policy of total non-enforcement, as described below.

Formatted: Font: 12 pt

Total Non-Enforcement Policy: CDC has chosen not to enforce the asset limitation for all families receiving rental assistance at reexamination. This means CDC will not initiate termination or eviction proceedings for families for non-compliance with the asset limitation. CDC will allow families who would otherwise fail to comply with the asset limitation to continue renting their units

and receive assistance. CDC will apply the non-enforcement policy the same for all families within the program.

CDC will still calculate the net family assets in the manner required by § 5.603, as part of the process of calculating annual income in accordance with § 5.609. In the course of calculating net family assets, CDC will determine whether the family owns real property that must be included in net family assets. However, because of this non-enforcement policy, CDC is not required to obtain and verify additional information about owned real property strictly to determine whether it qualifies for an exemption under § 5.618 (e.g., whether owned real property is suitable for occupancy). For example, if CDC finds a family owns real property, that real property would need to be included in the calculation of net family assets unless it is specifically excluded by § 5.603, but the CDC would not need to inquire whether it was suitable for occupancy.

P. ASSETS

Regulations: 24 CFR §§ 5.100 (real property); 5.603; and 5.618

Applicable Programs: PBV, HCV, VASH, EHV, FUP, MS, PSH

Formatted: Font: 12 pt

Determining Net Family Assets (24 CFR §§ 5.100 and 5.603)

Net family assets are defined as the net cash value of all assets owned by the family, after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of investment, unless the asset is excluded as defined below under Exclusions from Net Family Assets.

Formatted: Indent: Left: 0.5", Space After: 0 pt

Formatted: Font: 12 pt

Formatted: Indent: Left: 0.5"

Assets with Negative Equity-

The cash value of real property or other assets with negative equity would be considered \$0 for the purposes of calculating net family assets.

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Indent: Left: 0.5"

Negative equity in real property or other investments does not prohibit the family from selling the property or other investments, so negative equity alone would not justify excluding the property or other investments from family assets.

Assets disposed of for Less than Fair Market Value-

In determining the value of net family assets, CDC must include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Indent: Left: 0.5"

years preceding the date of application for the program or reexamination, in excess of the consideration received.

For example, if a family gave away a home with a net value of \$80,000, the value of the home must be included in the calculation of net family assets for two years following the transfer of property.

If a family sold a home for less than fair market value, the difference between the value and the amount for which they sold it would be included in net family assets for two years following the transfer of property.

For example, if a family sold a property with a fair market value of \$80,000 to a friend for \$20,000, then the difference in value (\$60,000) minus the cost to dispose of the property (\$10,000), which is in this example totals \$50,000, would be counted in net family assets for two years from the date of the property's transfer to the other party.

An asset moved to a retirement account held by a member of the family is not considered to be an asset disposed of for less than fair market value. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered less than fair market value if the applicant or tenant receives consideration not measurable in dollar terms.

A disposition in trust is when the family creates a trust for the benefit of someone outside of the assisted family. It would not be considered an asset disposed of for less than fair market value if the family establishes a nonrevocable trust for the benefit of someone in the assisted family.

Asset Owned by a Business Entity:

If a business entity (e.g., limited liability company or limited partnership) owns the asset, then the family's asset is their ownership stake in the business, not some portion of the business's assets.

However, if the family holds the assets in their own name (e.g., they own one-third of a restaurant) rather than in the name of a business entity, then the percentage value of the asset owned by the family is what is counted toward net family assets (e.g., one-third of the value of the restaurant).

Jointly Owned Assets:

For assets jointly owned by the family and one or more

- Formatted: Font: Not Italic
- Formatted: Font: Not Italic
- Formatted: Font: Not Italic
- Formatted: Font: Not Italic
- Formatted: Font: Bold
- Formatted: Indent: Left: 0.5"

- Formatted: Indent: Left: 0.5"

individuals outside of the assisted family, CDC must include the total value of the asset in the calculation of net family assets, unless the asset is otherwise excluded (see below under exclusions), or unless the assisted family can demonstrate that the asset is inaccessible to them, or that they cannot dispose of any portion of the asset without the consent of another owner who refuses to comply.

If the family demonstrates that they can only access a portion of an asset, then only that portion's value shall be included in the calculation of net family assets for the family.

Likewise, any income from a jointly owned asset must be included in annual income, unless that income is specifically excluded, or unless the family demonstrates that they do not have access to the income from that asset, or that they only have access to a portion of the income from that asset.

If an individual is a beneficiary who is entitled to access the account's funds only upon the death of the account's owner, and may not otherwise withdraw funds from an account, then the account is not an asset to the assisted family, and the family should provide proper documentation demonstrating that they are only a beneficiary on the account.

Exclusions from Net Family Assets (24 CFR § 5.603(b)(3)-(b)(4))

Formatted: Font: 12 pt

Required exclusions from net family assets include the following:

— The value of necessary items of personal property (see below under Necessary and Non-Necessary personal property)

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

o The value of all non-necessary items of personal property with a total combined value of \$50,000 or less, annually adjusted for inflation (See below under Necessary and Non-Necessary Personal Property)

Formatted: Indent: Left: 0.5"

— The value of any account under a retirement plan recognized as such by the

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Internal Revenue Service, including Individual Retirement Accounts (IRAs),

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

employer retirement plans (e.g., 401(k), 403(b)), and retirement plans for self-

employed individuals.

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

o

2. The value of real property that the family does not have the effective legal authority to sell in the jurisdiction in which the property is located.

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Examples

Formatted: Indent: Left: 1"

_____of this include but are not limited to: co-ownership situations (including _____situations where one owner is a victim of domestic violence), where one party

_____cannot unilaterally sell the real property: property that is tied up in litigation:

_____inherited property in dispute. When determining whether to exclude real property from assets CDC must seek third party verification confirming the family does not _____have the effective legal authority to sell the property. If third party verification is -unobtainable CDC verify this information in accordance with the verification -hierarchy.

—Any amounts recovered in any civil action or settlement based on a claim of

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

_____malpractice, negligence, or other breach of duty owed to a family member

Formatted: Space After: 8 pt, Don't add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

_____arising out of law that resulted in a member of the family being a person with

• _____disabilities.

• _____The value of any Coverdell education savings account under section 530 of

Formatted: Space After: 8 pt, Don't add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

_____the Internal Revenue Code of 1986: the value of any qualified tuition program

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

_____under section 529 of such Code: and the amounts in, -contributions to, and

Formatted: Space After: 8 pt, Don't add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

_____distributions from any Achieving a Better Life -Experience (ABLE) account

• _____authorized under section 529A of such code.

—The value of any "baby bond" account created, authorized, or funded by the

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

_____federal, state, or local government (money held in trust by the government for

Formatted: Space After: 8 pt, Don't add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

• _____children until they are adults).

• _____Interests in Indian trust land.

Formatted: Space After: 8 pt, Don't add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

• _____Equity in a manufactured home where the family receives assistance under 24

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

_____CFR Part 982.

_____Equity in property under the Homeownership Option for which a familyy
_____receivesfamily receives assistance under 24 CFR Part 982.

- o _____ Family Self-Sufficiency accounts.
- _____Federal tax refunds or refundable tax credits for a period of 12 months
after
- o _____receipt by the family. (See below, under Federal Tax Refunds or
Refundable Tax _____Credits)
- o The full amount of assets held in an irrevocable trust. (See below, under
Trusts)
- o The full amount of assets held in a revocable trust where a member of the
family is the beneficiary, but the grantor/owner and trustee of the trust is

not a

_____member of the participant family or household. (See below, under
_____Trusts)

Necessary and Non-Necessary Personal Property (24 CFR § 5.603)

Necessary personal property is excluded from net family assets. Non-
necessary personal property with a combined value greater than \$50,000, as
adjusted by inflation, is considered part of net family assets.

When the combined value of all non-necessary personal property does not
exceed \$50,000, as adjusted by inflation, all non-necessary personal property is
excluded from net family assets.

All assets are categorized as either real property (e.g., land, a home) or personal
property. Personal property includes tangible items, like boats, as well as
intangible items, like bank accounts. For example, a family could have non-
necessary personal property with a combined value that does not exceed
\$50,000
but also own real property such as a parcel of land. Even though the non-
necessary personal property would be excluded from net family assets, the real
property would be included in net family assets regardless of its value unless the
real property meets a different exclusion under 24 CFR § 5.603.

Necessary personal property are items essential to the family for the
maintenance,
use, and occupancy of the premises as a home; or they are necessary for

Formatted: Space After: 8 pt, Don't add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Space After: 8 pt, Don't add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Space After: 8 pt, Don't add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Indent: Left: 0.5"

Formatted: Font: 12 pt

Formatted: Indent: Left: 0.5"

RESOLUTION # 2072-22 (12/2022)

employment, education, or health and wellness.

Necessary personal property includes more than merely items that are indispensable to the bare existence of the family. It may include personal effects (such as items that are ordinarily worn or utilized by the individual), items that are convenient or useful to a reasonable existence, and items that support and facilitate daily life within the family's home.

Necessary personal property also includes items that assist a household member with a disability, including any items related to disability-related needs, or that may be required for a reasonable accommodation for a person with a disability.

Necessary personal property does not include bank accounts, other financial investments, or luxury items.

Determining what is a necessary item of personal property is a highly fact-specific determination, and therefore it is incumbent that CDC gather enough facts to qualify whether an asset is necessary or non-necessary personal property.

Items of personal property that do not qualify as necessary personal property will be classified as non-necessary personal property.

The following table lists examples of necessary and non-necessary personal property. This is not an exhaustive list.

| NECESSARY PERSONAL PROPERTY | NON-NECESSARY PERSONAL PROPERTY |
|---|--|
| <ul style="list-style-type: none"> ◦ <u>Cars/vehicles that a family relies on for transportation for personal or business use (e.g., bike, motorcycle, skateboard, scooter)</u> ◦ <u>Furniture, carpets, linens, kitchenware</u> ◦ <u>Common appliances</u> ◦ <u>Common electronics (e.g., radio, televisions, DVD player, gaming systems).</u> ◦ <u>Clothing</u> ◦ <u>Personal effects that are not luxury items (e.g., toys, books)</u> ◦ <u>Wedding and engagement rings</u> ◦ <u>Jewelry used in religious/cultural celebrations and ceremonies</u> ◦ <u>Religious and cultural items</u> ◦ <u>Medical equipment and supplies</u> | <ul style="list-style-type: none"> ◦ <u>Recreational car/vehicle not needed for day to day transportation (campers, motorhomes, travel trailers, all-terrain vehicles (ATVs))</u> ◦ <u>Bank accounts or other financial investments (e.g., checking account, savings account, stocks/bonds)</u> ◦ <u>Recreational boat/watercraft</u> ◦ <u>Expensive jewelry without religious or cultural value, or which does not hold family significance.</u> ◦ <u>Collectibles (e.g., coins/stamps)</u> ◦ <u>Equipment/machinery that is not used to generate income for a business</u> ◦ <u>Items such as gems/precious metals, antique cars, artwork, etc.</u> |

- Health care-related supplies
- Musical instruments used by the family
- Personal computers, phones, tables, and related equipment
- Professional tools of trade of the family, for example professional books.
- Educational materials and equipment used by the family, including equipment to accommodate persons with disabilities
- Equipment used for exercising.

Formatted: Indent: Left: 0.5"

Example One: Necessary and Non-Necessary Personal Property

Formatted: Indent: Left: 0.5"

The Cross family owns three items of personal property. The family has a checking account valued at \$5,000, a \$15,000 recreational boat, and Ms. Cross's \$3,000 engagement ring.

The checking account and recreational boat are both considered non-necessary personal property. They are worth a combined total of \$20,000. The engagement ring is considered necessary personal property, because it is jewelry used in a religious/cultural celebration or ceremony.

Since the total value of non-necessary personal property is less than \$50,000, the family's non-necessary personal property will not be considered when determining the Cross family's net family assets.

Formatted: Indent: Left: 0.5"

Cross Family's Personal Property

| <u>Item</u> | <u>Estimated Value</u> | <u>Type</u> | <u>Amount to be considered as non-necessary personal property</u> |
|---------------------------------------|------------------------|---------------|---|
| Checking Account | \$5,000 | Non-Necessary | \$5,000 |
| Engagement Ring | \$3,000 | Necessary | \$0 |
| Recreational Boat | \$15,000 | Non-Necessary | \$15,000 |
| Total Non-Necessary Personal Property | | | \$20,000 |

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5"

Formatted: Space After: 0 pt

RESOLUTION # 2472-22 (12/2022)

Since the total value of non-necessary personal property is less than \$50,000, the family's non-necessary personal property will not be considered when calculating the Cross family's net family assets.

| Asset | Total to be Considered in Net Family Assets |
|---------------------------------|---|
| Non-necessary Personal Property | \$0 |
| Real Property | \$0 |
| Total: | \$0 |

The Cross Family's total net family assets are \$0. This example is just to determine the Net Family Assets. Any income earned from the assets is included as income.

Trusts (24 CFR §§ 5.603 and 5.609)

Whether the value of a trust counts as a net family asset and whether distributions from the trust count as annual income to the family depends on the following three factors:

- Whether the trust is under the control of the family:
 -
- Whether distributions are made from the trust's principal; and
 -
- The purpose of the distribution, if the distribution is made from income earned
 - -on the trust's principal.

Trusts as Net Family Assets: The value of irrevocable trusts and revocable trusts that are not under the control of the family are both excluded from net family assets.

The distinguishing feature of a revocable trust is that the grantor can terminate and/or amend the trust at any time for any reason before his or her death. In circumstances when a member of the assisted family is the beneficiary of a revocable trust, but the grantor is not a member of the assisted family, the beneficiary does not "own" the revocable trust, and the value of the trust is excluded from net family assets.

Formatted: Indent: Left: 0.5", Space After: 0 pt

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5"

Formatted: Space After: 0 pt

Formatted: Indent: Left: 0.5", Space After: 0 pt

Formatted: Indent: Left: 0.5"

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, 12 pt

Formatted: Font: 12 pt

Formatted: Indent: Left: 0.94", Space After: 0 pt, Add space between paragraphs of the same style, No bullets or numbering

Formatted: Indent: Left: 0.94", Space After: 0 pt, Add space between paragraphs of the same style, No bullets or numbering

Formatted: Indent: Left: 0.69", Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Indent: Left: 0.5"

For the revocable trust to be considered excluded from net family assets, no family or household member may be the account's trustee. A revocable trust that is under the control of the family or household (e.g., the grantor is a member of the assisted family or household) is included in net family assets, and, therefore, income earned on the trust is included in the family's income from assets.

This also means that CDC will calculate imputed income on the revocable trust if net family assets are more than \$50,000, as adjusted by inflation, and actual income from the trust cannot be calculated (e.g., if the trust is comprised of farmland that is not in use).

Actual Income from a Trust: If the CDC determines that the revocable trust is included in the calculation of net family assets, then the actual income earned by the revocable trust is also included in the family's income.

Where an irrevocable trust is excluded from net family assets, the CDC will not consider actual income earned by the trust (e.g., interest earned, rental income if property is held in the trust) for so long as the income from the trust is not distributed

Trust Distributions and Annual Income

- Revocable trust considered part of net family assets: If the value of the trust is considered part of the family's net assets, then distributions from the trust are not considered income to the family.

- Revocable or irrevocable trust not considered part of net family assets: If the value of the trust is not considered part of the family's net assets, then distributions from the trust are treated as follows:

?

All distributions from the trust's principal are excluded from

_____income.

-Distributions of income earned by the trust (i.e., interest, _____dividends, realized gains, or other earnings on the trust's principal), are _____included as income unless the distribution is used to pay for the health _____and medical expenses for a minor.

Formatted: Indent: Left: 0.94", No bullets or numbering

Formatted: Indent: Left: 0.69"

Formatted: Indent: Left: 0.94"

Formatted: Indent: Left: 0.94", No bullets or numbering

Formatted: Indent: Left: 0.94", Space After: 8 pt, Don't add space between paragraphs of the same style

Formatted: Indent: Left: 0.94", No bullets or numbering

Formatted: Indent: Left: 0.94", Space After: 8 pt, Don't add space between paragraphs of the same style

Formatted: Indent: Left: 0.5"

The Example below is a tool to assist CDC in determining whether a trust should be considered a net family asset and/or whether a trust's earned interest or distributions are considered income to the family.

Example One: Annual Income/Net Family Assets Scenarios based on Trust Type

| <u>Trust Type</u> | <u>Is the trust considered a net family asset?</u> | <u>Is the actual interest earned by the trust considered family income?</u> | <u>Are distributions of trust principal considered family income?</u> | <u>Are distributions of interest earned on the trust principal considered family income?</u> |
|--|--|---|---|--|
| <u>Revocable</u> Grantor is not part of the assisted family or household (and the family or household is not otherwise in control of the trust) | NO | NO ^e | NO ^e | Yes, unless the distributions are used to pay for the health and medical expenses for a minor |
| <u>Revocable</u> Grantor is part of the assisted family or household (or the trust is otherwise under the control of the family or household) | YES | YES | NO | NO |
| <u>Irrevocable</u> (Typically, Special Needs Trusts are irrevocable.) | NO | NO ^e | NO | Yes, unless the distributions are used to pay for the health and medical expenses for a minor. |

Formatted: Indent: Left: 0.06"
 Formatted: Indent: Left: 0.14"
 Formatted Table
 Formatted: Indent: Left: 0.19"
 Formatted: Indent: Left: 0.13"
 Formatted: Indent: Left: 0.12"
 Formatted: Indent: Left: 0.5"
 Formatted: Indent: Left: 0.07"

Formatted: Indent: Left: 0.5"
 Formatted: Indent: Left: 0.07"

Formatted: Indent: Left: 0.5"
 Formatted: Indent: Left: 0.07"

Formatted: Indent: Left: 0.5"

CDC must be careful to distinguish between distributions of principal and distributions of earnings on a trust's principal when verifying the family income from irrevocable trusts and revocable trusts where the grantor is not part of the assisted family or household, so as not to unintentionally include distributions of principal that are not considered income.

Federal Tax Refunds or Refundable Tax Credits (24 CFR § 5.603)

Formatted: Font: 12 pt

RESOLUTION # ~~2072-22~~ (12/2022)

All amounts received by a family in the form of federal tax refunds or refundable tax credits are excluded from a family's net family assets for a period of 12 months after receipt by the family.

Taxpayers have several options for receiving their tax refunds: via paper check or direct deposit into a checking or savings account; via Treasury Direct to buy savings bonds; via direct deposit into a Traditional, Roth, or Simplified Employee Pension Plan-IRA; or via purchase of savings bonds, a Health Savings Account, an Archer Medical Savings Account, or a Coverdell Education Savings Account. Refundable tax credits, such as the Earned Income Tax Credit (EITC), are determined as part of an overall tax return submission to the Internal Revenue Service (IRS).

Taxpayers receive one federal tax refund reflecting the taxpayer's tax liability, if negative, including any applicable refundable tax credits.

At the time of an annual or interim reexamination of income, if the federal tax refund was received during the 12 months preceding the effective date of the reexamination, then the amount of the refund that was received by the family is subtracted from the total value of net family assets. When the subtraction results in a negative number, then net family assets are considered \$0.

Note: Only the amount that the family receives is excluded from net family assets.

For example, if a family anticipates a \$500 federal tax refund but only receives \$250, then only \$250 will be excluded from the net family assets because that is the amount that the family received.

Formatted: Indent: Left: 0.5"

CDC is not required to verify the amount of the family's federal tax refund or refundable tax credit(s) if the family's net assets are equal to or below \$50,000 (adjusted annually for inflation), even in years when full verification of assets is required. CDC must verify the amount of the family's federal tax refund or refundable tax credits if the family's net assets are greater than \$50,000.

The anticipated income earned by the assets in which a family has deposited their federal tax refund or refundable tax credits must be included in the family's annual income unless the income is specifically excluded under 24 CFR § 5.609(b).

Example One:

The Rodriguez family received a \$4,500 federal tax refund on 3/1/2024 and deposited the refund into their checking account.

At their next annual reexamination with an effective date of 8/1/2024, the CDC asks the family about any assets they own, the anticipated income from the assets, and if they received a federal tax refund or refundable tax credits in the past 12 months and where they deposited the refund/refundable tax credits or if they purchased savings bonds with the refund.

The Rodriguez family explain that they received a \$4,500 refund and that they deposited the refund into their checking account, which has a balance of \$10,000.

The Rodriguez family reports that they have actual income of \$100 from the checking account this year. The family owns no other assets. Therefore, the family's total calculation of net family assets is \$10,000.

In determining the total value of net family assets, the CDC subtracts \$4,500 from the total of \$10,000 of net family assets, for a total countable asset of \$5,500. The full value of actual income is included as income, because actual income is always included even on excluded assets.

Formatted: Indent: Left: 0.18"
Formatted Table

Formatted: Indent: Left: 0.5"

Net Family Asset Examples

In some cases, amounts that are excluded from net family assets may be included as annual income when disbursements are made to a family from an asset. In other cases, amounts are excluded from annual income as a lump-sum addition to net family assets, but those funds are then considered a net family asset if held in an account or other investment that is considered part of net family assets. These concepts are illustrated in the three examples below.

Formatted: Font: 12 pt

Example One: Retirement Account

Background: The value of any account under a retirement plan recognized by the Internal Revenue Service, including IRAs, employer retirement plans, and retirement plans for self-employed individuals, is not considered in determining net family assets.

Any income earned on the funds while stored in such a retirement account is not considered actual income from assets. However, any distribution of periodic payments from the retirement account is considered income at the time it is received by the family (§ 5.609(b) (26)).

Scenario

Formatted: Indent: Left: 0.18"
Formatted Table

Formatted: Indent: Left: 0.18"

Prior quarter ending balance of 401(k) account: \$157,500

Prior quarter yield: 5 percent (\$7,500)

Distributions made to family: \$12,000 in prior year, same amount is anticipated to be received this year

Result: In this example, the family's income reexamination will not include the 401(k), because the value of the 401(k) and the earnings will be considered neither net family assets nor income to the family; however, the family's income reexamination will include the \$12,000 in distributions (unearned income) which has been paid from the retirement account in increments of \$1,000 monthly to the family.

Formatted: Indent: Left: 0.18", No bullets or numbering

Formatted: Indent: Left: 0.18", No bullets or numbering

Formatted: Indent: Left: 0.18", No bullets or numbering

Formatted: Indent: Left: 0.18"

Example 2: Life Insurance

Background: The cash value of life insurance policies that are available to the participant before death are included in net family assets (e.g., the surrender value of a whole life policy or a universal life policy). Net family assets will not include the value of term life insurance, which has no cash value to the individual before death.

Scenario A: The Johnson family has a whole life insurance policy with a face value of \$100,000 and a surrender value of \$30,000. Net family assets will include \$30,000 for the life insurance policy. The Johnson's family policy also pays an annual dividend of \$100. This will be included as actual income.

Scenario B: The Dexter family has a term life insurance policy with a face value of \$100,000 payable upon death. The total amount included in the family's net family assets for this insurance policy will be \$0.

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.18"

Formatted Table

Passbook Rate (24 CFR § 5.609(a)(2))

HUD will annually publish a passbook rate based on the Federal Deposit Insurance Corporation (FDIC) National Deposit Rate for savings accounts, which is an average of national savings rates published on a monthly basis. HUD must use the HUD-published passbook rate when calculating imputed asset income for net family assets that exceed \$50,000 (a figure that is annually adjusted for inflation).

Formatted: Indent: Left: 0.5"

Formatted: Font: 12 pt

The HUD-published passbook rate will be posted to a dataset on the HUD User Web site, alongside annual inflationary adjustments. To determine the passbook rate for the next calendar year, HUD will average the most recent three months of FDIC updates to the National Deposit Rate for savings accounts, rounded to the nearest hundredth of 1 percent. In order to ensure updated passbook rates may be used for reexaminations with an effective date of January 1, HUD will calculate the update in July each year, using FDIC data from April, May, and June for publication on HUD User not later than September 1.

Actual and Imputed Income from Assets (24 CFR § 5.609(a)(2))

Formatted: Font: 12 pt

Actual Income. Actual income from assets is always included in a family's annual income, regardless of the total value of net family assets or whether the asset itself is included or excluded from net family assets, unless that income is specifically excluded by 24 CFR § 5.609(b).

Formatted: Font: 12 pt

Income or returns from assets are generally considered to be interest, dividend payments, and other actual income earned on the asset, and not the increase in market value of the asset. The increase in market value is relevant to the cash value of the asset for the purpose of determining total net family assets and imputing income.

The following examples illustrate how to calculate actual income from assets.

Example One: Actual Asset Income from an Asset Excluded from Net Family Assets

| | |
|--|--|
| <p>Background: Eugene Park owns a checking account with \$3,500 that earns 0 percent interest. He also has a savings account with a balance of \$10,000 for which he expects to earn \$300 in annual interest. Mr. Park has no other assets.</p> <p>Because those assets are classified as non-necessary personal property, and their combined value of \$13,500 does not exceed \$50,000, the combined value of all non-necessary personal property is excluded from the determination of total net family assets. The total value of Eugene Park's net family assets is \$0, and \$300 is included in annual income.</p> | <p>Formatted: Indent: Left: 0.11"</p> <p>Formatted Table</p> |
| <p style="text-align: center;">Scenario</p> <p>Total value of assets: \$3,500 + \$10,000 = \$13,500</p> <p>Net family assets: \$0.00 (total value of assets is less than \$50,000, therefore the value is excluded from net family assets)</p> | <p>Formatted: Indent: Left: 0.11"</p> |
| <p>Result: Actual income from assets (must be included in the calculation of annual income for Eugene Park): \$300</p> <p>(\$0 from checking account + \$300 from savings account)</p> | <p>Formatted: Indent: Left: 0.11"</p> <p>Formatted: Indent: Left: 0.5"</p> |

Example Two: Calculating Net Family assets and Actual Asset Income when Net Family Assets Exceed \$50,000

| | |
|---|--|
| <p>Background: Sherry McNeil received a federal tax refund of \$1,200 and deposited the refund into her checking account. At the time of her annual reexamination six months later, the account had a balance of \$10,000 and earns 0-percent interest.</p> | <p>Formatted: Indent: Left: 0.11"</p> <p>Formatted Table</p> |
|---|--|

| |
|---|
| <p><u>Sherry also owns a stock portfolio with a verified value of \$45,000. The stocks earned \$405 in cash dividends last year, which Sherry expects to earn again in the coming year.</u></p> |
| <p style="text-align: center;"><u>Scenario</u></p> <p><u>Total value of assets: \$55,000 (\$10,000 + \$45,000)</u></p> <p><u>Net family assets: \$53,800 (\$55,000 – \$1,200) (tax refund received in the last 12 months is excluded from net family assets under § 5.603(b)(3)(xi).)</u></p> <p><u>Because the total value of Sherry’s non-excluded assets exceeds \$50,000, this value (\$53,800) is included as net family assets and must be confirmed via third-party verification.</u></p> <p><u>Actual Income from Checking Account: \$0 earned (\$10,000 x 0 percent)</u></p> <p><u>Actual Income from Stock Portfolio: \$405 earned in dividends last year on \$45,000</u></p> <p><u>Result: Total actual income from assets (must be included in the calculation of annual income for Sherrv McNeil): \$405 (\$0 + \$405).</u></p> <p><u>Total Net Value of the assets \$53,800</u></p> |

Formatted: Indent: Left: 0.11"

Formatted: Indent: Left: 0.11"

Formatted: Indent: Left: 0.5"

Imputed Income. Imputed income from assets is no longer determined based on the greater of actual or imputed income from the assets. Instead, imputed asset income must be calculated for specific assets when three conditions are met:

Formatted: Indent: Left: 0.5"

- The value of net family assets exceeds \$50,000 (as adjusted for inflation);
- and
- _____
- The specific asset is included in net family assets; and
- _____
- Actual asset income cannot be calculated for the specific asset.

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Space After: 0 pt, Add space between paragraphs of the same style, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Indent: Left: 0.5"

Imputed asset income is calculated by multiplying the net cash value of the asset,
after deducting reasonable costs that would be incurred in disposing of the asset,
by the HUD-published passbook rate.

If the actual income from assets can be computed for some assets but not all assets, then CDC must add up the actual income from the assets where actual income can be calculated, then calculate the imputed income for the assets where actual income could not be calculated.

RESOLUTION # 2072-22 (12/2022)

After the CDC has calculated both the actual income and imputed income, the CDC will combine both amounts to account for income on net family assets with a combined value of over \$50,000.

If the asset is a financial asset and there is no income generated (for example, a bank account with a 0 percent interest rate or a stock that does not issue cash dividends), then the asset generates zero actual asset income, and imputed income is not calculated. When a stock issues dividends in some years but not others (e.g., due to market performance), the dividend is counted as the actual return when it is issued, and when no dividend is issued, the actual return is \$0. When the stock never issues dividends, the actual return is consistently \$0. Do not impute asset income if the return is determined to be \$0

When the family's net family assets do not exceed \$50,000 (as adjusted for inflation), imputed income is not calculated. Imputed asset income is never calculated on assets that are excluded from net family assets. When actual income for an asset — which can equal \$0 — can be calculated, imputed income is not calculated for that asset.

Example One: Combining Actual and Imputed Asset Income

| |
|---|
| <u>Background: The Jorgensen family owns a small piece of vacant land with a cash value of \$25,000. The family also owns a savings account with a verified balance of \$55,000, with an interest rate of 0 percent.</u> |
| <u>The family's total net assets are \$80,000. The CDC can calculate the actual income of the savings account as \$0, as seen below. The CDC is unable to calculate the actual income earned for the property owned by the family, because the property neither generates any income for them nor could an income amount be computed as a matter of interest or dividend earnings. Therefore, imputed asset income for the real property must be calculated. The passbook savings rate in effect is 0.10 percent.</u> |
| <u>Scenario</u> |
| <u>Actual Income from savings account: \$55,000 x 0 percent = \$0 actual income of savings account</u> |
| <u>Imputed income from family's property (only calculated because the net asset value is over \$50,000): \$25,000 x 0.001= \$25 imputed income</u> |
| <u>Result: Total asset income (must be included in the calculation of annual income for the Jorgensen family): \$25 (\$0 + \$25)</u> |
| <u>Net Value of Assets = \$80,000</u> |

Formatted: Indent: Left: 0.11"
Formatted Table

Formatted: Indent: Left: 0.11"

Formatted: Indent: Left: 0.11"

Formatted: Indent: Left: 0.5"

Example Three: Imputing Income when Actual Income Cannot be Calculated

| |
|--|
| <p><u>Background: The Conrad family owns a recreational boat with a Kelley Blue Book value of \$15,000. They also own a checking account with \$10,000 that earns 0 percent interest and a savings account with \$30,000 that earns 3 percent interest, putting their net family assets value at \$55,000.</u></p> <p><u>No actual returns on the boat can be computed, however actual income can be calculated for the savings account and checking account.</u></p> <p><u>The passbook savings rate in effect is 0.10 percent.</u></p> |
| <p style="text-align: center;"><u>Scenario</u></p> <p><u>Actual income from assets: \$900 (((\$10,000 x 0 percent) + (\$30,000 x 0.03))</u> <u>Imputed income from assets (Imputed because net total value of asset is greater than \$50,000): \$15 (\$15,000 x 0.001)</u></p> |
| <p><u>Result: Total income from assets (must be included in the calculation of annual income for the Conrad family):</u> <u>\$915 (\$900 + \$15)</u></p> |
| <p><u>Net Asset Value = \$55,000</u></p> |

Formatted: Indent: Left: 0.11"
Formatted Table

Formatted: Indent: Left: 0.11"

Formatted: Indent: Left: 0.11"

Formatted: Indent: Left: 0.5"

Self-Certification of Net Family Assets Equal to or Less than \$50,000 (as adjusted for inflation).

Formatted: Font: 12 pt

Regulations: 24 CFR §§ 5.603; 5.609; 5.618; 5.659(e); 882.515(a); 882.808(i)(1); 891.105; 891.655; 960.259(c)(2); and 982.516(a)(3)

CDC will determine net family assets based on a self-certification by the family. If the family's total assets are equal to or less than \$50,000 (adjusted annually for inflation) no further verification is required at reexaminations.

At admission each asset will be verified in accordance with the verification hierarchy and CDC will maintain those verifications in the participant file.

At admission or if the family's assets are greater than \$50,000 (adjusted annually for inflation) each asset must be verified in accordance with the verification hierarchy.

CDC must fully verify the family's assets every three years. CDC will follow a pattern of relying on self-certification for two years in a row and fully verifying assets in the third year.

RESOLUTION # 2072-22 (12/2022)

The family's self-certification form must state the amount of income the family anticipates receiving from such assets. If using the self-certification the actual income declared by the family must be included in the family's income, unless specifically excluded from income under 24 CFR § 5.609(b).

CDC must clarify, during the self-certification process, which assets are included/excluded from net family assets. CDC may combine the self-certification of net family assets and questions inquiring about a family's present ownership interest in any real property into one form.

Example One: Self-Certification of Net Family Assets

The Cross family's net family assets are \$0. In this case, the checking account earns 0.07 percent interest annually.

| Cross Family's Personal Property | | | |
|---------------------------------------|-----------------|---------------------------------|--|
| Item | Estimated Value | Type | Amount to be Considered as Non-Necessary personal Property |
| Checking Account | \$5,000 | Non-necessary personal property | \$5000 |
| Engagement Ring | \$3,000 | Necessary personal property | \$0 (not an asset) |
| Recreational Boat | \$15,000 | Non-necessary personal property | \$15,000 |
| Total Non-necessary personal property | | | \$20,000 |

Calculation of Cross Family's Total Net Assets and income derived from the asset

| Asset | Total to be considered in Net Family Assets | Anticipated income |
|---|---|--|
| Checking Account - Non-necessary Personal Property | \$0 (total value of non-necessary personal property is not over \$50,000) | \$3.50 (5,000 * .07%) |
| Recreational Boat - Non-necessary Personal Property | \$0 (total value of non-necessary personal property is not over \$50,000) | n/a (imputed asset income does not apply because the total net value of the assets are not more than \$50,000) |
| Real Property | n/a | n/a |
| Total: | \$0 Net Family Assets | \$3.50 included |

- Formatted Table
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.04"
- Formatted: Indent: Left: 0.1"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.1"
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.1"
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.1"
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.5"
- Formatted: Indent: Left: 0.05"
- Formatted: Indent: Left: 0.5"

RESOLUTION # 2072-22 (12/2022)

| | | |
|---|--|------------------|
| | | interest earned. |
| <u>The CDC may accept a self-certification of assets from the Cross family.</u> | | |
| <u>The self-certification must include any anticipated income from assets. In this example, if the CDC is accepting a self-certification of assets, then the calculations above would not need to be included on the self-certification form. Only the total anticipated income from assets must be included on the form.</u> | | |
| <u>Note that in this instance, even though the checking account is excluded from the calculation of net family assets (because the combined value of non-necessary personal property does not exceed \$50,000), the family must report actual asset income from the checking account (in this case, \$3,50)</u> | | |

Formatted: Indent: Left: 0.05"

Formatted: Indent: Left: 0.5", Tab stops: 1.69", Left + 1.94", Left + Not at 1.25"

V. VERIFICATION REQUIREMENTS

A. GENERAL REQUIREMENTS

The verification requirements described in this section are applicable to initial screening for eligibility, initial certification, interim re-certifications, relocations and annual re-certifications.

The CDC will use HUD's Verification Hierarchy to verify all income determinations for applicants and participants. If Upfront Income Verification and Written third party verification are not available or rejected by the CDC, or the applicant or tenant is unable to provide acceptable documentation the CDC will attempt to send a form directly to the ~~third party~~ third-party source by mail, fax, or email. Two documented attempts to obtain the Third-Party form should be made before another form of verification is used. The CDC will send verification forms in the mail, by fax or email along with a request that the form be returned by email, fax or mail. If up-front or third-party documentation is not available, the reason must be documented in the file.

Verified Information obtained for the purpose of admission to the program may not be older than 120 days from receipt ~~sixty (60) days from the effective date of certification~~. Verified information obtained for the purpose of Annual Re-certifications and Interim Re-certifications may not be older than one hundred and twenty days (120) from receipt ~~the effective date of certification~~. Verified information not subject to change (such as a person's date and place of birth) need not be re-verified.

Information obtained that is subject to change and for which verifications are more than CDC's limit as outlined above, should be re-verified. HUD requires that verification forms to support CDC's admission decisions be placed in the applicant's (and subsequently, the tenant's) files. Information that is subject to change, such as income, assets, family composition, etc. should be verified close to certification or recertification, if necessary. Preferences must be verified once, just before admission.

B. VERIFICATION HIERARCHY TIERS OF VERIFICATION ACCEPTABLE TO HUD

PHA are responsible for obtaining third-party verification of reported family annual income, the value of assets, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income. Third party verification is a process by which PHAs gather information independently from the source of the income, assets, expenses, or other factors that affect the determination of adjusted income.

Formatted: Font: (Default) Arial
Formatted: Indent: Left: 0.88", Right: 0"

HUD developed a hierarchy that describes verification documentation from most acceptable to least acceptable. The PHA must demonstrate efforts to obtain third party verification prior to accepting self-certification, except instances when self-certification is explicitly allowed (e.g., net family assets that do not exceed \$50,000).

Formatted: Right: 0"
Formatted: Indent: Left: 0.88", Right: 0"

VERIFICATION HIERARCHY

| LEVEL | VERIFICATION TECHNIQUE | RANKING/ORDER OF ACCEPTABILITY |
|-------|---|---|
| 6 | EIV | <p>Highest Level of Verification</p> <p>PHAs must pull the EIV Income Report for each family at every AR</p> <p>EIV may be used as the sole verification of Social Security income.</p> <p>EIV income information may be used to calculate other types of annual income when the family agrees (see level 4, EIV + Self Certification for more information)</p> |
| 5 | Upfront Income Verification such as the work number, web-based state benefits systems, etc. | Highest Level of Verification |
| 4 | <ul style="list-style-type: none"> Written, third-party verification from the source, also known as "tenant-provided verification, such as paycheck stubs. EIV + Self Certification <p>PHAs can choose either option when both are available to verify income.</p> <p>PHAs must use written, third-party verification when the income type is not available in EIV (e.g., self-employment, Go Fund Me accounts, general public assistance, Veterans benefits, etc.)</p> | <p>High Level of Verification</p> <p>Written, third-party verification is used when tenant disputes EIV reported employment and other income information.</p> <p>The EIV Income Report may be used to verify and calculate income if the family self certifies that the amount is accurate and representative of current income. The family must be provided with the information from the EIV.</p> |
| 3 | Written, Third-Party Verification Form: CDC sends form directly to income source. | <p>Medium Level of Verification</p> <p>Use if Level 5 or Level 4 verification is not available or is rejected by the PHA and when the applicant or tenant is unable to provide acceptable documentation.</p> <p>May substitute Level 2 for written, third-party verification form, only completing one of the two forms of verification before moving to self-certification.</p> |
| 2 | Oral Third-Party Verification | Medium Level of Verification |
| 1 | Self-Certification | <p>Lowest Level of Verification</p> <p>Use if all levels above are not available or if they are rejected by the PHA and when the applicant or tenant is unable to provide acceptable documentation.</p> |

Formatted: Font: (Default) Arial
Formatted: Left, Indent: Left: 0.88"
Formatted Table

THIRD-PARTY VERIFICATION DESCRIPTIONS AND GUIDANCE

Formatted: Font: (Default) Arial

LEVEL 5/6

Formatted: Indent: Left: 0.88", Right: 0"

EIV and Upfront Income Verification (UIV): The verification of income before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a number of individuals. It should be noted that the EIV system is available to all PHAs as a UIV technique and that all PHAs are required to use EIV in its entirety. PHAs are encouraged to continue using other non-HUD UIV tools, such as The Work Number (an automated verification system) and state government databases, to verify tenant-reported income.

Formatted: Indent: Left: 0.88"

Formatted: Indent: Left: 0.88", Right: 0"

LEVEL 4

Written, Third-Party Verification: An original or authentic document generated by a third-party source dated within 120 days of the date received by the PHA/MFH Owner. For fixed-income sources, a statement dated within the appropriate benefit year is acceptable documentation.

Such documentation may be in the possession of the tenant (or applicant) and is commonly referred to as tenant-provided documents. PHAs may obtain any tenant-provided documents and follow up directly with the third-party source to obtain necessary verification of information, when necessary.

Examples of acceptable tenant-provided documentation (generated by a third-party source) include but are not limited to the following: pay stubs, payroll summary report, employer notice/letter of hire/termination, SSA benefit verification letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices.

PHAs are required to obtain a minimum of two current and consecutive pay stubs for determining annual income from wages when they do not elect to use EIV + Self-Certification or the income type is not reported in EIV. For new income sources or when two pay stubs are not available, the PHA should determine income based on the information from a traditional written, third-party verification form or the best available information.

Income tax returns with corresponding official tax forms and schedules attached and including third-party receipt of transmission for income tax return filed (i.e., tax preparer's transmittal receipt, summary of transmittal 108 from online source, etc.) are an acceptable form of written, third-party verification.

When verification of assets is required, PHAs are required to obtain a minimum of one statement that reflects the current balance of banking/financial accounts. EIV may be used as Level 4 verification and may be used to calculate income as long as the family agrees with the information in EIV; this practice is known as "EIV + Self-Certification." The PHA may use their discretion to determine which method of calculation is reasonable: the last 4 quarters combined or an average of any number of quarters. The EIV Income report must be pulled within 120 days prior to the reexamination effective date.

LEVEL 3

Written, Third-Party Verification Form: This practice is also known as "traditional third-party verification." This type of verification is a form developed by the PHA and used uniformly for all families when needed to collect information from a third-party source. The form is completed by the third party by hand (in writing or typeset). PHAs send the form directly to the third-party source by mail, fax, or email. The PHA may skip this level of verification before attempting Level 2, which means they will have only completed Level 3 or Level 2 verification before moving to Self-Certification.

LEVEL 2

Oral Third-Party Verification: Independent verification of information by contacting the individual income/expense source(s), as identified through the UIV technique, or identified by the family, via telephone or in-person visit. PHA staff must document in the tenant file the date and time of the telephone call (or visit to the third party) and the name of the person contacted and their telephone number, along with the confirmed information. This verification method is commonly used when the independent source does not respond to the PHA faxed, mailed, or e-mailed request for information in a reasonable time frame (e.g., 10 business days). The PHA may skip this level of verification if they attempted Level 3, which means they will have only completed Level 3 or Level 2 verification before moving to Self-Certification.

LEVEL 1

Non-Third-Party Verification Technique: Self-Certification: The tenant submits a signed statement of reported income and/or expenses to the PHA. This verification method should be used as a last resort when the PHA has not been successful in obtaining information via all other required verification techniques. When the PHA relies on self-certification to verify income or expenses, the PHA must document in the tenant file why third-party verification was not available.

HUD does not require that a self-certification be notarized; however, HUD recommends including language on any self-certification to ensure the certifier understands the consequences of knowingly providing false

information.

Sample language: "I/We, the undersigned, certify under penalty of perjury that the information provided here is true and correct, to the best of my knowledge and recollection. WARNING: Anyone who knowingly submits a false claim or knowingly makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. 287, 1001, 1010, 1012; 31 U.S.C. 3279, 3802)"

C. VERIFICATION OF SOCIAL SECURITY NUMBERS

Verification of Social Security Number (SSN) Regulation: 24 CFR § 5.216(q)(1) 891.105; 891.410(b)-(c) and (g); 891.610(b)-(c) and (g)
It has become increasingly difficult for applicants to meet HUD's SSN disclosure requirements, particularly for those individuals experiencing homelessness. To help protect individuals' privacy, many federal, state, and local agencies no longer print an individual's SSN on official documentation.

Individuals may be required to visit their local Social Security office and provide original identity documentation in order to obtain a replacement Social Security card. HUD is adjusting what the Department considers acceptable documentation of SSN under 24 CFR § 5.216(q)(1) to make it easier for applicants to access programs even if they do not have access to their Social Security card or other documentation acceptable to HUD.

PHAs must still attempt to gather third-party verification of SSN prior to admission; however, they will also have the option of accepting a self-certification and a third-party document with the applicant's name printed on it to satisfy the SSN disclosure requirement if the PHA has exhausted all other attempts to obtain the required documentation.

HUD has provided similar flexibility to PHAs through the CARES Act waivers and for Emergency Housing Vouchers. HUD prescribes, through this notice and in accordance with 24 CFR 5.216(q)(1)(iii), that the following evidence of SSN is acceptable only after the PHA has attempted to first obtain a valid SSN card issued by the SSA or an original document issued by a federal or state government agency that contains the name of the individual and the SSN of the individual, along with other identifying information of the individual, such as:

- Self-certification of SSN and at least one third-party document, such as a bank statement, utility or cell phone bill, benefit letter, etc., that contains the name of the individual.

If verifying an individual's SSN using this method, the PHA must document

| |
|---|
| Formatted: Font: Not Bold |
| Formatted: Font: (Default) Arial, Not Bold |
| Formatted: Font: (Default) Arial, Not Bold |
| Formatted: Indent: Left: 0.5", Right: 0" |
| Formatted: Font: (Default) Arial |
| Formatted: Indent: Left: 0.88", Right: 0" |

| |
|---|
| Formatted: Font: (Default) Arial, 12 pt |
| Formatted: Right: 0", Bulleted + Level: 1 + Aligned at: 1.13" + Indent at: 1.38" |
| Formatted: Font: (Default) Arial |
| Formatted: Indent: Left: 0.88", Right: 0" |

why the other SSN documentation was not available. If the tenant's SSN becomes verified in EIV, then no further verification is required. If the tenant's SSN fails the SSA identity match, then the PHA must obtain a valid SSN card issued by the SSA or an original document issued by a federal or state government agency that contains the name of the individual and the SSN of the individual, along with other identifying information of the individual. The tenant's assistance must be terminated if they fail to provide the required documentation.

D. VERIFICATION OF EXCLUDED INCOME

Verification of Excluded Income ~~To~~ reduce administrative burdens on PHAs, HUD is providing guidance and clarification on the requirements for verifying excluded income. For income sources where the entire amount qualifies to be excluded from the annual income determination in accordance with 24 CFR § 5.609(b) and any Federal Register notice on mandatory exclusions issued by HUD, the PHA is not required to:

- Verify the income using third-party verification;
- Document in the tenant file as to why the third-party verification was not available as required by 24 CFR §§ 5.659(d), 960.259(c)(i), and 24 CFR 982.516(a)(2), 891.105, 891.410(b)-(c) and (g), 891.610(b)-(c) and (g); or
- Report the income on forms HUD-50058/HUD-50059. PHAs may accept an applicant or participant's self-certification as verification of excluded income.

The PHA application and reexamination questionnaire documentation may serve as the self-certification of excluded income. PHAs have the option of verifying the income using third-party verification, if necessary, to determine if a source of income qualifies for exclusion. Examples of excluded income categories that are verifiable through applicant or participant self-certification include:

- Supplemental Nutrition Assistance Program (SNAP) benefits, formerly known as food stamps.
- Income of a live-in aide.
- Adoption Assistance Payments.

For a complete list of income exclusions, see 24 CFR § 5.609(b). An income source that is partially excluded, for example, earnings in excess of \$480 for full-time students 18 years of age or older (24 CFR § 5.609(b)(14)), must be third-party verified and reported on forms HUD-50058/HUD-50059.

Formatted: Font: Not Bold

Formatted: Font: (Default) Arial, Not Bold

Formatted: Font: (Default) Arial, Not Bold

Formatted: Indent Left: 0.5", Right: 0"

Formatted: Font: (Default) Arial

Formatted: Indent Left: 0.88", Right: 0"

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial, 12 pt

Formatted: Font: (Default) Arial, 12 pt

Formatted: Right: 0", Bulleted + Level: 1 + Aligned at: 1.13" + Indent at: 1.38"

Formatted: Font: (Default) Arial, 12 pt

Formatted: Font: (Default) Arial, 12 pt

Formatted: Right: 0", Bulleted + Level: 1 + Aligned at: 1.13" + Indent at: 1.38"

Formatted: Font: (Default) Arial, 12 pt

Formatted: Indent Left: 0.88", Right: 0"

Formatted: Right: 0", Bulleted + Level: 1 + Aligned at: 1.13" + Indent at: 1.38"

Formatted: Right: 0", Bulleted + Level: 1 + Aligned at: 1.13" + Indent at: 1.38"

Formatted: Font: (Default) Arial, 12 pt

Formatted: Font: (Default) Arial, 12 pt

Formatted: Indent Left: 0.88", Right: 0"

Information will be verified in order through the six tiers of verification listed below.

Formatted: Indent: Hanging: 0.38"

1. Up-front Income Verification (Level 5/6)

Formatted: Font: Not Bold

Formatted: No underline

Formatted: No underline

The CDC will utilize available up-front income verification (UIV) resources. HUD's Enterprise Income Verification (EIV) System will be utilized for all interim and annual re-certifications. The CDC will obtain up-front income verifications prior to or during the certification or recertification interview. Information obtained through UIV/EIV will be compared to documents provided by the family. The CDC will use the EIV System to verify employment, wage, unemployment compensation and Social Security benefits by doing the following:

- a. Reviewing the EIV Income Report to confirm/validate tenant reported income; and
- b. Printing and maintaining an EIV Income Report (or an EIV Individual Control Number (ICN) page for interim reexamination) in the tenant file; and
- c. Obtaining current acceptable tenant-provided documentation to supplement EIV information; and
- d. Using current tenant provided documentation and/or third party verification to calculate annual income.

Note: Social Security benefit information in EIV is updated every three months. If the tenant agrees with the EIV reported benefit information, CDC does not need to obtain or request a benefit verification letter from the tenant.

Where available, computer matching may be done utilizing the following sources:

- a. HUD's Enterprise Income Verification (EIV) System;
- b. State Wage Information Collection Agencies (SWICA);
- c. The New Hire Directory;
- d. The Work Number (or similar sites) for employment verifications;
- e. State Attorney General online child support information (where available); or
- f. A credit report for all adults at initial certification and/or recertification.

Formatted: Indent: Hanging: 0.38"

Note: 24 CFR 5.236(a) prohibits PHAs from taking adverse action based solely on EIV information.

Formatted: Font: Not Bold

Formatted: Indent: Hanging: 0.38"

2. Third-Party Written Verification (Level 4)

Formatted: Font: Not Bold

Formatted: No underline

An original or authentic document generated by a third party source dated

either within the 60 day period preceding initial occupancy or within CDC's request date. Such documentation may be in the possession of the tenant (or applicant). Such tenant provided documents must be original and generated from a third party source. CDC may, at its discretion, reject any tenant provided document and follow up directly with the source to obtain necessary verification of information.

Formatted: No underline

Examples of acceptable tenant provided documentation (generated by a third party source) include, but are not limited to: pay stubs, payroll summary report, employer notice/letter of hire/termination, SSA benefit verification letter, bank statements, child support payment stubs, welfare benefit letters and printouts, and unemployment monetary benefit notices.

Current acceptable tenant provided documents MUST be used for income and rent determinations.

CDC must obtain at a minimum, two current and consecutive pay stubs for determining annual income from wages. For new income sources or when two pay stubs are not available, the CDC will project income based on the information obtained from a traditional written third party verification form sent directly to the income source.

All such documents will be photocopied and retained in the applicant's file. In cases where documents are viewed which cannot be photocopied, staff viewing the documents will complete a Documents Viewed Form. All copies of original documents will be marked "Copied from Original".

Photocopies will not generally be accepted.

3. Written Third Party Verification Form (Level 3)

Formatted: No underline

Formatted: No underline

A standardized form to collect information from a third party source. The form is completed by the third party by hand (in writing or typeset). CDC sends the form directly to the third party source by mail, fax, or email.

Formatted: Indent: Hanging: 0.38"

Verification is received through the US mail, personally hand delivered by the third party, or received electronically via fax or e-mail directly from the source.

Third party verification forms will not be hand carried by the family under any circumstances. The applicant/participant never touches the verification.

The CDC is required to request a written third party form under the following

circumstances:

- a. When the tenant disputes the EIV information and is unable to provide acceptable documentation to support his/her dispute.
- b. When the CDC requires additional information that is not available in EIV and/or the tenant is unable to provide the CDC with current acceptable tenant-provided documentation. Examples of additional information, includes, but is not limited to, the following:
 - 1. Effective dates of income
 - 2. For new employment: pay rate, number of hours worked per week, pay frequency, etc.
 - 3. Confirmation of change in circumstances (i.e. reduced rate of pay, temporary leave of absence, etc.)

~~In the event the third party has not responded within ten (10) calendar days from the date the second written request was mailed, CDC will document the file proceed to contact the appropriate parties by telephone to obtain the required information.~~

Formatted: Font: Not Bold

Formatted: No underline

Formatted: Font: Not Bold, No underline

Formatted: No underline

~~4. Third Party Oral Verification (Level 2)~~

Formatted: Font: Not Bold

Formatted: No underline

~~Telephone verifications may be used to substantiate representations made by an applicant or participant when two documented attempts to obtain a third party form have been made without success.~~

Formatted: Indent: Hanging: 0.38"

~~Third party oral verification will be used in the event that the independent source does not respond to the CDC's faxed, mailed, or e-mailed request for information in a reasonable time frame (10 calendar days). When third party oral verification is used, staff will be required to complete a verification form noting with whom they spoke, the date and any facts provided during the conversation. Each question on the original verification form will be asked. If third party oral verifications are obtained via telephone, the CDC MUST originate the call. The file will be documented with each attempt to obtain third party oral verification.~~

Formatted: Indent: Hanging: 0.38"

~~5. Tenant Declaration/ Self Certification (Level 1)~~

Formatted: Indent: Left: 0", Hanging: 0.38"

~~On a provisional basis, the CDC may accept an affidavit or notarized statement of reported income and/or expenses to the CDC. The CDC may attempt to verify the information contained in the certification/self-declaration. This verification method will be used as a last resort when the CDC has not been successful in obtaining information via all other verification techniques. When the CDC relies on tenant declaration, the CDC must document in the tenant file why third party verification was not available.~~

Formatted: No underline

Formatted: Indent: Hanging: 0.38"

—
—

If third party verification is received after documents have been accepted as provisional verification, and there is a discrepancy, the third party verification will be used.

Self-certification may be accepted for assets disposed of within the two years prior to certification. Self-certification is not allowed for currently held assets.

Self-certification will be accepted via a HUD approved certification form that the individual presenting it is a victim of domestic violence, dating violence, or stalking and the incident or incidents in question are bona fide incidents of such actual or threatened abuse and meet the requirements set forth in the Violence Against Women Act. Such certification shall include the name of the perpetrator.

The individual shall provide such certification within ten (10) calendar days after the owner, manager, or CDC requested such certification. If the individual does not provide such certification within 10 calendar days after requested, admissions to the housing assistance program may be denied or the housing assistance may be terminated.

6E. FILE DOCUMENTATION REQUIRED BY HUD FOR THE USE OF EIV.

CDC must use EIV, in its entirety, to verify tenant employment and income information at annual reexaminations of family composition and income.

However, CDC is not required to use EIV to verify tenant employment and income information during an interim reexamination.

CDC is required to use the following reports from the EIV System:

- Debts Owed & Termination – reviewed monthly
- Deceased Tenants – reviewed monthly
- Existing Tenant Search – reviewed at admission
- Failed EIV Pre-Screening – reviewed monthly
- Failed SSI Identity Test – reviewed monthly
- Identity Verification – reviewed monthly
- Multiple Subsidy – reviewed monthly
- New Hires – reviewed quarterly
- No Income Report by HHA or SSA – reviewed monthly
- No Income Reported on 50058, Summary of Household Information – reviewed monthly

CDC will use HUD's verification hierarchy when verifying each household's income, assets, deductions, and expenses.

CDC will access the EIV system and obtain an EIV for each household during annual recertifications.

CDC will not use the EIV system during interim reexaminations, unless

| | |
|-----------|----------|
| Formatted | ... [2] |
| Formatted | ... [1] |
| Formatted | ... [5] |
| Formatted | ... [4] |
| Formatted | ... [3] |
| Formatted | ... [6] |
| Formatted | ... [7] |
| Formatted | ... [8] |
| Formatted | ... [9] |
| Formatted | ... [10] |
| Formatted | ... [11] |
| Formatted | ... [12] |
| Formatted | ... [13] |
| Formatted | ... [14] |
| Formatted | ... [15] |
| Formatted | ... [16] |
| Formatted | ... [17] |
| Formatted | ... [18] |
| Formatted | ... [19] |
| Formatted | ... [20] |
| Formatted | ... [21] |
| Formatted | ... [22] |
| Formatted | ... [23] |
| Formatted | ... [24] |
| Formatted | ... [25] |
| Formatted | ... [26] |
| Formatted | ... [27] |
| Formatted | ... [28] |
| Formatted | ... [29] |
| Formatted | ... [30] |
| Formatted | ... [31] |
| Formatted | ... [32] |
| Formatted | ... [33] |
| Formatted | ... [34] |
| Formatted | ... [35] |
| Formatted | ... [36] |
| Formatted | ... [37] |
| Formatted | ... [38] |
| Formatted | ... [39] |
| Formatted | ... [40] |
| Formatted | ... [41] |

determined necessary.

CDC will advise families that if it is later determined that a family inaccurately reported income during an interim reexamination, the family may owe the CDC for any miscalculation in rent based on the family's incorrect reporting.

A. For each new admission and historical adjustment, the CDC will;

1. Review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date; and
2. Print and maintain a copy of the EIV Income Report in the tenant file; and
3. Resolve any income discrepancy with the family within 60 days of the EIV Income Report date.

B. For each annual interim reexamination of family income and composition, the CDC will have the following documentation in the tenant file;

- ~~No Dispute of EIV Information:~~
1. ~~ICN Page when there is no household income discrepancy noted on the household's Income Discrepancy Report tab or Income Discrepancy Report.~~
 2. ~~EIV Income Report when there is an income discrepancy noted on the household's Income Discrepancy Report tab or Income Discrepancy Report.~~

C. For each annual reexamination of family income and composition, the CDC will have the following documentation in the tenant file:

1. ~~No Dispute of EIV Information:~~ EIV Income Report, current acceptable tenant-provided documentation, and if necessary traditional ~~third party~~ third-party verification form.
2. ~~Disputed EIV Information:~~ EIV Income report, current acceptable tenant-provided documentation, and/or traditional ~~third party~~ third-party verification form(s) for disputed information
3. ~~Tenant-reported income not verifiable through EIV system:~~ Current tenant-provided documents, and if necessary traditional ~~third party~~ third-party verification form(s).

Formatted: Normal, Left, Indent: Left: 0.5", First line: 0"

Formatted: Normal, Left, Indent: Left: 0.5", First line: 0"

Formatted: Font: (Default) Arial

Formatted: List Paragraph, Left, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Font: (Default) Arial, 12 pt

Formatted: Font: (Default) Arial, 12 pt

Formatted: List Paragraph, Left, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Font: (Default) Arial, 12 pt

Formatted: List Paragraph, Left, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Font: (Default) Arial, 12 pt

Formatted: Space After: 0 pt

Formatted: Font: (Default) Arial, 12 pt

Formatted: Font: (Default) Arial, 12 pt

Formatted: Font: 12 pt, Bold

Formatted: Font: (Default) Arial, 12 pt, Bold

Formatted: Space After: 0 pt, Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Font: (Default) Arial, 12 pt

Formatted: List Paragraph, Left, Indent: Left: 0.5", First line: 0", Bulleted + Level: 1 + Aligned at: 0.75" + Indent at: 1"

Formatted: Indent: Left: 0.5", First line: 0", Space After: 0 pt

Formatted: Space After: 0 pt

Formatted: Font: 12 pt, Bold

Formatted: Indent: Left: 0.5", Space After: 0 pt, Tab stops: Not at 1.56" + 1.75"

Formatted: Font: Bold

Formatted: Indent: Left: 0.5", Space After: 0 pt

GE. INFORMATION TO BE VERIFIED

The following information must be verified:

1. Preferences applicable to placement on and selection from the waiting list based on the selection preferences adopted by the CDC.
2. Claims by an applicant or program participant that the individual is a victim of domestic violence, dating violence, or stalking and that the incident in question are bona fide incidents of such actual or threatened abuse and meet the requirements set forth in the Violence Against Women Act. Such verification/certification shall include the name of the perpetrator.
- ~~3. Zero and/or sporadic income status of household. Zero and/or sporadic income applicants and participant will be required to complete a family expense form at each certification or recertification. Every zero and/or sporadic income resident will be required to attend a face to face interim recertification every *ninety (90) days*.~~
34. Full time student status including High School students who are eighteen (18) years of age or older;
45. Current assets including assets disposed of for less than fair market value in the preceding two years;
56. Childcare expenses when it allows an adult family member to be employed; look for work, or further his/her education;
67. Total medical expenses of all family members in households whose head, spouse, or co-head is elderly or disabled;
78. Disability assistance expenses to include only those costs associated with attendant care or auxiliary apparatus that allow any adult family member, including the person with the disability, to be employed;
89. Legal identity;
940. U.S. citizenship/eligible immigration status;
104. Social Security Numbers for all family members six (6) years of age or older;
112. Familial/Marital status when needed for head, spouse, or co-head

Formatted: Line spacing: Multiple 1.05 li

definition;

123. Disability for determination of allowances, deductions or requests for accommodation including need for a live in aide;

134. Time spent seeking employment when childcare is claimed for the activity; and

145. All sources of income.

156. Obtain information from the Dru Sjodin National Sex Offender Public Web Site to determine if any member of the applicant's household is subject to a lifetime registration requirement.

GD. RELEASE OF INFORMATION

As a condition of admission to, or continued occupancy of, any assisted unit, the CDC will require the family head and such other family members eighteen (18) years of age and older to execute a HUD-approved release and consent form authorizing any depository or private source of income, or any Federal, state or local agency, to furnish or to release to the CDC and to HUD such information as the CDC or HUD determines to be necessary. This includes a consent form for release of criminal/sex offender status information signed by each adult household member. The CDC will furnish applicants and participants a Release of Information/Privacy Act Notice [HUD-9886 (7/94)] when collecting information to verify income. Refusal to cooperate with the HUD prescribed verification process as outlined in this Plan and HUD regulations will result in denial of admission or termination of assistance.

HE. AUTHORITY TO OBTAIN CRIMINAL HISTORY RECORDS

The CDC is authorized by 24 CFR part 5, subpart J to obtain criminal conviction records from a law enforcement agency and to use those records to screen applicants for admission to covered housing programs.

24 CFR part 5, subpart J, §5.905 states that a PHA that administers a Housing Choice Voucher program must carry out background checks necessary to determine whether a member of a household applying for admission to any federally-assisted housing program is subject to a lifetime sex offender registration requirement under a State Sex Offender Registration program. During the application process CDC will obtain information from the Dru Sjodin National Sex Offender Public Web Site to determine if any member over the age of eighteen (18) is subject to a lifetime registration requirement under any state sex offender registration program.

I. PERMITTED USE AND DISCLOSURE

The use and disclosure of criminal records/sex offender registration records received by the CDC may only be used for applicant screening and/or for termination of assistance. The CDC may disclose criminal conviction records as follows:

1. To officers or employees of the CDC, or to authorized representatives of the CDC who have a job-related need to have access to the information. For example, if the CDC is seeking to terminate assistance to a Housing Choice Voucher participant on the basis of criminal activity/sex offender status as shown in criminal conviction records, the records may be disclosed to CDC employees performing functions related to the termination, or to the CDC hearing officer conducting an administrative grievance hearing concerning the proposed termination.
2. If the CDC obtains criminal records from a State or local agency showing that a household member has been convicted of a crime relevant to applicant screening or tenant lease enforcement or termination of assistance, the CDC must:
 - Notify the household of the proposed action based on the information obtained; and
 - Provide the subject of the record and the applicant or Housing Choice Voucher-participant a copy of such information and an opportunity to dispute the accuracy and relevance of the information.

Note: This opportunity must be provided before a denial of admission, lease enforcement action or termination of assistance on the basis of such information.

3. Any other negligent or knowing action that is inconsistent with the statute or regulations. Conviction for a misdemeanor and imposition of a penalty of not more than \$5,000 is the potential for:
 - Any person, including an officer, employee, or authorized representative of the CDC who knowingly and willfully requests or obtains any information concerning an applicant for, or tenant of the CDC under false pretenses; and
 - Any person, including an officer, employee, or authorized representative of the CDC who knowingly and willfully discloses any such information in any manner to any individual not entitled under any law to receive the information.

4. The CDC may be liable under civil law to any applicant for, or Housing Choice Voucher-participant of the CDC who is affected by either of the following:

- A negligent or knowing disclosure of criminal records information obtained under statutory authority about such person by an officer, employee, or authorized representative of a CDC if the disclosure is not authorized under the statute or regulations; or
- An applicant for, or assisted participant of the CDC may seek relief against the CDC for inappropriate disclosure by bringing a civil action for damages and such other relief as may be appropriate. The United States district court in which the applicant or participant resides, in which the unauthorized action occurred, or in which the officer, employee, or representative of a CDC alleged to be responsible resides, has jurisdiction. Appropriate relief may include reasonable attorney's fees and other litigation costs.

Formatted: Font: (Default) Arial

Formatted: Quick 1., Bulleted + Level: 1 + Aligned at: 1.5" + Indent at: 1.75", Tab stops: 1.25", Left + Not at 1.5"

Formatted: Font: (Default) Arial, Font color: Black

Formatted: Quick 1., Bulleted + Level: 1 + Aligned at: 1.5" + Indent at: 1.75", Tab stops: 1.25", Left + Not at 1.13" + 1.5"

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial, Font color: Black

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial, Font color: Black

JG. RECEIPT OF INFORMATION FROM LAW ENFORCEMENT AGENCIES

When the law enforcement agency/state registration entity receives the CDC's request, the agency must promptly release to the CDC a certified copy of criminal conviction records concerning the household member they have in their possession or under their control. National Crime Information Center (NCIC) records must be provided in accordance with NCIC procedures.

The law enforcement agency may charge a reasonable fee for this service but any fee charged by the agency for this service may not be passed on to the applicant.

KH. RECORDS MANAGEMENT

1. The CDC has established and implemented a system of records management that ensures that records received from a law enforcement agency are:

- Maintained confidentially;
- Not misused or improperly disseminated;
- Destroyed once the purpose for which the record was requested has been accomplished, including expiration of the period for filing a challenge to the CDC action without

institution of a challenge or final disposition of any such litigation.

2. The records management requirements do not apply to sex offender registration information that is public information or is obtained by the CDC other than from a State or local agency responsible for the collection or maintenance of such information.

4. VERIFICATION OF LOCAL PREFERENCES

The following methods may be used based upon the CDC's preference policies:

1. Involuntary Displacement (Federal or State declared disaster, Government Action, Inaccessibility, Property Disposition)

a. Verification of an applicant's involuntary displacement is established by the following documentation.

- Certification from a unit or agency of government that an applicant has been or will be displaced as a result of a disaster.
- Certification from a unit or agency of government that an applicant has been or will be displaced by government action.
- Certification from an owner or owner's agent, that an applicant had to, or will have to vacate a unit by a certain date because of an owner action specified in the regulations.
- Certification of displacement because of domestic violence from the local police department, social services agency, or court of competent jurisdiction, or a clergyman, physician, or public or private facility that provides shelter or counseling to the victims of domestic violence. The applicant family will be required to certify that the abuser will not return to the residence without prior written permission of CDC.
- Certification of displacement to avoid reprisals, if a family member is providing information to a law enforcement agency. The law enforcement agency must conduct a threat assessment and recommend that the family be re-housed to avoid or minimize risk.

| |
|--|
| Formatted: Font: (Default) Arial, 12 pt |
| Formatted: Font: 12 pt |
| Formatted: Font: (Default) Arial |
| Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 1.5" + Indent at: 1.75", Tab stops: 1.25", Left + Not at 1.5" |
| Formatted: Font: (Default) Arial, 12 pt |
| Formatted: Font: 12 pt |
| Formatted: Font: (Default) Arial |
| Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 1.5" + Indent at: 1.75", Tab stops: 1.25", Left + Not at 1.5" |
| Formatted: Font: (Default) Arial, 12 pt |
| Formatted: Font: 12 pt |
| Formatted: Font: (Default) Arial |
| Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 1.5" + Indent at: 1.75", Tab stops: 1.25", Left + Not at 1.5" |
| Formatted: Font: (Default) Arial, 12 pt |
| Formatted: Font: 12 pt |

| | | | |
|---|---|-----------|----------|
| • | | Formatted | ... [42] |
| • | | Formatted | ... [43] |
| • | | Formatted | ... [44] |
| • | | Formatted | ... [45] |
| • | • | Formatted | ... [46] |
| • | • | Formatted | ... [47] |
| • | • | Formatted | ... [48] |
| • | • | Formatted | ... [49] |
| • | • | Formatted | ... [50] |
| • | • | Formatted | ... [51] |
| • | • | Formatted | ... [52] |
| • | • | Formatted | ... [53] |
| • | • | Formatted | ... [54] |
| • | • | Formatted | ... [55] |
| • | • | Formatted | ... [56] |
| • | • | Formatted | ... [57] |
| • | • | Formatted | ... [58] |
| • | • | Formatted | ... [59] |
| • | • | Formatted | ... [60] |
| • | • | Formatted | ... [61] |
| • | • | Formatted | ... [62] |
| • | • | Formatted | ... [63] |
| • | • | Formatted | ... [64] |
| • | • | Formatted | ... [65] |
| • | • | Formatted | ... [66] |
| • | • | Formatted | ... [67] |
| • | • | Formatted | ... [68] |
| • | • | Formatted | ... [69] |
| • | • | Formatted | ... [70] |
| • | • | Formatted | ... [71] |
| • | • | Formatted | ... [72] |
| • | • | Formatted | ... [73] |
| • | • | Formatted | ... [74] |
| • | • | Formatted | ... [75] |
| • | • | Formatted | ... [76] |
| • | • | Formatted | ... [77] |
| • | • | Formatted | ... [78] |
| • | • | Formatted | ... [79] |
| • | • | Formatted | ... [80] |
| • | • | Formatted | ... [81] |
| • | • | Formatted | ... [82] |

- Certification of displacement by hate crimes, if one or more family member is a victim of a hate crime and law enforcement officials and/or appropriate social service agencies show that the hate crime occurred recently or is of a continuing nature. A hate crime is actual or threatened physical violence or intimidation that is directed against a person or his/her property and that is based on the person's race, color, religion, sex, natural origin, disability, or familial status.
- The owner and/or the appropriate social services agency can provide certification of displacement due to inaccessibility of the unit. In this case, the owner must be able to demonstrate that he/she is not required by law to make the unit accessible.
- Certification by HUD or other governmental or relocation agency regarding the displacement of families in a multi-family housing development that is subject to disposition.

2. Verification of Residency

- a. Utility bills in the name of the family;
- b. Telephone/cable bills;
- c. Verification from schools where children are enrolled;
- d. Rental or lease agreements;
- e. Landlord statements;
- f. Public social services verifications.

4. Verification of Veteran Status or Surviving Spouse of Veteran

- a. Honorable, general discharge papers;
- b. DD 214 form;

- e. Marriage License

Formatted: Font: (Default) Arial, 12 pt
Formatted: Font: (Default) Arial

5. Verification of elderly or disability status

- a. Birth certificate, Driver's license or Social Security Letter will be used for verification of age (62 years or older.)
- b. SSI recipients will automatically be deemed qualified for this preference.
- c. CDC will obtain a Verification of Disability for all non-SSI recipients

Formatted: Font: (Default) Arial, 12 pt
Formatted: Font: 12 pt
Formatted: Font: (Default) Arial
Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 1.5" + Indent at: 1.75", Tab stops: 0.94", Left + Not at 1.63"
Formatted: Font: (Default) Arial, 12 pt
Formatted: Font: 12 pt
Formatted: Font: (Default) Arial
Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 1.5" + Indent at: 1.75", Tab stops: 0.94", Left + Not at 1.63"
Formatted: Font: (Default) Arial, 12 pt
Formatted: Font: (Default) Arial

MJ. VERIFICATION OF INCOME

All Income will be verified. This may include, but not be limited to the following:

1. Gross Employment Income of all Household Members;
2. Social Security, Pensions, SSI and Disability Income;
3. Unemployment Compensation;
4. Welfare Payments or General Assistance;
5. Alimony or Child Support , Monetary or Not;
6. Net Income From a Business, Including Childcare and Home Sales;
7. Recurring Monetary Contributions and Gifts;
8. Zero and/or Sporadic Income Status;
9. Full-Time Student Status; or
10. All Income Excluded by Federal Mandate will be Verified for Reporting Purposes Only.

Formatted: Indent: Hanging: 0.44"

NK. ASSETS AND INCOME FROM ASSETS

See asset requirements in Chapter IV. Determination of Income.

Formatted: Font: (Default) Arial
Formatted: Font: Bold, Italic
Formatted: Normal, Left, Indent: First line: 0", Tab stops: Not at 0.88"

Families with assets are required to report all assets annually. The amount of interest earned on these assets is included as income used to calculate the tenant's rent obligation. Where the family has net family assets equal to or less than \$5,000, the CDC does not need to request supporting documentation (e.g. Bank statements) from the family to confirm the assets or the amount of income expected to be received from those assets. CDC will accept a family's self declaration of the amount of assets of less than \$5,000, and the amount of income expected to be received from those assets. Where the family has net family assets in excess of \$5,000, the CDC must obtain supporting documentation from the family to confirm the assets. Any assets will be reported on HUD Form 50058 (PIH Notice 2013-03 expires 3/31/2014). Assets may include, but not be limited to the following:

1. Checking Accounts
2. Current Savings Accounts and Certificates of Deposit of all Household Members;
3. Property Owned or Financed by Household Members;
4. Cash Value of Life Insurance Policies;
5. Retirement/Pension Funds; or
6. Assets Disposed of for Less than Fair Market Value in Previous 24 Months.

Effective upon approval by the Board of Commissioners, and based on PIH Notice 2013-03, CDC will allow households to self-certify as to having assets of less than \$5000. PIH Notice expires 3/31/2014. If this notice is extended, CDC will continue to allow this type of certification for assets of less than \$5000, however if the notice expires, this type of verification will no longer be used.

OL. VERIFICATION OF DEDUCTIONS FROM INCOME

See definitions of deductions from income in Chapter IV, Determination of Income.

Formatted: Indent: First line: 0"

1. Childcare Expenses

The CDC will verify:

- Eligibility for Childcare Expenses;
- Reasonable Cost for Childcare;

Formatted: Body Text Indent, Indent: Left: 1.25", Tab stops: -1", Left + Not at 1.38"

Formatted: Body Text Indent, Indent: Left: 1.25", Tab stops: -1", Left + Not at 1.5"

• If childcare is required to further his/her education or to actively seek employment childcare costs must be reasonable. The following limits apply for reasonable childcare (exceptions may be made on a case-by-case basis for unusual circumstances or disabilities): Limits — \$15 for up to 3 hours;

Formatted: Body Text Indent, Left, Indent: Left: 1.25", First line: 0", Tab stops: -1", Left + Not at 1.43" + 1.82"

- If childcare is required for employment, childcare expense will be capped by employment income.
- Childcare for actively seeking employment is allowed if the resident provides verifiable documentation of his/her efforts to seek employment away from home. Childcare will not be provided for time spent seeking employment via home computer.

2. Medical and Handicapped Assistance Expenses

— IRS publication 502 will be used as guidance where questions arise as to an item's eligibility. This publication provides a complete listing and description of allowable medical and dental expenses that can be included as medical deductions. Where an expense item can be treated as either a medical or a disability assistance expense the CDC will calculate the expenses both ways and give the family the greater deduction.

Formatted: Body Text Indent, Indent: Left: 1.25", Tab stops: -1", Left + Not at 1.13"

Formatted: Body Text Indent, Indent: First line: 0", Tab stops: -1", Left + Not at 1.25"

Formatted: Body Text Indent, Indent: Left: 1.25", Tab stops: -1", Left

Formatted: Body Text Indent, Left, Indent: Left: 1.25", Line spacing: single, Tab stops: -1", Left + Not at -0.75" + -0.5" + 0.38" + 1.25" + 1.5" + 1.88" + 2.25" + 3.5" + 4" + 4.5" + 5" + 5.5" + 6" + 6.5" + 7" + 7.5" + 8" + 8.5" + 9" + 9.5" + 10" + 10.5" + 11" + 11.5" + 12" + 12.5" + 13"

— The CDC will advise all families at each certification/recertification that they may report any one time non-recurring medical or disability expense cost and request an interim recertification.

Families who claim medical expenses or expenses to assist a person with disability will be required to submit a certification as to whether or not any expense payments have been, or will be, reimbursed by an outside source, as well as, proof of reimbursement of all medical expenses. Reimbursement of medical expenses must be reported on form HUD-50058. (24 CFR 5.609) All expense claims will be verified by one or more of the methods listed below.

Formatted: Body Text Indent, Indent: Left: 1.25", Tab stops: -1", Left

Formatted: Body Text Indent, Left, Tab stops: -1", Left

- Written verification by a doctor, hospital or clinic personnel, dentist, pharmacist, concerning anticipated medical costs to be incurred by the family and regular payments due on medical bills; and extent to which those expenses will be reimbursed by insurance or a government agency.
- Written confirmation by the insurance company or employer of health insurance premiums to be paid by the family.
- Written confirmation from the Social Security Administration of Medicare premiums to be paid by the family over the next twelve (12) months. A computer printout will be accepted.

Formatted: Indent: Left: 0.88", Hanging: 0.38", Tab stops: Not at 0.5" + 1.13" + 1.63" + 2" + 2.5" + 3"

3. Disability Assistance Expense Deduction

Formatted: Tab stops: Not at 0.5" + 1.63" + 2" + 2.5" + 3"

~~Families are entitled to deduction for un-reimbursed expenses for care attendants and auxiliary apparatus expenses for a member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including member disabled) to work. The allowable disability assistance expense is that portion that exceeds three percent of annual income. This deduction may not exceed the earned income received by family members who are eighteen (18) or over, and who are able to work because of such attendant care or auxiliary apparatus.~~

Formatted: Indent: Left: 0.88", Hanging: 0.38", Tab stops: -1", Left + Not at -0.75" + 0.5" + 1.63" + 2" + 2.5" + 3" + 4"

~~The CDC will verify:~~

- ~~• The disability;~~
- ~~• The un-reimbursed expenses for care or apparatus;~~
- ~~• Whether the expense is directly related to enabling employment; and~~
- ~~• Income earned due to the care or apparatus.~~

MP. VERIFYING NON-FINANCIAL FACTORS

Non-financial factors that must be verified include, but are not limited to:

1. Legal Identity;
2. Marital Status;
3. Familial Relationships;
4. Permanent Absence of Adult Member;
5. Change in Family Composition;
6. Disability;
7. Funds Owed the CDC or Other Housing Authorities;
8. Social Security Numbers

~~The CDC will require the applicant to provide Social Security Numbers for all family members six (6) years old or older or certify that no Social Security Number has been issued; or~~

9. Citizenship and Non-Eligible Immigration Status.

| | | |
|---|------------------------|-----------------------------|
| Page 10: [1] Formatted | Teresa DeSimone | 5/1/2024 10:45:00 AM |
| Indent: Left: 0.5", Hanging: 0.44", Space After: 0 pt | | |
| Page 10: [2] Formatted | Teresa DeSimone | 5/2/2024 12:06:00 PM |
| Font: Not Bold | | |
| Page 10: [3] Formatted | Teresa DeSimone | 5/2/2024 12:06:00 PM |
| Font: Not Bold | | |
| Page 10: [4] Formatted | Teresa DeSimone | 5/2/2024 12:06:00 PM |
| No underline | | |
| Page 10: [5] Formatted | Teresa DeSimone | 5/2/2024 12:06:00 PM |
| Font: Not Bold | | |
| Page 10: [6] Formatted | Teresa DeSimone | 5/1/2024 10:45:00 AM |
| Indent: Left: 0.5" | | |
| Page 10: [7] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: (Default) Arial, 12 pt | | |
| Page 10: [8] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: 12 pt | | |
| Page 10: [9] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: (Default) Arial, 12 pt | | |
| Page 10: [10] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: 12 pt | | |
| Page 10: [11] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: (Default) Arial, 12 pt | | |
| Page 10: [12] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: 12 pt | | |
| Page 10: [13] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: (Default) Arial, 12 pt | | |
| Page 10: [14] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: 12 pt | | |
| Page 10: [15] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: (Default) Arial, 12 pt | | |
| Page 10: [16] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: 12 pt | | |
| Page 10: [17] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: (Default) Arial, 12 pt | | |
| Page 10: [18] Formatted | Teresa DeSimone | 5/1/2024 10:44:00 AM |
| Font: 12 pt | | |

VII. HOUSING QUALITY STANDARDS AND INSPECTIONS

[24 CFR 982.4014 and 24 CFR 982.507]

Formatted: Font: Bold

INTRODUCTION

HUD requires that all units occupied by families receiving Housing Choice Voucher (HCV) assistance meet HUD's Housing Quality Standards (HQS) including the National Standards for the Physical Inspection of Real Estate (NSPIRE). HUD also permits the CDC to establish additional requirements. The use of the term "HQS" in this plan refers to the combination of both HUD NSPIRE and CDC established requirements.

An inspection to verify the unit meets HQS (passed inspection) is required before the Housing Assistance Payments (HAP) Contract is executed between the landlord and CDC. One passed HQS inspection is required at least bi-annually during the term of the contract, or any renewal period. This chapter explains HUD and CDC requirements related to housing quality standards:

Part I. National Standards for the condition of HUD Housing & Additional Local Requirements Physical Standards.

This part discusses the national standards to ensure residents live in safe, habitable dwellings. physical standards required of units occupied by HCV-assisted families and identifies decisions about the acceptability of the unit that may be made by the family based upon the family's preference. It also identifies local requirements and life-threatening conditions that must be addressed on an expedited basis (within 24 hours).

Part II. The Inspection Process.

This part describes the types of inspections CDC will make and the steps that will be taken when units do not meet HQS.

Part III. HUD's Housing Quality Standards (24 CFR 982.404)

Performance and acceptability requirements. This section includes the housing quality standards for housing assisted in the programs and provides additional guidance from the Housing Choice Voucher Guidebook Chapter 10. CDC will also refer to HUD's Housing Inspection Manual when additional guidance is needed.

EXHIBIT 7-1: Special HQS requirements for manufactured homes, shared housing and other special housing types

EXHIBIT 7-12: HQS Inspection Guidance related to Electrical Outlets.

EXHIBIT 7-23: Federal Register/Vol. 79, No. 122 – Annual /Biennial HQS Inspections.

Special housing types in the HCV, PBV and Moderate Rehabilitation programs.

Part 982, subpart M, of title 24 identifies special housing types which require standards unique to special types of housing. Unless modified by program-specific regulations, NSPIRE Standards will apply for these special housing types

PART I: NATIONAL STANDARDS FOR THE CONDITION OF HUD HOUSING & ADDITIONAL LOCAL REQUIREMENTS. PHYSICAL STANDARDS

Outside of HUD housing (or "outside areas") refers to the building site, building exterior components, and any building systems located outside of the building or unit.

Examples of "outside" components may include fencing, retaining walls, grounds, lighting, mailboxes, project signs, parking lots, detached garage or carport, driveways, play areas and equipment, refuse disposal, roads, storm drainage, non-dwelling buildings, and walkways.

Components found on the exterior of the building are also considered outside areas, and examples may include doors, attached porches, attached patios, balconies, car ports, fire escapes, foundations, lighting, roofs, walls, and windows.

The outside area must meet the following affirmative requirements:

(1) For the outside area, outlets within 6 feet of a water source must be GFCI protected; and

(2) The outside area must have a guardrail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically.

Units

A unit (or "dwelling unit") of HUD housing refers to the interior components of an individual unit.

Examples of components included in the interior of a unit may include the balcony, bathroom, call-for-aid (if applicable), carbon monoxide devices, ceiling, doors, electrical systems, enclosed patio, floors, HVAC (where individual units are provided), kitchen, lighting, outlets, smoke detectors, stairs, switches, walls, water heater, and windows.

The unit must also meet the following affirmative requirements:

(1) The unit must have hot and cold running water in both the bathroom and kitchen, including an adequate source of safe drinking water in the bathroom and kitchen;

(2) The unit must include its own bathroom or sanitary facility that is in proper operating condition and usable in privacy. It must contain a sink, a bathtub or shower, and an interior flushable toilet;

(3) The unit must include at least one battery-operated or hard-wired smoke detector, in proper working condition, in the following locations:

- o On each level of the unit;
- o Inside each bedroom;

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0", Space Before: 0 pt, After: 0 pt

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0", Space Before: 0 pt, After: 0 pt

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial, Not Italic

Formatted: Font: Not Italic

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0", Space Before: 0 pt, After: 0 pt

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: ... [5]

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: ... [6]

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 1", No bullets or numbering

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 1", No bullets or numbering

- Within 21 feet of any door to a bedroom measured along a path of travel; and
- Where a smoke detector installed outside a bedroom is separated from an adjacent living area by a door, a smoke detector must also be installed on the living area side of the door.
- If the unit is occupied by any hearing-impaired person, the smoke detectors must have an alarm system designed for hearing-impaired persons:

(4) The unit must have a living room and a kitchen area with a sink, cooking appliance, refrigerator, food preparation area, and food storage area;

(5) For units assisted under the HCV or PBV program, the unit must have at least one bedroom or living/sleeping room for each two persons;

(6) The unit must meet or exceed the carbon monoxide detection standards set by HUD through Federal Register notification;

(7) The unit must have two working outlets or one working outlet and a permanent light within all habitable rooms;

(8) Outlets within 6 feet of a water source must be GFCI protected;

(9) For climate zones designated by the Secretary through notice, the unit must have a permanently installed heating source. No units may contain unvented space heaters that burn gas, oil, or kerosene;

(10) The unit must have a guardrail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically; and

(11) The unit must have a permanently mounted light fixture in the kitchen and each bathroom.

Health and safety concerns

The inside, outside and unit must be free of health and safety hazards that pose a danger to residents. Types of health and safety concerns include, but are not limited to carbon monoxide, electrical hazards, extreme temperature, flammable materials or other fire hazards, garbage and debris, handrail hazards, infestation, lead-based paint, mold, and structural soundness.

Lead-based paint. HUD housing must comply with all requirements related to the evaluation and control of lead-based paint hazards and have available proper documentation of such (see 24 CFR part 35). The Lead-based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and the applicable regulations at 24 CFR part 35, apply.

| | |
|-----------|----------|
| Formatted | ... [7] |
| Formatted | ... [8] |
| Formatted | ... [9] |
| Formatted | ... [10] |
| Formatted | ... [11] |
| Formatted | ... [12] |
| Formatted | ... [13] |
| Formatted | ... [14] |
| Formatted | ... [15] |
| Formatted | ... [16] |
| Formatted | ... [17] |
| Formatted | ... [18] |
| Formatted | ... [19] |
| Formatted | ... [20] |
| Formatted | ... [21] |
| Formatted | ... [22] |
| Formatted | ... [23] |
| Formatted | ... [24] |
| Formatted | ... [25] |
| Formatted | ... [26] |
| Formatted | ... [27] |
| Formatted | ... [28] |
| Formatted | ... [29] |
| Formatted | ... [30] |
| Formatted | ... [31] |
| Formatted | ... [32] |
| Formatted | ... [33] |
| Formatted | ... [34] |
| Formatted | ... [35] |
| Formatted | ... [36] |
| Formatted | ... [37] |
| Formatted | ... [38] |
| Formatted | ... [39] |
| Formatted | ... [40] |
| Formatted | ... [41] |
| Formatted | ... [42] |
| Formatted | ... [43] |
| Formatted | ... [44] |
| Formatted | ... [45] |
| Formatted | ... [46] |
| Formatted | ... [47] |
| Formatted | ... [48] |
| Formatted | ... [49] |
| Formatted | ... [50] |
| Formatted | ... [51] |

For lead-based paint and the programs covered in this notice, PHAs and owners shall continue to comply with the requirements and timelines in 24 CFR Part 35 Subpart M—Tenant-Based Rental Assistance, and Subpart H—Project-Based Assistance. PHAs and owners are reminded that any deteriorated paint in target housing, or other lead-based paint hazard identified through a lead-based paint risk assessment or lead-based paint inspection is considered a violation of HQS and the NSPIRE Standards. For the tenant-based programs, Subpart M applies to units where a child under age 6 resides or is expected to reside, common areas that service that unit, and exterior painted surfaces associated with that unit or common areas. For project-based programs, Subpart H applies to assisted units and common areas of the property regardless of whether a child under age 6 resides or is expected to reside in the unit. The NSPIRE final rule did not alter any of the lead-based paint requirements in Part 35 for these program

Formatted: Font: (Default) Arial
Formatted: Indent: Left: 0", Space Before: 0 pt, After: 0 pt

Compliance with State and local codes.

The standards for the condition of HUD housing in this section do not supersede State and local housing codes (such as fire, mechanical, plumbing, carbon monoxide, property maintenance, or residential code requirements).

All HUD housing other than units assisted under the HCV and PBV programs must comply with State or local housing codes in order to comply.

State and local code compliance is not part of the determination of whether a unit passes the standards for the condition of HUD housing under this section for the HCV and PBV programs (except in accordance with § 5.705(a)(3)).

Formatted: Font: (Default) Arial, Not Italic
Formatted: Indent: Left: 0", Space Before: 0 pt, After: 0 pt
Formatted: Font: (Default) Arial, Bold
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Indent: Left: 0", Space Before: 0 pt, After: 0 pt
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Underline

PART I. B.

HUD Performance and Acceptability Standards

HUD's performance and acceptability standards for HCV assisted housing are provided in 24 CFR 982.401. These standards cover the following areas:

- Sanitary facilities
- Food preparation and refuse disposal
- Space and Security
- Thermal Environment
- Illumination and electricity
- Structure and materials
- Interior Air Quality
- Water Supply
- Lead-based paint
- Access
- Site and neighborhood
- Sanitary condition
- Smoke Detectors
- Carbon Monoxide Monitors

A summary of HUD performance criteria is listed in Part III. of this chapter. Criteria for special housing types such as manufactured homes and shared housing is provided in Exhibit 7-1 located at the end of this Chapter.

- Additional guidance on these requirements is found in the following HUD resources:
- Housing Choice Voucher Guidebook, Chapter 10
 - HUD Housing Inspection Manual for Section 8 Housing
 - HUD Inspection Form, form HUD 52580 (most recent form or revision) and Inspection Checklist, form HUD 52580 A (most recent form or revision)
 - HUD Notice 2003-31, Accessibility Notice: Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Architectural Barriers Act of 1968 and the Fair Housing Act of 1988

TENANT PREFERENCE ITEMS

HUD requires CDC to enforce minimum HQS but also requires that certain judgments about acceptability be left to the family. For example, CDC must ensure that the unit contains the required sanitary facilities, but the family decides whether the cosmetic condition of the facilities are acceptable.

PART I. C. MODIFICATIONS TO PROVIDE ACCESSIBILITY

Modifications to units to provide access for a person with a disability must meet all applicable HQS requirements and conform to the design, construction, or alteration of facilities contained in the UFAS and the ADA Accessibility Guidelines (ADAAG) [28 CFR 35.151(c) and Notice 2003-31]

Formatted: Underline

PART I.

7.1.B.D. ADDITIONAL LOCAL REQUIREMENTS

CDC may impose additional quality standards as long as the additional criteria are not likely to adversely affect the health or safety of participant families or severely restrict housing choice. HUD approval is required if more stringent standards are imposed.

Formatted: Underline

HUD approval is not required if CDC additions are clarifications of HUD's acceptability criteria or performance standards [24 CFR 982.401(a)(4)].

Thermal Environment [HCV GB p. 10-7]

CDC must define a healthy living environment for the local climate. This may be done by establishing a temperature that the heating system must be capable of maintaining, that is appropriate for the local climate. The heating system (i.e. a working radiator, hot air register or baseboard heat) must be capable of maintaining an interior temperature of 65 degrees when a frost advisory is in effect for the area the unit is located in.

Permanent heating sources are permanently affixed within the unit or building, safely connected to the unit or building electrical system, thermostatically controlled by the unit or building, and appropriate for the size of the unit. The energy source for a permanent

heating system can be electric, gas or oil. A fireplace does not meet the self-fueled criteria. Fireplaces also do not evenly distribute heated air throughout a property as effectively as permanently installed heating sources.

A kitchen stove with a built-in heater or portable electric room heaters are not adequate.

Clarifications of HUD Requirements

As permitted by HUD, CDC has adopted the following specific requirements that elaborate on HUD standards.

1. Smoke detectors must be placed according to local fire marshal directive, and operate as they were designed.

~~1. One smoke detector must be in the hall way, each bedroom or sleeping room and on each level.~~

Formatted: Indent: Left: 1.19", No bullets or numbering

2. Light fixtures must have the globe covers in place.

3. Water heaters must have two (2) earthquake straps. Temperature Pressure Relief Valves (TPRV) must have drain lines no smaller than the cold-water inlet line. This means if the cold-water inlet line is 3/4 inches then the drain line must be the same. Drain line must be rigid pipe, copper pipe or PVC-C pipe. No tubing or flex line.

4. Sink knobs must operate as they were intended, i.e. hot water dispenses from the knob labeled "H" and cold water dispenses from the nob labeled "C". Other installations are considered hazardous conditions. Exceptions will be made if requested under a reasonable accommodation by persons with disability.

Formatted: Font: Italic

~~4-5. Carbon monoxide monitors are required in every dwelling unit in accordance with California Law. The carbon monoxide detector must be in working condition and installed in accordance with the manufacture's specifications.~~

Formatted: Indent: Left: 1.19", No bullets or numbering

~~5. Carbon monoxide monitors are required in every dwelling unit in accordance with California law.~~

Formatted: Highlight

Formatted: Indent: Left: 1.19", No bullets or numbering

~~A unit may fail HQS inspection if a notice of violation for substandard housing is served from County or City officials in regards to local code enforcement/zoning violations and/or health and safety concerns. If such notice is obtained, CDC will schedule and perform a special inspection. Based on the conditions and health and safety concerns identified, CDC at its discretion may fail the inspection based on the deficiencies listed in the violation, even if the unit would normally pass inspection under the HQS regulatory requirements. In this instance CDC will maintain documentation in the participant file.~~

~~7. III. M. Smoke Detectors
Performance requirement~~

- ~~Each dwelling unit must have at least one battery operated or hard wired smoke detector in proper operating condition on each level of the dwelling unit, including basements but excepting crawl spaces and unfinished attics.~~
- ~~Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards).~~
- ~~If the dwelling unit is occupied by any hearing impaired person, smoke detectors must have an alarm system designed for hearing impaired persons as specified in NFPA 74 (or successor standards).~~
- ~~For units assisted prior to April 24, 1993, owners who installed battery operated or hard wired smoke detectors prior to April 24, 1993 in compliance with HUD's smoke detector requirements including the regulations published on July 30, 1992 (57 FR 33846) will not be required subsequently to comply with any additional requirements mandated by NFPA 74 (i.e., the owner would not be required to install a smoke detector in a basement not used for living purposes, nor would the owner be required to change the location of the smoke detectors that have already been installed on the other floors of the unit).~~

7.III.N. Carbon Monoxide Monitors

Landlords must maintain carbon monoxide detectors in every rental unit in accordance with California law. The carbon monoxide detector must be in working condition.

Carbon Monoxide detectors must be installed to manufactures specifications.

6 _____

Formatted: No bullets or numbering

Part 7. I. EC. LIFE THREATENING CONDITIONS [24 CFR 982.404(a)]

Under the Housing Opportunity Through Modernization Act of 2016 (HOTMA), as part of the "Implementation of Various Section 8 Voucher Provisions," HUD published a list of life-threatening conditions ("HOTMA LT List") in the Federal Register. HUD has included the HOTMA LT List in the NSPIRE Standards and this life-threatening (LT) will become mandatory for all HCV PHAs at the time of NSPIRE implementation.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

NSPIRE regulatory requirements define what constitutes a life-threatening deficiency. Any deficiencies classified as life threatening must be corrected within HUD requires CDC to define life threatening conditions and to notify the owner or the family (which ever is responsible) of the corrections required. The responsible party must correct life threatening conditions within 24 hours of CDC notification.

The following are considered life threatening conditions:

- Any condition that jeopardizes the security of the unit.

- ~~Major plumbing leaks, flooding, waterlogged ceilings or floor in imminent danger of failing.~~
- ~~Natural or LP gas or fuel oil leaks.~~
- ~~Any electrical problem or condition that could result in shock or fire.~~
- ~~Absence of a working heating system when there is a frost advisory in effect for the area where the unit is located in.~~
- ~~Conditions that present the imminent possibility of injury.~~
- ~~Obstacles that prevent safe entrance or exit from the unit.~~
- ~~Absence of a functioning toilet in the unit.~~
- ~~Inoperable smoke detectors.~~
- ~~Combustible materials near the gas water heater or gas furnace.~~
- ~~Sewage spills inside the unit or on the surrounding grounds.~~

If an owner fails to correct life threatening conditions as required or requested by CDC, the housing assistance payment will be abated and the HAP contract will be terminated in accordance with the policies in this administrative plan. ~~listed below.~~

If a family fails to correct a family caused life threatening condition as required by CDC, CDC may terminate the family's rental assistance. The family will be required to correct family caused life threatening conditions within 24 hours of CDC notification. ~~from the date of the inspection.~~

~~Smoke Detectors~~

~~Inoperable smoke detectors are a serious threat to tenant safety and CDC will treat the situation as an emergency (24 hour) fail item. If required, and if a required smoke detector is not operating properly, CDC will contact the owner by phone and require the owner to repair the smoke detector within 24 hours.~~

~~CDC will re-inspect the unit the following day.~~

If CDC determines that the family has purposely disconnected the smoke detector (by removing batteries or other means), the family will be required to repair the smoke detector within 24 hours of CDC notification and ~~CDC will re-inspect the unit.~~ This will be noted on the inspection, as well. If this occurs, CDC will issue a verbal warning to any family found to have purposely disconnected the unit's smoke detector. This warning will state that deliberate disconnection of the unit's smoke detector is a safety and fire hazard and is considered a violation of HQS.

PART I. F. 7.1.D. OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]

Family Responsibilities

The family is responsible for correcting the following HQS deficiencies:

- Tenant-paid utilities not in service
- Family-supplied appliances that are not working as intended

- Damage to the unit, or conditions caused by the resident, or resident guests, that will, if left uncorrected, cause damage to the unit or premises. This includes conditions that are beyond normal wear and tear.

"Normal wear and tear" is defined as any item that could not be charged against the tenant's security deposit, whether under CDC regulations or state law.

Beyond Normal Wear and Tear may include hoarding conditions, housekeeping deficiencies which may be detrimental to the health and/or safety of the occupants, or which may or have caused damage to the unit.

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. However, if a family's actions constitute a serious or repeated lease violation the owner may take legal action to evict the family.

PART I. G. 7.I.E. SPECIAL REQUIREMENTS FOR CHILDREN WITH ENVIRONMENTAL INTERVENTION BLOOD LEAD LEVEL [24 CFR 35.1225]

If CDC is notified by a public health department or other medical health care provider, or verifies information from a source other than a public health department or medical health care provider, that a child of less than 6 years of age, living in an HCV-assisted unit has been identified as having an environmental intervention blood lead level, CDC must complete a risk assessment of the dwelling unit.

The risk assessment must be completed in accordance with program requirements, and the result of the risk assessment must be immediately provided to the owner of the dwelling unit.

In cases where the public health department has already completed an evaluation of the unit, this information must be provided to the owner. Within 30 days after receiving the risk assessment report from CDC, or the evaluation from the public health department, the owner is required to complete the reduction of identified lead-based paint hazards in accordance with the lead-based paint regulations [24 CFR 35.1325 and 35.1330].

If the owner does not complete the hazard reductions as required, the dwelling unit is in violation of HQS and CDC will take action in accordance with Section 7-II.G of this Chapter.

7.I.F. VIOLATION OF HQS SPACE STANDARDS [24 CFR 982.403]

If CDC determines that a unit does not meet the HQS space standards because of an increase in family size or a change in family composition, CDC must issue the family a new voucher with a term of 120 days. The family must try to find an acceptable unit as soon as possible, and must locate a unit before the voucher term of 120 days ends. If

an acceptable unit is available for rental by the family, CDC must terminate the HAP contract in accordance with its terms.

PART II: THE INSPECTION PROCESS

7.II.A. TYPES OF INSPECTIONS

CDC conducts the following types of inspections as needed. Each type of inspection is discussed in the paragraphs that follow.

- *Initial Inspections.* CDC conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program. The unit must pass the HQS inspection before the effective date of the HAP Contract.
- *Annual Inspections.* HUD allows CDC to inspect each unit under lease annually to confirm that the unit still meets HQS.
- *Biennial Inspections.* Section 220 of the 2014 Appropriations Act allows CDC to comply with the requirement to inspect assisted dwelling units during the term of a HAP contract by conducting such inspections biennially instead of annually. Under this policy, CDC reserves the right to do so at its own discretion.
- *Special Inspections.* A special inspection may be requested by the owner, the family, or a third party as a result of problems identified with a unit between inspections.
- *Quality Control Inspections.* HUD requires that a sample of units be re-inspected by a supervisor or other qualified individual to ensure that HQS are being enforced correctly and uniformly by all inspectors.

7.II.B. INITIAL HQS INSPECTION [24 CFR 982.401(a)]

Timing of Initial Inspections

HUD requires that a unit pass HQS before the effective date of the lease and HAP Contract. HUD requires PHAs with fewer than 1,250 budgeted units to do the following within 14 calendar days of submission of the Request for Tenancy Approval (RFTA) :

1. Complete the initial inspection,
2. Determine whether the unit satisfies HQS,
3. Notify the owner and the family of the determination within 14 calendar days of submission of the).

The 14-day period is suspended for any period during which the unit is not available for inspection [982.305(b)(2)].

To the extent practicable, CDC will complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 14 calendar days of submission of the Request for Tenancy Approval (RFTA).

Initial Inspection Results and Re-inspections

If any HQS violations are identified, the owner will be notified of the deficiencies and the time frame in which the deficiencies must be corrected. The CDC will normally require repairs to be completed within 30 days from the date of the initial inspection. Extensions may be granted, as outlined in Section 10 of this Chapter. CDC will request the owner -notify CDC when the deficiencies have been corrected.

Re-inspections of units after an initial inspection will be conducted within 7 calendar days of the date CDC is notified that the repairs have been completed. This time frame may be longer during any period when there is a holiday.

If the owner fails to contact CDC within the thirty day time frame or the unit fails HQS at the time of the re-inspection, CDC will notify the owner and the family that the unit has been rejected and that the family must search for another unit.

CDC may agree to conduct a second re-inspection, at its discretion, at the request of the family and owner.

Utilities

Generally, at initial inspection, the owner is responsible for demonstrating that all utilities are in working order including those utilities that the family will be responsible for paying.

Appliances

If the family is responsible for supplying the stove and/or refrigerator, CDC will allow the stove and refrigerator to be placed in the unit after the unit has met all other HQS requirements. The required appliances must be in place before the HAP contract is executed by CDC. CDC will execute the HAP contract based upon a certification from the family that the appliances have been installed and are working properly.

7.II.C. ANNUAL/BIENNIAL HQS INSPECTIONS

Section 220 of the 2014 Appropriations Act (Federal Register/Vol.79, No. 122 is located at the end of this Chapter) allows PHA's to comply with the requirement to inspect assisted dwelling units during the term of a HAP contract by inspecting such units not less than biennially instead of annually and to rely upon alternative inspection methods to meet this requirement.

However, a PHA may not use the alternative inspection method in lieu of the initial unit inspection or any interim inspection. PHA's are still required to conduct an initial inspection, prior to entering into a HAP contract, and interim inspections, if a family or government official notifies the PHA of a unit's failure to comply with the housing quality standards of the HCV program.

CDC has chosen to implement the following policy regarding annual and biennial inspections.

INITIAL INSPECTIONS:

An inspection must be completed, and must pass PRIOR to execution of a Housing Assistance Payments Contract and for any payment under that contract

FIRST ANNUAL INSPECTION:

An HQS inspection will be completed within 12 months (365 days) of the initial inspection. Units do not qualify for a biennial inspection in the first year leased, because the CDC finds that the relationship between the housing authority, landlord and the participant is new and necessitates an initial inspection to insure and reinforce the importance of this policy. If the first annual inspection passes on the first inspection date, and there have been no issues reported to CDC by the landlord or the client, the unit will then qualify for the biennial inspection process. If not, the unit will only qualify for the annual inspection process.

Delayed First Annual Inspections in crisis situations: If CDC is unable to complete the first annual inspection for health and safety concerns, crisis situations or other similar circumstances determined by the Housing Programs Manager and Executive Director, CDC may delay the first annual inspection and inspect the unit as soon as reasonably possible but no later than 24 months from the original passed inspection date.

ANNUAL INSPECTION:

If a unit fails an inspection, it will be placed in the annual inspection process. Once an annual inspection passes on the first inspection date the unit may be placed in the biennial inspection process as long as there have been no verifiable and documented complaints.

Delayed Annual Inspections in crisis situations: If CDC is unable to complete an annual inspection for health and safety concerns, crisis situations or other similar circumstances determined by the Housing Programs Manager and Executive Director, CDC may delay the annual inspection and inspect the unit as soon as reasonably possible but no later than 24 months from the original passed inspection date.

BIENNIAL INSPECTIONS:

If a unit passes on the first inspection date, AND there have been no verifiable and documented complaints from the landlord or participant (see below), the unit may be placed in the biennial inspection process. CDC has the discretion to perform annual inspections

and not place the participant on a biennial inspection schedule. If this occurs, CDC will document the reasons and maintain those records in the participant file.

INTERIM/SPECIAL INSPECTIONS:

If a family, landlord, third party or government official reports a condition that is life-threatening, then the PHA must inspect the housing unit within 24 hours in accordance with 24 CFR 982.40. The PHA must re-inspect the housing unit within 24 hours of when the PHA received the notification to verify the life-threatening circumstances have been resolved

If a family, landlord, third party or government official requests a special inspection, or CDC receives notification that a violation for substandard housing has been served from County or City officials, the PHA must inspect the unit within 15 days of when the PHA received the notification. In the event of extraordinary circumstances, if a unit is within a presidentially declared disaster area, HUD may waive the 24 hour or the ~~45-day~~15-day inspection requirement until such time as an inspection is feasible.

REPORT OF VALID POTENTIAL HAZARDS OR NEGATIVE CONDITIONS:

If an annual, biennial, or special inspection results in verifiable programmatic violations or lease violations the unit will be placed in the annual inspection process. Programmatic violations and lease violations will be documented and taken into consideration on a case by case basis.

Scheduling the Inspection [24 CFR 982.405(a)]

If an adult family member or other adult designated by the family cannot be present on the scheduled date, the family should request that CDC reschedule the inspection. CDC and the family will agree on a new inspection date that generally should take place within seven (7) calendar days of the originally-scheduled date. CDC may schedule an inspection more than seven (7) calendar days after the original date for good cause.

CDC will only re-schedule an inspection one time.

If the family misses the first scheduled appointment for an inspection without notifying CDC, the inspector will place notification of the missed inspection on the family's door. The family will be required to contact CDC to schedule a re-inspection within 7 calendar days. If the family fails to contact CDC and reschedule, then CDC will reschedule the inspection and notify the family.

If the family misses a second scheduled appointment for an inspection without notifying CDC, CDC will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with CDC's policies.

7.II.D. SPECIAL INSPECTIONS [HCV GB p. 10-30]

CDC will conduct a special inspection if the owner, family, or another entity reports HQS violations in the unit, or other conditions not acceptable to CDC. During a special inspection, CDC may inspect only those deficiencies that were reported, or may conduct a full inspection, at its sole discretion. However, the inspector will record any additional HQS deficiencies that are observed and will require the responsible party to make the necessary repairs. If the annual/biennial inspection has been scheduled or is due within 90 days of the date the special inspection is scheduled CDC may elect to conduct a full annual inspection.

Special Inspections may be requested for the following:

- Suspicion of unauthorized household members
- Belief of abandonment
- Hoarding or Housekeeping (only after landlord has provided verification of their lease enforcement activities)

These are general guidelines. CDC reserves the right to schedule a special inspection for other reasons that CDC determines are reasonable.

7.II.E. QUALITY CONTROL INSPECTIONS [24 CFR 982.405(b), HCV GB p. 10-32]

HUD requires a CDC supervisor or other qualified person to conduct quality control inspections of a sample of units to ensure that each inspector is conducting accurate and complete inspections and that there is consistency in the application of the HQS.

The unit sample must include only units that have been inspected within the preceding 3 months. The selected sample will include: (1) each type of inspection (initial, annual, and special); (2) inspections completed by each inspector; and (3) units from a cross-section of neighborhoods.

7. II.F. INSPECTION RESULTS AND RE-INSPECTIONS FOR UNITS UNDER HAP CONTRACT

Notification of Corrective Actions

The owner and the family will be notified in writing of the results of all failed inspections. When an inspection identifies HQS failures, CDC will determine:

- (1) Whether or not the failure is a life threatening condition; and
- (2) Whether the family or owner is responsible.

When life threatening conditions are identified, CDC will immediately notify both parties. The notice will specify who is responsible for correcting the violation. The corrective actions must be corrected within 24 hours of the CDC notice.

When failures that are not life threatening are identified, CDC will send the owner and the family a written notification of the inspection results within seven (7) calendar days of the inspection. The written notice will specify who is responsible for correcting the violation, and the time frame within which the failure must be corrected. No more than 30 calendar days (or any CDC approved extension) will be allowed for the correction.

For deficiencies which are the owner's responsibility to repair, the notice of inspection results will inform the owner that if life threatening conditions are not corrected within 24-hours, and non-life threatening conditions are not corrected within the specified time frame (or any CDC approved extension), the owner's HAP will be abated in accordance with CDC policy (see 7-II.G.).

Likewise, in the case of family caused deficiencies, the notice will inform the family that if corrections are not made within the specified time frame (or any CDC approved extension) the family's assistance will be terminated in accordance with CDC policy.

Extensions

For conditions that are life-threatening, CDC cannot grant an extension to the 24-hour corrective action period. For conditions that are not life-threatening, CDC may grant an exception to the required time frames for correcting the violation, if CDC determines that an extension is appropriate [24 CFR 982.404].

Extensions will be granted in cases where CDC has determined that the owner/participant has made a good faith effort to correct the deficiencies and is unable to do so for reasons beyond their control. Reasons may include, but are not limited to:

- Parts or services are not available, are on back order, or an alternative is being sought to bring the unit into compliance with HQS.
- Extraordinary expense: A repair is expensive (e.g. exterior painting or roof repair) and the owner needs time to obtain funds.
- Weather: A repair cannot be completed because of weather conditions.
- Reasonable accommodation is needed because the participating family includes a person with disabilities.
- Scheduling conflicts: The participant/owner must contact CDC at least one business day prior to the scheduled inspection date. If scheduling is the reason for the extension, CDC will require the repair be completed and re-inspected within 14 calendar days
- Medical / Hospitalization: A repair cannot be completed due to hospitalization or an extreme medical circumstance.

Formatted: Indent Left: 0.5", No bullets or numbering

The length of the extension will be determined on a case by case basis, but will not exceed 60-days, except in the case of delays caused by weather conditions, health and safety concerns, crisis situations or other similar circumstances determined acceptable by the CDC. In the case of weather conditions, extensions may be continued until the weather has improved sufficiently to make repairs possible. The necessary repairs must be made within 15 calendar days, once the weather conditions have subsided.

Owners/Participants may make requests for extensions by contacting CDC. CDC will document the date of the request, who made the request, the reason the extension is needed and if the extension has been granted. Contacting CDC means to write, email, or actually speak to the inspector either over the phone or in person. Messages are not considered "contacting CDC".

Re-Inspections

CDC will conduct a re-inspection immediately following the end of the corrective period, or any CDC approved extension.

For Annual Inspections or non-life-threatening ~~life-threatening~~ complaint inspections CDC will accept "**remote**" **repair verifications** to document the deficiencies have been completed. The owner or participant (responsible party) may notify CDC that the HQS deficiencies have been corrected. CDC will allow verification of the corrections to be submitted in one of the following methods.

1. Acceptable documentation supplied to CDC by the owner or participant. Acceptable documentation may include a receipt from a vendor which clearly specifies repairs made to the dwelling.
2. A picture submitted to CDC verifying the repairs were made.

If "remote" repair verifications are not received before the end of the corrective period or unacceptable or incomplete documentation is received, CDC will re-inspect the unit immediately following the end of the corrective period.

The family and owner will be given reasonable notice of the re-inspection appointment. If the deficiencies have not been corrected by the time of the re-inspection, CDC will send a notice of abatement to the owner, or in the case of family caused violations, a notice of termination to the family, in accordance with CDC policies. Abatement effective dates are clarified below.

If CDC is unable to gain entry to the unit in order to conduct the scheduled re-inspection, CDC will immediately reschedule the re-inspection. If CDC is unable to gain entry to the unit at the time of the second scheduled re-inspection, CDC will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with CDC's policies.

7. II.G. ENFORCING OWNER COMPLIANCE

If the owner fails to maintain the dwelling unit in accordance with HQS, CDC must take prompt and vigorous action to enforce the owner obligations.

HAP Abatement

If an owner fails to correct HQS deficiencies by the time specified by CDC, HUD requires CDC to abate housing assistance payments no later than the first of the month following the specified correction period (including any approved extension) [24 CFR 985.2(f)].

No retroactive payments will be made to the owner for the period of time the rent was abated. Owner rents are not abated as a result of HQS failures that are the family's responsibility.

CDC will make all HAP abatements effective the first of the month after the second failed HQS inspection. CDC will inspect abated units within 7 calendar days of the owner's notification that the work has been completed. Payment will resume effective on the day the unit passes inspection. During any abatement period, the family is responsible for its share of the rent. The owner must not seek payment from the family for abated amounts and may not use the abatement as cause for eviction.

HAP Contract Termination

CDC shall decide how long any abatement period will continue before the HAP contract will be terminated. CDC has the option to not terminate the contract until the family finds another unit, provided the family does so in a reasonable time [HCV GB p. 10-29] and must give the owner reasonable notice of the termination.

CDC will issue a voucher to permit the family to move to another unit. CDC will allow a maximum length of time that a Housing Assistance Payment may be abated of 120 calendar days. However, if the owner completes corrections and notifies CDC before the termination date of the HAP contract, CDC may rescind the HAP contract termination notice if:

- (1) The family still resides in the unit and wishes to remain in the unit; and
- (2) The unit passes inspection.

Reasonable notice of HAP contract termination by CDC is 30 calendar days. This notice will be given in the abatement notice.

7. II.H. ENFORCING FAMILY COMPLIANCE WITH HQS [24 CFR 982.404(b)]

Families are responsible for correcting any HQS violations listed in paragraph 7.I.D. If the family fails to correct a violation within the period allowed by CDC (and any exten-

sions), CDC will terminate the family's assistance. If the owner carries out a repair for which the family is responsible under the lease, the owner may bill the family for the cost of the repair.

~~PART III. HUD'S HOUSING QUALITY STANDARDS (24 CFR 982.401) Performance and acceptability requirements. This section states the housing quality standards (HQS) for housing assisted in the programs based on 24 CFR 982.401 and the Housing Choice Voucher Guidebook Chapter 10.~~

~~The HQS consist of:~~

- ~~(A) Performance requirements; and~~
- ~~(B) Acceptability criteria or HUD approved variations in the acceptability criteria.~~

~~This section states performance and acceptability criteria for these key aspects of housing quality:~~

- ~~(A) Sanitary facilities;~~
- ~~(B) Food preparation and refuse disposal;~~
- ~~(C) Space and security;~~
- ~~(D) Thermal environment;~~
- ~~(E) Illumination and electricity;~~
- ~~(F) Structure and materials;~~
- ~~(G) Interior air quality;~~
- ~~(H) Water supply;~~
- ~~(I) Lead based paint;~~
- ~~(J) Access;~~
- ~~(K) Site and neighborhood;~~
- ~~(L) Sanitary condition; and~~
- ~~(M) Smoke detectors.~~

~~All program housing must meet the HQS performance requirements both at commencement of assisted occupancy, and throughout the assisted tenancy.~~

~~In addition to meeting HQS performance requirements, the housing must meet the acceptability criteria stated in this section, unless variations are approved by HUD.~~

~~**7. III. A. Sanitary Facilities**~~

~~Performance requirements:~~

- ~~• The dwelling unit must include sanitary facilities located in the unit.~~
- ~~• The sanitary facilities must be in proper operating condition, and adequate for personal cleanliness and the disposal of human waste.~~
- ~~• The sanitary facilities must be usable in privacy.~~

~~Acceptability criteria:~~

- ~~The bathroom must be located in a separate private room and have a flush toilet in proper operating condition.~~
- ~~The dwelling unit must have a fixed basin in proper operating condition, with a sink trap and hot and cold running water.~~
- ~~The dwelling unit must have a shower or a tub in proper operating condition with hot and cold running water.~~
- ~~The facilities must utilize an approvable public or private disposal system (including a locally approvable septic system).~~

~~The bathroom must be contained within the dwelling unit, afford privacy (usually meaning a door, although no lock is required), and be for the exclusive use of the occupants.~~

~~The tub/shower, toilet, and basin/lavatory must have a proper sewer trap, drain, and vents to prevent the escape of sewer gases or severe leakage of water. Drains must not be clogged and the toilet must flush. Hot and cold water must be available at the tub, shower, and lavatory taps.~~

~~GDC will determine if the bathroom facilities are free of hazards which may endanger the occupants such as damaged or broken fixtures and plumbing leaks. Conditions which do not affect the acceptability of the bathroom include tenant preference items and minor faucet drips.~~

~~Only one bathroom is required to meet HQS. Additional bathrooms do not have to contain all plumbing fixtures, but if present, they must not create any unsanitary conditions, be properly plumbed, and be free of sewer gases.~~

~~Tenant Preference:~~

~~The tenant may determine acceptability of the cosmetic condition and quality of the sanitary facilities, including the size of the lavatory, tub, or shower, condition of faucets, minor leaks, scratches, or worn enamel on fixtures, and the location of the sanitary facilities within the dwelling unit.~~

7.III. B. Food Preparation and Refuse Disposal

Performance requirement.

- ~~The dwelling unit must have suitable space and equipment to store, prepare, and serve foods in a sanitary manner.~~
- ~~There must be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g., garbage cans).~~

Acceptability criteria.

- The dwelling unit must have an oven, and a stove or range, and a refrigerator of appropriate size for the family. All of the equipment must be in proper operating condition. The equipment may be supplied by either the owner or the family.
- A microwave oven may be substituted for a tenant-supplied oven and stove or range. A microwave oven may be substituted for an owner-supplied oven and stove or range if the tenant agrees and microwave ovens are furnished instead of an oven and stove or range to both subsidized and unsubsidized tenants in the building or premises.
- The dwelling unit must have a kitchen sink in proper operating condition, with a sink trap and hot and cold running water. The sink must drain into an approvable public or private system.
- The dwelling unit must have space for the storage, preparation, and serving of food.
- There must be facilities and services for the sanitary disposal of food waste and refuse, including temporary storage facilities where necessary (e.g., garbage cans).

Hot plates are not acceptable substitutes for stoves or ranges. The oven must heat and all burners on the stove or range must work. All stove or range knobs must be present. The stove or range must be free of hazardous gas hook-ups, gas leaks, or electrical hazards.

The refrigerator must be of adequate size for the family and capable of maintaining a temperature low enough to keep food from spoiling. The PHA may reject the size of the refrigerator only if it clearly cannot serve the needs of the family. For example, a counter top or compact type would not meet the needs of a family of four. The freezer space must be present and working and the equipment must not present an electrical hazard.

EXAMPLE:

What temperature must a refrigerator maintain to keep food from spoiling?

- Above 32° F, but generally below 40° F.
- Consider how often the refrigerator will be opened. Proper temperatures are difficult to maintain if the refrigerator is frequently opened during warm weather, door seals are removed or broken, or the door sits open.

The sink must have hot and cold running water from the faucets and a proper working sink drain with gas trap. It must also be hooked to an approved water and sewer system. The definition of hot water should be determined by the local health department or applicable local code.

Space for storage, preparation, and serving of food must be present. Built in space, equipment, table(s), or portable storage facilities are acceptable.

Waste and refuse storage facilities are determined by local practice and may include trash cans or dumpster facilities.

Other room standards apply to the food preparation area and are discussed under those specific requirements below.

Tenant Preference

The family selects a unit with the size and type of equipment it finds acceptable and may choose to accept a microwave oven in place of a conventional oven, stove, or range if the oven/stove/range are tenant supplied or if microwaves are furnished in both subsidized and unsubsidized units in the building or premises. The amount and type of storage space, the cosmetic conditions of all equipment, and the size and location of the kitchen shall all be determined by the family.

7. III. C. Space and Security

Performance requirement.

- The dwelling unit must provide adequate space and security for the family.

Acceptability criteria.

- At a minimum, the dwelling unit must have a living room, a kitchen area, and a bathroom.
- The dwelling unit must have at least one bedroom or living/sleeping room for each two persons. Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living/sleeping room.
- Dwelling unit windows that are accessible from the outside, such as basement, first floor, and fire escape windows, must be lockable (such as window units with sash pins or sash locks, and combination windows with latches). Windows that are nailed shut are acceptable only if these windows are not needed for ventilation or as an alternate exit in case of fire.
- The exterior doors of the dwelling unit must be lockable. Exterior doors are doors by which someone can enter or exit the dwelling unit.

A living room may be used as sleeping (bedroom) space, but no more than two persons may occupy the space.

Unit windows located on the first floor, at the basement level, on a fire escape, porch, or other outside space that can be reached from the ground and that are designed to be opened must have a locking device. (Windows with sills less than six feet off the ground are considered accessible.) Traditional window locks, those provided by storm/screen combination windows, window pins, and nails are acceptable.

Windows leading to a fire escape or required to meet ventilation requirements may not be permanently nailed shut.

Doors leading to the outside and common hallways, fire escapes, and porches or otherwise accessible from the ground must have locks. No specific type of lock is required.

~~Window and door surfaces (including the door frame) must be in sufficient condition to support the installation and proper operation of window and door locks.~~

~~*Tenant Preference*~~

~~The family may determine the adequacy of room sizes and room locations. The family is also responsible for deciding the acceptability of the type of door and window locks.~~

7. III. D. Thermal Environment

~~*Performance requirement.*~~

- ~~• The dwelling unit must have and be capable of maintaining a thermal environment healthy for the human body.~~

~~*Acceptability criteria.*~~

- ~~• There must be a safe system for heating the dwelling unit (and a safe cooling system, where present). The system must be in proper operating condition. The system must be able to provide adequate heat (and cooling, if applicable), either directly or indirectly, to each room, in order to assure a healthy living environment appropriate to the climate.~~
- ~~• The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Permanent electric heaters are acceptable.~~

~~Adequate heat is required in all rooms used for living; the heat source does not have to be located in each room as long as the heat can pass to the appropriate space and meet the definition of adequate. Portable electric room heaters or kitchen stoves with built-in heating units are not acceptable as a primary source of heat for units located in climatic areas where permanent heat systems are required.~~

~~Improper operating conditions, including all conditions that may be unsafe, such as broken or damaged source vents, flues, exhausts, gas or oil lines that create a potential fire hazard or threats to health and safety are not permitted.~~

~~Heating unit safety devices must be present, and the heating equipment must have proper clearance from combustible materials and location of oil storage tanks. There must be proper gas and oil connections.~~

~~Working cooling equipment refers to a central ventilation system, evaporative cooling system, room or central air conditioning. These systems are not required by HQS, but if present, must be operating safely so as not to create a potential fire hazard or other threat to health and safety.~~

~~*Tenant Preference*~~

~~The PHA has no control over energy conservation measures, such as dwelling insulation or installation of storm windows and doors. The family must assess whether a dwelling without these items is acceptable; the family must take into account the cost of utilities billed to the family and personal feelings about adequate heat. Dwellings that~~

are poorly insulated or lack storm windows are generally drafty and more difficult to heat and cool.

7. III. E. Illumination and Electricity

Performance requirement.

- Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants.
- The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances.
- The electrical fixtures and wiring must ensure safety from fire.

Acceptability criteria.

- There must be at least one window in the living room and in each sleeping room.
- The kitchen area and the bathroom must have a permanent ceiling or wall light fixture in proper operating condition.
- The kitchen area must also have at least one electrical outlet in proper operating condition.
- The living room and each bedroom must have at least two electrical outlets in proper operating condition. Permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets.

The PHA must be satisfied that the electrical system is free of hazardous conditions, including: exposed, uninsulated, or frayed wires, improper connections, improper insulation or grounding of any component of the system, overloading of capacity, or wires lying in or located near standing water or other unsafe places.

Outlets must be properly installed in the baseboard, wall, or floor. Hanging light fixtures or outlets from electric wiring, missing cover plates on switches and outlets, badly cracked outlets or cover plates, exposed fuse box connections and, overloaded circuits are unacceptable.

See Exhibit 7-2 for additional guidance regarding electrical outlets.

Tenant Preference

The family may determine whether the location and the number of outlets and fixtures (over and above those required for acceptability standards) are acceptable or if the amount of electrical service is adequate for the use of appliances, computers, or stereo equipment.

7. III. F. Structure and Materials

Performance requirement.

- The dwelling unit must be structurally sound. The structure must not present any threat to the health and safety of the occupants and must protect the occupants from the environment.

~~Acceptability criteria:~~

- ~~• Ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts, or other serious damage.~~
- ~~• The roof must be structurally sound and weather tight.~~
- ~~• The exterior wall structure and surface must not have any serious defects such as serious leaning, buckling, sagging, large holes, or defects that may result in air infiltration or vermin infestation.~~
- ~~• The condition and equipment of interior and exterior stairs, halls, porches, walkways, etc., must not present a danger of tripping and falling. For example, broken or missing steps or loose boards are unacceptable.~~
- ~~• The elevator servicing the unit must be working [if there is one].~~

~~The PHA must examine each of the elements listed in the acceptability criteria to determine that each is structurally sound, will not collapse, and does not present a danger to residents through falling or missing parts, or tripping hazards.~~

~~The PHA must determine that the unit is free from water, excessive air, and vermin infiltration.~~

~~Handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches off the ground.~~

~~The elevator servicing the unit must be working. A current city or state inspection certificate suffices to determine working condition of the elevator.~~

~~Manufactured homes must have proper tie down devices capable of surviving wind loads common to the area.~~

~~Tenant Preference~~

~~Families may determine whether minor defects, such as lack of paint, or worn flooring or carpeting will affect the livability of the unit.~~

7. III. G. Interior Air Quality~~Performance requirement:~~

- ~~• The dwelling unit must be free of pollutants in the air at levels that threaten the health of the occupants.~~

~~Acceptability criteria:~~

- ~~• The dwelling unit must be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust, and other harmful pollutants.~~
- ~~• There must be adequate air circulation in the dwelling unit.~~

- ~~• Bathroom areas must have one operating window or other adequate exhaust ventilation. If a window is present in the bathroom it must be operable.~~
- ~~• Any room used for sleeping must have at least one window. If the window is designed to be operable, the window must work.~~

~~The PHA must be satisfied that air pollutants such as gas leaks, industrial outputs, and heavy traffic would not present a health hazard.~~

~~Air circulation should be checked to determine adequate ventilation. Air conditioning (A/C) provides adequate circulation as do ceiling and vent fans.~~

~~The windows must adequately protect the unit's interior from the weather. Windows designed to open must not be painted or nailed shut. The ventilating bathroom fan in the bathroom must operate as intended.~~

Tenant Preference

~~Tenants may determine whether window and door screens, filters, fans, or other devices for proper ventilation are adequate to meet personal needs.~~

7. III. H. Water Supply

Performance requirement.

- ~~• The water supply must be free from contamination.~~

Acceptability criteria.

- ~~• The dwelling unit must be served by an approvable public or private water supply that is sanitary and free from contamination.~~

~~The PHA should be satisfied that the water supply is approved by the State or local jurisdiction. Clean water must be distributed to all unit fixtures and waste water must leave the unit to an approved area without presence of sewer gas and backups.~~

~~Plumbing fixtures and pipes must be free of leaks and threats to health and safety.~~

~~Water heating equipment must be installed safely and must not present any safety hazards to families. All water heaters must be free of leaks, have temperature/pressure relief valves, and a discharge line. Unless safety dividers or shields are installed water heaters must not be located in bedrooms or living areas where safety hazards may exist.~~

~~Fuel burning equipment must have proper clearance from combustible materials and be properly vented.~~

Tenant Preference

~~The family may decide if the water heater has a large enough capacity for personal family use.~~

7. III. I. Lead-Based Paint

Lead-based paint requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children under six years of age, excluding zero bedroom dwellings. Owners must:

- Disclose known lead-based paint hazards to prospective tenants before the lease is signed;
- Provide all prospective families with "Protect Your Family from Lead in Your Home";
- Stabilize deteriorated painted surfaces and conduct hazard reduction activities when identified by the PHA
- Notify tenants each time such an activity is performed
- Conduct all work in accordance with HUD safe practices
- As part of ongoing maintenance ask each family to report deteriorated paint.

For units occupied by environmental intervention blood lead level (lead poisoned) children under six years of age, a risk assessment must be conducted (paid for by the PHA). If lead hazards are identified during the risk assessment, the owner must complete hazard reduction activities. See HCV GB p. 10-15 for a detailed description of these requirements. For additional information on lead-based paint requirements see 24 CFR 35, Subparts A, B, M, and R.

7. III. J. Access*Performance requirement:*

- The dwelling unit must be able to be used and maintained without unauthorized use of other private properties.
- The building must provide an alternate means of exit in case of fire (such as fire stairs or egress through windows).

The PHA must determine that the unit has private access without unauthorized passage through another dwelling unit or private property.

The emergency (alternate) exit from the building (not the unit) may consist of fire stairs, a second door, fire ladders, or exit through windows. The emergency exit must not be blocked. It must be appropriate for the family and considered adequate by local officials.

Tenant Preference

The tenant should assist the PHA in determining if the type of emergency exit is acceptable.

7. III. K. Site and Neighborhood

Performance requirement.

- The site and neighborhood must be reasonably free from disturbing noises and reverberations and other dangers to the health, safety, and general welfare of the occupants.

Acceptability criteria.

- The site and neighborhood may not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks or steps; instability; flooding; poor drainage, septic tank back-ups or sewage hazards; mudslides; abnormal air pollution, smoke or dust; excessive noise, vibration or vehicular traffic; excessive accumulations of trash; vermin or rodent infestation; or fire hazards.

The PHA determines whether any of the above conditions seriously and continually affect the health or safety of the residents. PHAs should be careful not to restrict housing choice in deciding acceptability. Failing a unit because the neighborhood is considered "bad" is not appropriate.

Take into account whether private unassisted residents are living in the same neighborhood.

Tenant Preference

The CDC should advise consideration of the type of neighborhood, presence of drug activity, commercial enterprises, and convenience to shopping and other facilities known to the CDC before the family selects a unit.

7. III. L. Sanitary Condition

Performance requirement.

- The dwelling unit and its equipment must be in sanitary condition.

Acceptability criteria.

- The dwelling unit and its equipment must be free of vermin and rodent infestation.

The PHA must ensure that the unit is free of rodents and heavy accumulations of trash, garbage, or other debris that may harbor vermin. Infestation by mice, roaches, or other vermin particular to the climate must also be considered.

The unit must have adequate barriers to prevent infestation.

EXAMPLE:

What is infestation of rodents or vermin?

- By definition infestation means more than one bug or mouse. It is easily identified by observing mouse and/or rodent droppings or gnaw marks. If no visible evidence

~~exists, there is probably no infestation.~~

Tenant Preference

~~Provided the minimum standards required by the acceptability criteria have been met, the tenant must determine whether the unit is in an adequate sanitary condition. Occasional mice and roaches may be acceptable to the tenant.~~

7. III. W. Smoke Detectors

Performance requirement

- ~~Each dwelling unit must have at least one battery operated or hard wired smoke detector, in proper operating condition, on each level of the dwelling unit, including basements but excepting crawl spaces and unfinished attics.~~
- ~~Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards).~~
- ~~If the dwelling unit is occupied by any hearing impaired person, smoke detectors must have an alarm system, designed for hearing impaired persons as specified in NFPA 74 (or successor standards).~~
- ~~For units assisted prior to April 24, 1993, owners who installed battery operated or hard wired smoke detectors prior to April 24, 1993 in compliance with HUD's smoke detector requirements, including the regulations published on July 30, 1992, (57 FR 33846), will not be required subsequently to comply with any additional requirements mandated by NFPA 74 (i.e., the owner would not be required to install a smoke detector in a basement not used for living purposes, nor would the owner be required to change the location of the smoke detectors that have already been installed on the other floors of the unit).~~

7. III. N. Carbon Monoxide Monitors

~~Landlords must maintain carbon monoxide detectors in every rental unit in accordance with California law. The carbon monoxide detector must be in working condition.~~

~~Carbon Monoxide detectors must be installed to manufactures specifications.~~

EXHIBIT 7-1 SPECIAL HOUSING TYPES

§ 982.621 Manufactured home:

~~A manufactured home must meet all the HQS performance requirements and acceptability criteria in § 982.401. A manufactured home also must meet the following requirements:~~

~~(a) Performance requirement. A manufactured home must be placed on the site in a stable manner, and must be free from hazards such as sliding or wind damage.~~

~~(b) Acceptability criteria. A manufactured home must be securely anchored by a tie-down device that distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist wind overturning and sliding.~~

~~§ 982.618 Shared housing:~~

~~(a) Compliance with HQS. The PHA may not give approval to reside in shared housing unless the entire unit, including the portion of the unit available for use by the assisted family under its lease, meets the housing quality standards.~~

~~(b) Applicable HQS standards. The HQS in § 982.401 apply to assistance in shared housing. However, the HQS standards in this section apply in place of § 982.401(d) (space and security).~~

~~(c) Facilities available for family. The facilities available for the use of an assisted family in shared housing under the family's lease must include (whether in the family's private space or in the common space) a living room, sanitary facilities in accordance with § 982.401(b), and food preparation and refuse disposal facilities in accordance with § 982.401(c).~~

~~(d) Space and security: Performance requirements.~~

~~(1) The entire unit must provide adequate space and security for all its residents (whether assisted or unassisted).~~

~~(2) (i) Each unit must contain private space for each assisted family, plus common space for shared use by the residents of the unit. Common space must be appropriate for shared use by the residents.~~

~~(ii) The private space for each assisted family must contain at least one bedroom for each two persons in the family. The number of bedrooms in the private space of an assisted family may not be less than the family unit size.~~

~~(iii) A zero or one bedroom unit may not be used for shared housing.~~

~~§ 982.605 SRO: SINGLE ROOM OCCUPANCY~~

~~(a) HQS standards for SRO. The HQS in § 982.401 apply to SRO housing. However, the standards in this section apply in place of § 982.401(b) (sanitary facilities), § 982.401(c) (food preparation and refuse disposal), and § 982.401(d) (space and security). Since the SRO units will not house children, the housing quality standards in § 982.401(f), concerning lead-based paint, do not apply to SRO housing.~~

~~(b) Performance requirements.~~

~~(1) SRO housing is subject to the additional performance requirements in this paragraph.~~

~~(2) Sanitary facilities, and space and security characteristics must meet local code standards for SRO housing. In the absence of applicable local code standards for SRO housing, the following standards apply:~~

~~(i) Sanitary facilities.~~

~~(A) At least one flush toilet that can be used in privacy, lavatory basin, and bathtub or shower, in proper operating condition, must be supplied for each six persons or fewer residing in the SRO housing.~~

~~(B) If SRO units are leased only to males, flush urinals may be substituted for not more than one-half the required number of flush toilets. However, there must be at least one flush toilet in the building.~~

~~(C) Every lavatory basin and bathtub or shower must be supplied at all times with an adequate quantity of hot and cold running water.~~

~~(D) All of these facilities must be in proper operating condition, and must be adequate for personal cleanliness and the disposal of human waste.~~

~~The facilities must utilize an approvable public or private disposal system.~~

~~(E) Sanitary facilities must be reasonably accessible from a common hall or passageway to all persons sharing them. These facilities may not be located more than one floor above or below the SRO unit. Sanitary facilities may not be located below grade unless the SRO units are located on that level.~~

~~(ii) Space and security.~~

~~(A) No more than one person may reside in an SRO unit.~~

~~(B) An SRO unit must contain at least one hundred ten square feet of floor space.~~

~~(C) An SRO unit must contain at least four square feet of closet space for each resident (with an unobstructed height of at least five feet). If there is less closet space, space equal to the amount of the deficiency must be subtracted from the area of the habitable room space when determining the amount of floor space in the SRO unit. The SRO unit must contain at least one hundred ten square feet of remaining floor space after subtracting the amount of the deficiency in minimum closet space.~~

~~(D) Exterior doors and windows accessible from outside an SRO unit must be lockable.~~

~~(3) Access.~~

~~(i) Access doors to an SRO unit must have locks for privacy in proper operating condition.~~

~~(ii) An SRO unit must have immediate access to two or more approved means of exit, appropriately marked, leading to safe and open space at ground level, and any means of exit required by State and local law.~~

~~(iii) The resident must be able to access an SRO unit without passing through any other unit.~~

~~(4) Sprinkler system.~~

A sprinkler system that protects all major spaces, hard wired smoke detectors, and such other fire and safety improvements as State or local law may require must be installed in each building. The term "major spaces" means hallways, large common areas, and other areas specified in local fire, building, or safety codes.

~~§ 982.609 Congregate housing: Housing quality standards.~~

~~(a) **HQS standards for congregate housing.** The HQS in § 982.401 apply to congregate housing. However, the standards in this section apply in place of § 982.401(c) (food preparation and refuse disposal). Congregate housing is not subject to the HQS acceptability requirement in § 982.401(d)(2)(i) that the dwelling unit must have a kitchen area.~~

~~(b) **Food preparation and refuse disposal: Additional performance requirements.** The following additional performance requirements apply to congregate housing:~~

- ~~(1) The unit must contain a refrigerator of appropriate size.~~
- ~~(2) There must be central kitchen and dining facilities on the premises. These facilities:~~
 - ~~(i) Must be located within the premises, and accessible to the residents;~~
 - ~~(ii) Must contain suitable space and equipment to store, prepare, and serve food in a sanitary manner;~~
 - ~~(iii) Must be used to provide a food service that is provided for the residents, and that is not provided by the residents; and~~
 - ~~(iv) Must be for the primary use of residents of the congregate units and be sufficient in size to accommodate the residents.~~
- ~~(3) There must be adequate facilities and services for the sanitary disposal of food waste and refuse, including facilities for temporary storage where necessary.~~

~~§ 982.614 Group home: Housing quality standards.~~

~~(a) **Compliance with HQS.** The PHA may not give approval to reside in a group home unless the unit, including the portion of the unit available for use by the assisted person under the lease, meets the housing quality standards.~~

~~(b) **Applicable HQS standards.**~~

~~(1) The HQS in § 982.401 apply to assistance in a group home. However, the standards in this section apply in place of § 982.401(b) (sanitary facilities), § 982.401(c) (food preparation and refuse disposal), § 982.401(d) (space and security), § 982.401(g) (structure and materials) and § 982.401(i) (site and neighborhood).~~

~~(2) The entire unit must comply with the HQS.~~

~~(c) **Additional performance requirements.** The following additional performance requirements apply to a group home:~~

~~(1) **Sanitary facilities.**~~

~~(i) There must be a bathroom in the unit. The unit must contain, and an assisted resident must have ready access to:~~

- ~~(A) A flush toilet that can be used in privacy;~~

~~(B) A fixed basin with hot and cold running water; and~~

~~(C) A shower or bathtub with hot and cold running water.~~

~~(ii) All of these facilities must be in proper operating condition, and must be adequate for personal cleanliness and the disposal of human waste. The facilities must utilize an approvable public or private disposal system.~~

~~(iii) The unit may contain private or common sanitary facilities. However, the facilities must be sufficient in number so that they need not be shared by more than four residents of the group home.~~

~~(iv) Sanitary facilities in the group home must be readily accessible to and usable by residents, including persons with disabilities.~~

~~(2) Food preparation and service.~~

~~(i) The unit must contain a kitchen and a dining area. There must be adequate space to store, prepare, and serve foods in a sanitary manner.~~

~~(ii) Food preparation and service equipment must be in proper operating condition. The equipment must be adequate for the number of residents in the group home. The unit must contain the following equipment:~~

~~(A) A stove or range, and oven;~~

~~(B) A refrigerator; and~~

~~(C) A kitchen sink with hot and cold running water. The sink must drain into an approvable public or private disposal system.~~

~~(iii) There must be adequate facilities and services for the sanitary disposal of food waste and refuse, including facilities for temporary storage where necessary.~~

~~(iv) The unit may contain private or common facilities for food preparation and service.~~

~~(3) Space and security.~~

~~(i) The unit must provide adequate space and security for the assisted person.~~

~~(ii) The unit must contain a living room, kitchen, dining area, bathroom, and other appropriate social, recreational or community space. The unit must contain at least one bedroom of appropriate size for each two persons.~~

~~(iii) Doors and windows that are accessible from outside the unit must be lockable.~~

~~(4) Structure and material.~~

~~(i) The unit must be structurally sound to avoid any threat to the health and safety of the residents, and to protect the residents from the environment.~~

~~(ii) Ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, loose surface materials, severe buckling or noticeable movement under walking stress, missing parts or other significant damage. The roof structure must be firm, and the roof must be weathertight. The exterior or wall structure and exterior wall surface may not have any serious defects such as serious leaning, buckling, sagging, cracks or large holes, loose siding, or other serious damage. The condition and equipment of interior and exterior stairways,~~

~~halls, porches, walkways, etc., must not present a danger of tripping or falling. Elevators must be maintained in safe operating condition.
(iii) The group home must be accessible to and usable by a resident with disabilities.~~

~~(5) *Site and neighborhood.* The site and neighborhood must be reasonably free from disturbing noises and reverberations and other hazards to the health, safety, and general welfare of the residents. The site and neighborhood may not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks or steps, instability, flooding, poor drainage, septic tank back-ups, sewage hazards or mud slides, abnormal air pollution, smoke or dust, excessive noise, vibrations or vehicular traffic, excessive accumulations of trash, vermin or rodent infestation, or fire hazards. The unit must be located in a residential setting.~~

EXHIBIT 7-12 HQS Inspection Guidance related to Electrical Outlets.

**U.S. Department of Housing and Urban Development
Public and Indian Housing**

Special Attention of: **Notice PIH 2010-10 (HA)**
Office Directors of Public Housing;
Regional Directors; Public Housing Issued: March 31, 2010
Agencies.
Expires: March 31, 2011
Cross References:

SUBJECT: HQS Inspections for the Housing Choice Voucher Program and Guidance Related to Electrical Outlets

1. Purpose:

This Notice reviews the existing Housing Quality Standards (HQS) requirements and existing guidance that Public Housing Agencies (PHAs) may rely upon when conducting inspections. It also offers additional guidance on what types of three-prong electrical outlets an inspector should consider acceptable under HQS.

2. Applicability:

This Notice applies to HUD programs that use the HQS requirements, including the following HUD-PIH rental assistance programs: Project-Based Voucher, Project-Based Certificate, and Housing Choice Voucher (HCV) Programs.

3. Introduction:

The goal of HUD's Section 8 Housing Choice Voucher (HCV) Program is to provide "decent, safe, and sanitary" housing at an affordable cost to low-income families. To accomplish this, HCV program regulations at 24 CFR 982.401 set forth basic housing quality standards (HQS). All units must meet HQS before a PHA can approve a tenancy, and throughout the term of the lease. PHAs must inspect each assisted unit at least annually to ensure the unit meets HQS. HQS define "standard housing" and establish the minimum criteria for the health and safety of program participants. Current HQS regulations consist of 13 key aspects of housing quality, and acceptability criteria to meet each performance requirement. HQS includes requirements for all housing types, including single and multi-family dwelling units, as well as specific requirements for special housing types such as manufactured homes, congregate housing, single room occupancy, shared housing, and group residences.

4. Background:

A May 2008, HUD Office of Inspector General (OIG) report concluded that HUD did not

have adequate controls to ensure that HCV program housing was in material compliance with HUD's HQS. This Notice reviews the existing HQS requirements and identifies the guidance that PHAs may rely upon when conducting inspections until the Department issues updated guidance on HQS. The Notice is divided into two sections. The first section lists the HUD program requirements that apply to HQS and supplementary guidance that PHAs and inspectors may rely upon when conducting inspections. The second section deals with the issue of electrical receptacles, which is an area of concern for many inspectors conducting HQS inspections.

5. Housing Quality Standards-:

A. General

The HCV program is designed to cover a diverse housing stock of different ages, structure types, geographic location and climate. In light of this approach, HUD issued guidance that PHAs can rely upon for the interpretation of HQS. It is important to note that, based upon the diversity of the housing stock nationwide, many of the criteria rely upon the expertise and knowledge of a PHA's housing inspectors to determine whether a unit meets HQS. This Notice identifies program requirements related to HQS inspections as well as reference materials that HUD has issued to supplement the regulatory requirements.

B. Program Requirements

HUD's current HQS regulations for the HCV program are found at 24 CFR 982.401, and consist of the 13 key aspects of housing quality and the accompanying Performance Requirements and Acceptability Criteria. The PHA must comply with the regulations, which are always the controlling requirement if there is a conflict between them and any other guidance. The Department also issued the following two inspection forms. PHAs must comply with one of these forms when conducting HQS inspections.

- (1) Inspection Form HUD-52580; or
- (2) Inspection Checklist, Form HUD-52580A

C. Supplemental Materials

The Department issued supplemental materials, which set out daily operating procedures in more detail than is included in the regulations. While the supplemental materials do not have the force of regulation, PHAs may rely on the materials as reflective of HUD's interpretation of its regulations. The Department issued the following supplemental materials to assist PHA inspectors in determining if a unit will pass the HQS inspection:

- (1) Chapter 10 of the Housing Choice Voucher Program Guidebook, 7420.10G, and
- (2) Housing Inspection Manual.

Although the Department designed these materials to minimize the amount of ambiguity and subjectivity in the application of the requirements, there will be situations where the professional judgment of the inspector will be necessary to differentiate between a pass or fail condition.

6. Electrical Receptacles:

A. Background

The HCV program regulations at 24 CFR 982.401(f) set forth the HQS requirements and acceptability criteria with respect to illumination and electricity for the housing unit. The regulations state that a unit must include the following acceptability criteria for electricity.

- the kitchen and bathroom must have one permanent ceiling or wall light fixture in proper operating condition;
- the kitchen must have at least one electrical outlet in proper operating condition; and
- the living room and each bedroom must have at least two electrical outlets in proper operating condition (permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets).

The inspector is responsible for determining whether the outlets are in "proper operating condition." While the regulation does not define what the Department considers "proper operating condition," HUD-Form 52580A cites examples of electrical hazards including:

- broken wiring;
- non-insulated wiring;
- frayed wiring;
- improper types of wiring, connections or insulation;
- wires lying in or located near standing water or other unsafe places;
- light fixture hanging from electric wiring without other firm support or fixture;
- missing cover plates on switches or outlets;
- badly cracked outlets;
- exposed fuse box connections; and
- overloaded circuits evidenced by frequently "blown" fuses (which the inspector determines by asking the tenant).

B. Types of Outlets and Their Proper Operating Condition

In response to an OIG audit, HUD is issuing this Notice to clarify the proper operating condition of electrical outlets (110V/120V). There are two basic types of outlets: two-pronged (also called "two-slotted") and three-pronged outlets. Three-pronged outlets have an additional hole for a ground wire, and are "grounded outlets." Two-pronged outlets are "ungrounded."

Generally, original two-pronged, ungrounded outlets and original three-pronged, grounded outlets are acceptable under the HQS. "Upgraded" outlets, which have been changed from two-pronged to three-pronged, are the major area of concern in this Notice.

Ungrounded Outlets

Older construction (pre-1975) housing will usually have ungrounded two-pronged outlets, which is an acceptable type of outlet under the HQS. (Figure 1) Homes constructed with a two-wire electrical system include only a hot and neutral wire. Two-pronged ungrounded systems and outlets are acceptable under HQS as long as the outlet is in proper operating condition. An owner does not need to upgrade the electrical system of the unit (convert two-pronged outlets to three-pronged) in order for the unit to pass an HQS inspection.

Grounded Outlets

Newer construction housing will usually have three-pronged outlets, which are acceptable under HQS if the outlets are grounded. (Figure 2) Newer units constructed with a three wire electrical system include a hot, neutral, and ground wire. This Notice outlines traditional methods of testing grounded outlets for proper operating condition below.

“Upgraded” Outlets

Many of the cords for today's appliances contain three-pronged plugs, which can cause problems when an older home does not have three-pronged outlets for these grounded plugs. In the case of older homes, owners often replace two-pronged, ungrounded outlets with three-pronged, grounded type outlets in order to establish appropriate outlets for appliances that have cords with three-pronged plugs. However, in some cases, owners may replace two-pronged, ungrounded outlets with the three-pronged, grounded type outlets without the necessary rewiring that adds a ground wire to the newly installed, grounded type outlet.

Three-pronged, grounded type outlets should not be substituted for ungrounded outlets unless

(1) a ground wire is connected to the outlet, or

(2) a Ground Fault Circuit Interrupter (GFCI)

protects the outlet. (Figure 3) Installing a new ground wire may require a licensed electrician to install a new wire to the circuit breaker box and may be prohibitively expensive. A more cost-effective method is to protect the outlet with a GFCI, which provides protection to the outlet. If the GFCI senses a difference in current flow between the hot and the neutral terminals, it shuts off the flow of current to the outlet.

An older construction house with a grounded outlet (Figure 2) would be an indication that the unit may have undergone some upgrading. In such cases, the Department recommends testing a sample of outlets in the unit to determine if three-pronged outlets are in proper operating condition, in addition to verifying the proper operating condition of the required number of outlets per room.

Testing of Outlets to Determine Proper Operating Condition**Two-pronged, Ungrounded Outlets**

The traditional method of testing a two-pronged, ungrounded outlet is to plug an appliance into the outlet and verify that the appliance turns on. This simple method is acceptable for determining that the ungrounded outlet is in proper operating condition and meets HQS.

Three-pronged Outlets

A three-pronged outlet must meet one of the following three standards for the inspector to consider the outlet in "proper operating condition" as required by HQS:

1. The outlet is properly grounded.
2. A GFCI protects the three-pronged, ungrounded outlet.

3. The outlet complies with the applicable state or local building or inspection code.

The inspector needs to use an outlet tester to determine whether the outlet is properly grounded. There are two types of outlet testers that an inspector can use to determine a properly grounded outlet: a two-wire tester or a three-pronged tester.

Two Wire Tester Three Prong Tester

To test an outlet with a two-wire tester, an inspector inserts one probe into the hot slot (usually, the smaller slot) of the outlet and one probe into the ground hole (bottom hole). If the outlet is properly grounded, the indicator light should light brightly in the same manner that the light shines when the inspector inserts the probes of the tester into the hot and neutral (right and left) slots.

To test an outlet with a three-pronged tester, the inspector should plug the device in and note the pattern of the lights. Usually there will be a legend printed on the device describing what the lights indicate. The instructions provided by the manufacturer of the tester should be followed. If the inspector determines that the outlet is not properly grounded based on the results of the outlet tester, he/she may need to conduct some additional investigation to determine if a GFCI protects the outlet. A GFCI can be located at the outlet that is being tested or upstream on the circuit of the outlet. If the GFCI is at an outlet, it will look similar to Figure 3 above, and the inspector should accept the outlet as GFCI-protected after testing the functionality of the GFCI as indicated below. As stated above, an ungrounded outlet may be protected by a GFCI at another outlet that is upstream from the ungrounded outlet. If the inspector suspects that this may be the case, there is an easy way to determine if the GFCI protects an outlet. The inspector should "trip" all of the GFCIs in the unit; both at the outlet and in the circuit breaker box and determine if there is power to the ungrounded outlet. If the power to the outlet is off, then one of the GFCIs protects the outlet.

Occasionally, a GFCI may be located on the circuit breaker at the load center (circuit breaker box). The following image depicts a GFCI breaker: the distinctive indicator is the "Test" button mounted on the breaker. An inspector may want to "trip" the GFCI in order to identify that the power shuts off to any ungrounded outlet that is protected by the breaker. To "trip" the GFCI, the inspector would press the test button (A) and the switch (B) will move and shut off power to the circuit. This allows the inspector to verify that the outlet is GFCI-protected.

GFCI Breaker Testing of Ground Fault Circuit Interrupters (GFCIs) To Determine Proper Operating Condition

If an outlet contains a GFCI, the GFCI must work as designed in order for the inspector to consider the GFCI in proper operating condition. However, a GFCI can be in proper operating condition even if it is not grounded. A GFCI is in proper operating condition if pressing the "TEST" button on the GFCI trips the circuit and shuts off power through the receptacle. It is important to note that some three-prong testers have a GFCI test button function built into the tester. The test button on a three-prong tester only works to trip a

grounded GFCI. Therefore, if the GFCI is not grounded, the circuit tester will erroneously indicate that the GFCI is malfunctioning. As a result, inspectors cannot depend solely on three prong testers to determine if a GFCI is in proper operating condition. Instead, the inspector should press the "TEST" button, and if the button trips the circuit and shuts off the power through the receptacle, the GFCI is in proper operating condition.

7. For Further Information: Contact Brian Gage, Office of Housing Voucher Management, Room 4210, Department of Housing and Urban Development, 451 7th Street, SW, Washington, DC 20410, at (202) 402-4254./s/

Sandra B. Henriquez, Assistant Secretary
for Public and Indian Housing
2344530.1

XII. ANNUAL AND INTERIM RE-CERTIFICATION

| |
|---|
| Formatted: Font: 14 pt, Bold |
| Formatted: Tab stops: 0.25", Left + Not at 0" |
| Formatted: Font: 14 pt, Bold, No underline |

Regulation §982.516 Family income and composition: Regular and interim examinations. (a) PHA responsibility for reexamination and verification. (1) The PHA must conduct a reexamination of family income and composition at least annually. (2) The PHA must obtain and document in the tenant file third party verification of the following factors, or must document in the tenant file why third party verification was not available: (i) Reported family annual income; (ii) The value of assets; (iii) Expenses related to deductions from annual income; and (iv) Other factors that affect the determination of adjusted income.

(b) When PHA conducts interim reexamination. (1) At any time, the PHA may conduct an interim reexamination of family income and composition. (2) At any time, the family may request an interim determination of family income or composition because of any changes since the last determination. The PHA must make the interim determination within a reasonable time after the family request. (3) Interim examinations must be conducted in accordance with policies in the PHA administrative plan.

(c) Family reporting of change. The PHA must adopt policies prescribing when and under what conditions the family must report a change in family income or composition.

(d) Effective date of reexamination. (1) The PHA must adopt policies prescribing how to determine the effective date of a change in the housing assistance payment resulting from an interim redetermination. (2) At the effective date of a regular or interim reexamination, the PHA must make appropriate adjustments in the housing assistance payment. (For a voucher tenancy, the housing assistance payment shall be calculated in accordance with §982.505. For a certificate tenancy, the housing assistance payment shall be calculated in accordance with §982.518.)

(e) Family member income. Family income must include income of all family members, including family members not related by blood or marriage. If any new family member is added, family income must include any income of the additional family member. The PHA must conduct a reexamination to determine such additional income, and must make appropriate adjustments in the housing assistance payment.

(f) Accuracy of family income data. The PHA must establish procedures that are appropriate and necessary to assure that income data provided by applicant or participant families is complete and accurate.

(g) Execution of release and consent. (1) As a condition of admission to or continued assistance under the program, the PHA shall require the family head, and such other family members as the PHA designates, to execute a HUD approved release and consent form (including any release and consent as required under §5.230 of this title) authorizing any depository or private source of income, or any Federal, State or local agency, to furnish or release to the PHA or HUD such information as the PHA or HUD determines to be necessary. (2) The PHA and HUD must limit the use or disclosure of information obtained from a family or from another source pursuant to this release and consent to purposes directly in connection with administration of the program.

CDC'S POLICY:

A. ANNUAL RE-CERTIFICATION

The PHA must conduct a reexamination of family income and composition at least annually. When calculating a household's income CDC must first determine the family's income for the previous 12-month period and use this amount as the family income for annual reexaminations. Adjustments must be made to reflect current income. Any change of income since the family's last annual reexamination, including those that did not meet the threshold to process an interim reexamination must be considered. Income from assets is always anticipated, irrespective of the income examination type, so current income documents must be obtained. CDC will look at the entirety of the family's unearned and earned income from the prior year, in which earned income may have been a constant job or many different jobs that start and stop. This process includes if necessary gathering and verifying current information about family composition, income, and expenses. Based on this updated information, the family's income and rent must be recalculated.

- Formatted: Indent: Left: 0", Tab stops: 1.06", Left
- Formatted: Tab stops: 1.06", Left
- Formatted: Indent: Left: 0", Tab stops: 1.06", Left
- Formatted: Tab stops: 1.06", Left

Income Changes Determined at Reexamination

If there were changes reported in annual income that were not processed by CDC since the last reexamination, use current income documents and the verification hierarchy to determine annual income. If CDC determines there were changes to an income source (ie. change of employer, no longer working, new employment, child support stopped or started, Cash Aid reduced, etc.), or current income verifications provided reflect a higher or lower annual income than what was previously reported or reported on the EIV, CDC will follow the current verification hierarchy to calculate annual income.

- Formatted: Tab stops: 0.56", Left + 1.06", Left + Not at 0" + 0.88"
- Formatted: Indent: Left: 0", Tab stops: 1.06", Left
- Formatted: Font: (Default) Arial
- Formatted: Tab stops: 1.06", Left
- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial

Household has no Reported Income Changes at reexamination

If there are no reported changes to an income source, nor has CDC determined the current income reported is higher or lower than previously reported, CDC may use documentation of prior year income to calculate the annual income used for the current annual reexamination. In this scenario, CDC must verify the income using the following documentation and certifications from the family:

Formatted: Font: (Default) Arial

1. EIV may be used as the sole verification of Social Security income. If applicable, CDC will apply the Cost of Living Adjustment (COLA) to the SSB/SSI monthly income when calculating annual income.

Formatted: Font: (Default) Arial

1.

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted: Font: (Default) Arial

2. EIV + Self certification for income sources such as Wages and Unemployment.

Formatted: List Paragraph, Tab stops: 1.06", Left

2. When the EIV income and household reported income are the same as previously reported for Wages or unemployment, then CDC must use the income

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5", Tab stops: 1.06", Left

reported on the EIV to calculate the income for the current reexamination.

When calculating wages or unemployment income from the EIV, the household member must certify that the income listed on the EIV is accurate and reflects the current annual income for that source. CDC will send certification directly to the household member. If the household disputes the income reported on the EIV or does not provide a self-certification that the EIV income is accurate and/or current, then current income documents and the verification hierarchy will be used to determine annual income. If there is unearned income from a minor, the adult HOH member will sign the certification on behalf of the minor.

- Formatted: Font: (Default) Arial
- Formatted: Tab stops: 1.06", Left
- Formatted: Indent: Left: 0.5", Tab stops: 1.06", Left

When calculating income this way only the EIV and Self Certification are required for verification purposes.

Wages and Unemployment Calculation: Annual wages and unemployment are calculated based off the wages shown for the last 4 quarters on the EIV.

2-3- Current year end documents verifying prior year income. This must be an original or authentic document generated by a third-party source and dated within 120 days of the date received by CDC. Such documentation may be in the possession of the tenant and submitted to CDC. Examples of year end documents include:

- Formatted: Tab stops: 1.06", Left
- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial
- Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5", Tab stops: 1.06", Left

3.

- Year-end statement or payroll summary report generated from an employer showing gross wages for the previous year.

- Formatted: Font: (Default) Arial
- Formatted: Tab stops: 1.06", Left
- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial
- Formatted: Indent: Left: 1", No bullets or numbering

- Last paycheck stub obtained for the year which lists a year-to-date amount.

- Formatted: Indent: Left: 1", Line spacing: single, No bullets or numbering, No widow/orphan control, Don't adjust space between Latin and Asian text, Don't adjust space between Asian text and numbers, Tab stops: 1.06", Left

•

- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial

- Tax Forms (1040, W-2, -1099, etc.)

- Formatted: Indent: Left: 1", Line spacing: single, No bullets or numbering, No widow/orphan control, Don't adjust space between Latin and Asian text, Don't adjust space between Asian text and numbers, Tab stops: 1.06", Left

If CDC is unable to obtain a certification from the household or unable to obtain a year end document, then current income statements and the Verification Hierarchy will be used to calculate annual income.

- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial

If there are reported income changes by the family or CDC notes discrepancies between EIV and what the family reports, CDC will use current income statements and follow the verification hierarchy to document and verify income. See Attachment A for guidance on the verification hierarchy process.

- Formatted: Font: (Default) Arial
- Formatted: Indent: Left: 0.38"
- Commented [TD1]: ???
- Formatted: Font: (Default) Arial

Families will be obligated to supply any information that the CDC or HUD determines is necessary for use in regularly scheduled reexaminations or -interim reexaminations.

Families must submit consent forms for obtaining wage and claim information from Federal, State, or local agencies to furnish or release to the CDC such information determined necessary.

When families move to another dwelling unit, an annual re-certification will be ~~conducted~~ scheduled, unless an annual re-certification was effective within the last sixty days became effective thirty days prior to the relocation date. For initial move-ins, relocations, re-examinations and interim re-examinations, income/asset verifications are valid for one hundred and twenty days (120) of receipt before the effective date of the certification, and must be re-verified if expired.

If requested by a family, a family representative or social service representative may assist with the re-certification process, provided proper release forms are submitted and on file to release/discuss confidential information with the family member or social worker

Income limits will not be used as a test for continued eligibility at re-certification.

Formatted: Indent: Hanging: 0.38"

~~If requested by a family, a family representative or social service representative may assist with the re-certification process, provided proper release forms are submitted and on file to release/discuss confidential information with the family member or social worker~~

Formatted: Indent: Left: 0"

Formatted: Indent: Hanging: 0.38"

Formatted: Indent: Left: -0.38", Hanging: 0.38", Tab stops: Not at 0.88" + 1.63"

Formatted: Indent: Hanging: 0.38"

B. ANNUAL REEXAMINATION NOTICE TO THE FAMILY

Formatted: Tab stops: 0.69", Left + Not at 0.38"

Formatted: Tab stops: 0.69", Left

CDC conducts annual re-examinations of income and family composition by mail. CDC may schedule a re-certification appointment with the family if it is determined necessary. A family may also request a re-certification appointment with a CDC representative. The CDC will maintain a reexamination tracking system. Generally, at least 90 – 120 days in advance of the scheduled annual recertification effective date, CDC will send notification of annual reexamination by first-class mail to the head of household.

Families will be asked to complete a re-certification packet which will include a PHA-designated re-examination application, an Authorization for the Release of Information/Privacy Act Notice (HUD 9886), and other required forms. CDC will require supporting documentation related to the family's income, expenses, and family composition to be submitted with the completed application package.

If requested as an accommodation by a person with a disability, the CDC will provide the notice in an accessible format.

Reexaminations by mail

CDC conducts reexaminations by mail for all assisted families.

The re-certification notification will contain the deadline for submission of the re-certification packet along with the required supporting documentation related to the family's income, expenses, and family composition.

The housing specialist will provide his/her contact information in the recertification packet for ease of contact should the family have any questions or concerns regarding the information and documentation that must be provided to CDC for the annual reexamination.

The completed re-certification packet along with all required documentation must be returned to CDC on or before the specified return date. CDC will allow participants 20 calendar days to supply a completed re-certification packet, including all supporting documentation. If the 20th day falls on a Friday, weekend or Holiday, CDC will allow the documentation to be supplied on the following business day.

If requested by the family, CDC may grant an extension of time for submission of required recertification documents. The family must contact CDC in advance of the specified deadline date to request an extension.

—Reexaminations by appointment

CDC may schedule a re-certification appointment with the family if it is determined necessary.

The family may request an in-person interview if they determine they need assistance with information or documentation requested by CDC.

The in-person interview must be attended by the head of household. A reasonable accommodation may be requested if participation in an in-person interview poses a hardship because of a family member's disability.

Notification of reexamination interviews will be sent by first-class mail and will contain the date, time, and location of the interview. In addition, the notification will inform the family of the information and documentation that must be brought to the interview.

C._—FAILURE TO RESPOND TO ANNUAL RE-CERTIFICATION NOTICE

Formatted: Tab stops: 0.69", Left

Formatted: Tab stops: 0.69", Left + 1.63", Left + Not at 1.25"

Formatted: Tab stops: 0.69", Left + 1.75", Left + Not at 0.5"

Formatted: Indent: Left: 0.38", Tab stops: 1.75", Left + Not at 0.5"

Formatted: Tab stops: 1.75", Left + Not at 0.5"

Formatted: Tab stops: 0", Left + 1.75", Left

Formatted: Indent: Left: 0", Tab stops: 0", Left + 1.75", Left

Formatted: Indent: Left: 0", Tab stops: 1.75", Left + Not at 0.5"

If the family fails to respond to the first mailed re-certification notice, CDC will send a second recertification notice along with a procedural non-compliance letter. The procedural non-compliance and second recertification notice will be mailed immediately following the first missed scheduled appointment or deadline date. This notice will include a new deadline date/appointment date to supply the re-certification documents to CDC within ten (10) calendar days from the date on the notice.

Formatted: Tab stops: 1.75", Left

If the family fails respond to the second mailed re-certification notice, and CDC has not granted an extension, or if the notice is returned by the post office with no forwarding address, a notice of termination will be sent to the family's address of record and to any alternate address provided in the family's file in accordance with the policies in Chapter XIV of this plan.

Formatted: Indent Left: 0", Tab stops: 1.75", Left + Not at 0.5"

Formatted: Tab stops: 1.75", Left + Not at 0.5"

Exceptions to these policies may be made for emergencies or on a case by case basis. The family must be able to document the circumstances that prevented them from contacting CDC.

Formatted: Indent Left: 0", Tab stops: 1.75", Left + Not at 0.5"

Formatted: Tab stops: 1.75", Left + Not at 0.5"

D._—CONDUCTING ANNUAL REEXAMINATIONS

Formatted: Indent Left: 0.38", Tab stops: 1.75", Left + Not at 0.5"

Formatted: Tab stops: 1.75", Left + Not at 0.5"

The annual re-certification effective date shall be the first of the month in which the initial HAP Contract was executed.

All family members eighteen (18) years of age or older must sign the reexamination application and if requested attend the annual reexamination appointment.

Once the family has provided the completed re-certification packet CDC will complete a review of the information supplied. After review CDC may determine information is missing, or CDC may require additional documentation. The family will be notified in writing, and the notification will specify any additional information required, and the deadline date for submission. If the family fails to provide the requested information within the time frame specified, including any extensions, they may be sent a notice of termination letter or non-compliance for failure to supply necessary information.

Formatted: Indent Hanging: 0.38"

E._-VERIFICATION OF INFORMATION PROVIDED AT ANNUAL RECERTIFICATION

Formatted: Tab stops: Not at 0" + 0.5" + 0.88"

The information provided by the family must be verified in accordance with the policies in Chapter V. Verifications and the verification hierarchy. Verifications for re-examinations

Formatted: Tab stops: 0.38", Left + Not at 0"

are valid for one hundred twenty (120) days ~~from receipt~~ from the effective date of the certification.

The CDC will obtain and document in the family's file, an up-front income verification, and/or a third-party verification or document why these verifications were not available.

Formatted: Tab stops: 0.38", Left + Not at 0"

Formatted: Indent: Left: 0", Tab stops: 0.38", Left + Not at 0"

Formatted: Tab stops: 0.38", Left + Not at 0"

Formatted: Tab stops: 0.38", Left

F. INTERIM REEXAMINATIONS

The PHA must adopt policies prescribing when and under what conditions the family must report changes in family income or expenses (24 CFR 982.518(c)). In addition, HUD regulations require that the family be permitted to obtain an interim reexamination any time the family has experienced a change in circumstances since the last determination (24 CFR 982.518(b)(2)).

Formatted: Indent: Left: 0", Tab stops: 0.38", Left

Family circumstances may change throughout the period between annual reexaminations. HUD regulations permit the PHA to conduct interim reexaminations of income or family composition at any time. When an interim reexamination is conducted, only those factors that have changed are verified and adjusted.

Generally, the family will not be required to attend an interview for an interim reexamination. However, if CDC determines that an interview is warranted, the family may be required to attend.

Based on the type of change reported, CDC will determine the documentation the family will be required to submit. The family must submit any requested documentation to CDC within the specified time frame. CDC may extend the time frame for good cause. CDC will accept documentation by mail, e-mail, fax, or in person.

Reporting a Change

All changes in income and/or family composition must be reported to the CDC in writing within ~~fourteen ten (1410)~~ calendar days from the effective date of the change of the family being notified of the change. This means when the family knew or should have known of the change, such as receipt of direct deposit of benefits in advance of the approval letter, or a hire date for new employment. Notice and/or types of changes may include, but are not limited to the following:

Formatted: Tab stops: Not at 0"

- a. Notice from a benefits agency verifying an increase/decrease in benefits via U.S. Postal Service,
- b. other paid notification services,
- c. any income directly deposited in a family member's account
- d. any decreases/increases in income
- e. Any changes in household composition.
- f. A personnel action notice awarding employment or ending employment.

Formatted: Indent: Left: 0", Tab stops: Not at 0"

Formatted: No bullets or numbering, Tab stops: Not at 0"

Formatted: Indent: Left: 0", Tab stops: Not at 0"

Formatted: Tab stops: Not at 0"

CDC will consider the date notification was mailed, date of direct deposit, date of hire, etcetera, to be the date the change occurred. A failure by the participant to pick up mail, or review account records does not provide relief from these reporting deadlines.

When an interim re-exam will be conducted

Interim reexaminations may be conducted either because CDC has reason to believe that changes in income, deductions or expenses may have occurred, or because the family reports a change. CDC will determine whether or not the change warrants an interim reexamination. CDC will conduct interim re-examinations for increases or decreases in household income, additions to family composition, increases in deductions or allowable expenses, landlord rent increases, and for any reason identified below under PHA Initiated Interim Reexaminations. If the family reports an increase in income, the CDC will conduct an interim re-examination only if the increase in household income is greater than \$2400 in a twelve month period.

Interim reexamination will be conducted when CDC becomes aware that the family's adjusted annual income has changed by an amount that is estimated to decrease the family's annual adjusted income.

CDC will perform an interim reexamination when the family reports a change in adjusted income that will result in an increase of 10% or more in annual adjusted income.

CDC will take into consideration not only changes to income but must also consider changes to eligible expenses, if applicable, to determine if an interim reexamination will be completed.

CDC will not conduct an interim reexamination or consider any increases in earned income when estimating or calculating whether the family's adjusted income has increased, unless the family had a previous interim examination where the family's income, of any type, decreased during the same reexamination cycle.

No interim reexaminations will be conducted due to increases in annual adjusted income in the three months before the next regular annual examination.

If a participant reports a decrease in income which is expected to be on a short term short-term basis, CDC may not conduct an interim re-certification if it is determined the effective date of the interim would be after the date the income is to resume. If a participant reports a short-term income decrease, CDC must appropriately verify the expected date that the income will resume.

If a short-term income decrease is expected to occur on an annual basis, CDC will include this income decrease in the annual income calculation. Appropriate verification by a third party must be obtained confirming the reduction in income is to occur on an annual basis.

Formatted: Underline
Formatted: Indent: Left: 0.38", Tab stops: Not at 0"
Formatted: Indent: Left: 0.38"

PHA Initiated Interim Reexaminations

Formatted: Indent: Left: 0.38"

~~PHA initiated interim reexaminations are those that are conducted based on circumstances or criteria defined by the PHA. They are not conducted because of changes reported by the family.~~

~~CDC will conduct interim reexaminations in each of the following instances:~~

- ~~• For families receiving the Earned Income Disallowance (EID), CDC will conduct an interim reexamination at the start and conclusion of the second 12-month exclusion period (50 percent phase-in period).~~
- ~~• If the family has reported zero/minimal income CDC may conduct an interim re-examination every 120 days as long as the family continues to report zero/minimal income. See Zero/Minimal Income, below.~~
- ~~• If at the time of the annual re-examination it is not feasible to anticipate a level of income for the next 12 months (e.g. seasonal or cyclic income), CDC may schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.~~
- ~~• If at the time of the annual re-examination tenant provided documents were used on a provisional basis due to the lack of third party verification, and third party verification becomes available.~~
- ~~• When the landlord requests a rent increase to the contract rent, and that rent increase is considered rent reasonable and approved.~~
- ~~• CDC may conduct an interim reexamination at any time in order to correct an error in a previous reexamination, or as the result of an investigation into a tenant fraud complaint.~~

~~**Family Initiated Interim Reexaminations**~~

~~CDC will conduct interim reexaminations in each of the following instances:~~

- ~~• For families who requested a review due to a decrease in income or increase in allowable expenses;~~
- ~~• For families who have added and/or deleted member(s) of their household from the original family composition; (reporting deletions are mandatory; additions must be requested in writing, and be approved by the PHA in writing, prior to moving the person in to the unit);~~
- ~~• CDC will conduct interim re-examinations for all reported decreases in income or increase in allowable expenses.~~

~~If a participant reports a decrease in income which is expected to be on a short term basis, CDC may not conduct an interim re-certification if it is determined that the effective date of the Interim would be after the date the income is to resume.~~

Zero/Minimal Income Families

~~CDC will no longer conduct zero income reviews for zero income families. Instead CDC will monitor zero income families in the EIV to identify increases in income. CDC will check UIV sources to verify that certain forms of income such as Employment, unemployment benefits and SSI, etc., are not being received by families claiming to have zero or minimal annual income.~~

~~Families with zero/minimal income, or insufficient assets and income to support anticipated monthly expenses will be required to provide CDC with verification as to how the monthly household expenses are being met. For each 120 day interval of reporting zero/minimum income.~~

~~CDC has defined Minimal Income Families as any family who has reported an annual income of \$1200.00 or less. When CDC calculates this income the annual amount includes all income before any federally mandate exclusions.~~

~~CDC will contact families with zero/minimal income via mail and request for them to provide a completed "Minimal Income" expense report as well as copies of three, current, consecutive monthly bills, including, but not limited to:~~

- ~~• Utility Bills~~
- ~~• Cable/Satellite TV~~
- ~~• Internet~~
- ~~• Home Phone and Cell Phone~~
- ~~• Credit Cards~~
- ~~• Car Payments~~
- ~~• Car Insurance~~

← Formatted: No bullets or numbering

~~Once the documentation has been provided by the family, CDC will determine how to proceed which may include (but is not limited to) the following:~~

- ~~• Request additional information/documentation from the family.~~
- ~~• Verify new income sources.~~
- ~~• Complete an Interim Re-certification.~~
- ~~• If CDC has determined that the family's income has not changed, no action may be necessary.~~

← Formatted: No bullets or numbering

~~CDC may schedule a recertification appointment with the family as it determines necessary. A family may also request an appointment with a CDC representative.~~

G. — CHANGES IN FAMILY SHARE OF RENT

Regulation §982.516 — (d) Effective date of reexamination. (1) The PHA must adopt policies prescribing how to determine the effective date of a change in the housing assistance payment resulting from an interim redetermination. (2) At the effective date of a regular or interim reexamination, the PHA must make appropriate adjustments in the housing assistance payment. (For a voucher tenancy, the housing assistance payment shall be calculated in accordance with §982.505. For a certificate tenancy, the housing assistance payment shall be calculated in accordance with §982.518.)

When the family income information is analyzed, and all other certification requirements have been met, the Tenant Rent, and Utility Allowance will be recalculated.

Generally, the CDC will notify both the owner/landlord and resident in writing at least 30 calendar days from the effective date of certification of the new rent shares, unless there has been a misrepresentation or a material omission by the family, or if the family causes a delay in examination processing.

Timely reporting related to an increase in rent. When a family reports a change in family income or composition that will result in an increase in tenant rent, the family must be provided a minimum of 30 calendar days' notice of the rent increase. The rent increase will be effective on the first of the month following the end of the 30-day notice.

Formatted: Font: (Default) Arial, Underline
Formatted: Font: (Default) Arial

Timely reporting related to a decrease in rent. Families that report changes in family income within fourteen (14) calendar days from the effective date of the change that results in a decrease in tenant rent, the decrease will be effective the first day of the month after the date of the actual change leading to the interim reexamination of family income.

Formatted: Underline
Formatted: Font: (Default) Arial, Underline
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial

Household Composition: All family members residing in the unit must be approved by CDC before moving into the unit. Any additional members must be requested for in writing to CDC before moving into the unit. The family must notify CDC of any birth, adoption, court awarded custody or any changes in a live-in aide within fourteen (14) calendar days of the change in household composition. Families that report changes in household composition in accordance with the policy that results in a decrease in tenant rent, the decrease will be effective the first day of the month after the addition to household has been approved. If the household composition changed because of the birth, adoption, or court awarded custody that result in a decrease in the tenant rent, the decrease will be effective the first day of the month after the date of the actual addition to the household.

Untimely reporting related to an increase in rent. Families that do not report changes in family income and composition in accordance with the timely reporting requirements above, or if CDC determines there has been a misrepresentation or a material omission by the family that will result in an increase to tenant rent, will have the rent increase implemented retroactively to the first of the month following the date of the change leading to the interim reexamination.

Formatted: Font: (Default) Arial, Underline
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial

The family will owe CDC payment for the difference in the rent paid and the new increased rent for each monthly rental period from the time of the change in circumstances through

Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial

the date of the interim reexamination. If CDC determines an overpayment of HAP has occurred, a repayment agreement may be initiated in accordance with the policies set forth in this Administrative Plan.

Untimely reporting related to a decrease in rent: When a family does not report a change in a timely manner that will result in a decrease in tenant rent, CDC will implement the decrease no later than the first of the month following completion of the reexamination.

Formatted: Font: (Default) Arial, Underline
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial

However, CDC may make a determination that the late report was due to circumstances outside of the family's control and that the decrease will be implemented retroactively. Situations that may warrant a retroactive rent decrease may include late reporting due to (but not limited to):

Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial

1. Medical emergency
2. Natural disaster
3. Wage theft by the employer
4. Disruptions to CDC operations

Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial

When the determination is made that the late report was outside of the family's control, then a retroactive decrease may be applied beginning on the first of the month following the date of the actual decrease in income or the effective date of the most recent admission, interim, or annual income examination.

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial

A rent adjustment cannot be retroactive to a date prior to the last annual re-certification or income examination.

Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial

In case of any rent adjustment, the family will be provided with clear, written communication after the interim reexamination that shows:

- Any one-time charge or credit due to a retroactive adjustment
- The new monthly rent due
- The date that rent is due
- The date of the family's next annual income reexamination

Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial

Failure to Report

If there has been a misrepresentation or a material omission by the family, or if the family causes a delay in the examination processing, an increase to the participants portion of rent will be effective the first day of the month following receipt of the documentation required in order to calculate the annual income. If CDC determines an overpayment of HAP has occurred, a repayment agreement may be initiated in accordance with the policies set forth in Chapter XXIV of this plan. The amount of overpaid HAP will be calculated retroactively to the first day of the month following the month in which the increase in income occurred.

Formatted: Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"
Formatted: Font: (Default) Arial
Formatted: Font: Not Bold, Font color: Auto
Formatted: Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

A decrease in family share will become effective the first day of the month following receipt of verification needed to process the interim adjustment.

Changes in family share Annual Re-certification

Increases or decreases in family share are effective on the anniversary date. If the family causes a delay in the examination process please refer to Failure to Report clarified above.

Changes in family share Interim Re-certification

The PHA must establish the time frames in which any changes that result from an interim reexamination will take effect (24 CFR 982.516(d)). The changes may be applied either retroactively or prospectively, depending on whether there is to be an increase or a decrease in the family share of the rent, and whether the family reported any required information within the required time frames (IHCV CB, p. 12-10).

An increase in the participants portion of rent will be effective on the first of the month following 30 days' notice to the family, except in the scenarios listed above under failure to report.

A decrease will be effective on the first day of the month following the month in which the change was reported and all required documentation/verification was received in order to calculate the annual income.

Prorated Assistance

Rent will be prorated when a mixed family is not eligible for continued assistance or deferral of termination; chooses not to defer termination; or is at the end of the deferral period. The total housing subsidy is calculated in the usual manner for either assistance programs, using income for all family members. Prorated assistance is calculated by multiplying the total subsidy by a fraction that shows the number of eligible family members as the top number and is divided by the number of total family members as the bottom number.

De Minimis Errors/CDC Errors

CDC will not be considered out of compliance solely due to de minimis errors in calculating family income. De minimis errors occur when CDC's determination of a family's income deviates from the correct income determination by no more than \$30 per month in monthly adjusted income (or \$360 in annual adjusted income).

Formatted: Font: (Default) Arial

If CDC becomes aware of the existence of an income calculation error it will be corrected with an interim reexamination and retroactive to the effective date of the action the error was made regardless of the dollar amount associated with the error.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

CDC will make corrective action to repay a family if the family was overcharged in the determination of their portion of rent. Families will not be required to repay CDC in instances where CDC miscalculated income resulting in a family being undercharged in their portion of rent. For increases to the household portion of rent, CDC will provide thirty-day notice when correction the CDC error.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

~~If CDC makes a calculation error at admission to the program or at an annual reexamination, an interim reexamination will be conducted, if necessary, to correct the error, but the family will not be charged retroactively. Families will be given decreases, when applicable, retroactive to when the decrease for the change would have been effective without the error. For increases to the household portion, CDC will provide 30 days' notice when correcting a CDC error.~~

H. REQUIREMENTS TO ADD TO FAMILY COMPOSITION

With the exception of children who join the family as a result of birth, adoption, or court-awarded custody, a family must request PHA approval to add a new family member [24 CFR 982.551(h)(2)] or other household member (live-in aide or foster child) [24 CFR 982.551(h)(4)].

When any new family member is added, the PHA must conduct a reexamination to determine any new income or deductions associated with the additional family member and to make appropriate adjustments in the family share of the rent and the HAP payment [24 CFR 982.516(e)].

Families must request CDC's approval to add a new family member, live-in aid, foster child, or foster adult. This includes any person not on the lease who is expected to stay in the unit. Requests must be made in writing and approved by CDC prior to the individual moving into the unit.

The addition of a family member as a result of birth, adoption, or court-awarded custody does not require CDC approval. However, the family is required to promptly notify CDC of the addition [24 CFR 982.551(h)(2)].

With the exception of children who join the family as result of birth, adoption, or court-awarded custody the CDC will not approve the addition of a new family or household member unless the individual meets CDC's eligibility criteria in accordance with Chapter III. of this Administrative Plan. The landlord must also approve the additional household member(s), and supply CDC with an updated lease agreement or amendment to the lease.

If CDC determines an individual meets CDC's eligibility criteria and documentation requirements, CDC will provide written approval to the family.

If CDC determines that an individual does not meet CDC's eligibility criteria or documentation requirements, CDC will notify the family in writing of its decision to deny approval of the new family or household member and the reasons for the denial.

CDC is required to amend the contract when there are additions or deletions to the family composition. ~~CDC will not increase the voucher size when there is an approved increase in household size unless the increase in household size is due to one of the following exceptions: birth, adoption, marriage, domestic partnership, court awarded custody, legal guardianship or some verifiable course that an adult participant has or will have at least 51% custody/guardianship of a minor (see below), or the approval of a live-in aid.~~

The following requirements pertain to family additions:

Formatted: Font: (Default) Arial

4. **Minors:**

Formatted: Quick A., Indent Left: 0", Tab stops: Not at 0" + 0.5" + 0.88"

The CDC will require birth certificate, social security cards, or equivalent verification, and/or proof of guardianship/custody (if applicable) for minors. The provision of social security numbers for persons over six (6) years of age is required by HUD. Failure to provide social security numbers will result in termination of assistance for failure to comply with program requirements.

Formatted: Font: Bold

Formatted: Font: (Default) Arial, Bold

Formatted: Quick A., Tab stops: 1.25", Left + Not at 0" + 0.5" + 0.88"

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

b. When requesting to add a minor to the household Guardianship or Court Awarded custody documentation may be requested when a participant claims to have at least 50% custody of a minor child, including their own child

Formatted: Font: (Default) Arial

Formatted: Quick A., No bullets or numbering, Tab stops: 1.63", Left + Not at 0" + 0.5" + 0.88"

Formatted: Font: (Default) Arial

c. Documentation of Guardianship or Court Awarded Custody may include;

Formatted: Quick A., Indent Left: 0", First line: 0", Tab stops: Not at 0" + 0.88"

Formatted: Font: (Default) Arial

Verification from the Department of Public Health and Social Services, or equivalent that the participant is the guardian of said minor child.

Formatted: Quick A., Indent Left: 0", First line: 0", Tab stops: Not at 0" + 0.88"

Formatted: Font: (Default) Arial

Court Awarded custody documents verifying the participant has been awarded at least 51% custody of said minor child.

Formatted: Quick A., Indent Left: 0.5", No bullets or numbering, Tab stops: Not at 0" + 0.88"

Formatted: Font: (Default) Arial

Written permission, notarized from the minor's legal custodian or guardian which;

Formatted: Quick A., Indent Left: 0.5", No bullets or numbering, Tab stops: Not at 0" + 0.88"

Authorizes the minor to reside in the household with the assisted family.

Formatted: Quick A., Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5", Tab stops: Not at 0" + 0.88"

Verifies the minor will live in the assisted unit at least 51% of the time.

Formatted: Font: (Default) Arial

Documents if the guardianship is considered to be temporary or permanent.

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

If none of the documentation listed above can be supplied, the applicant or participant may document the circumstances in writing and supply the written documentation to CDC. CDC may then determine on a case by case basis how to proceed.

Formatted: Quick A., Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5", Tab stops: Not at 0" + 0.88"

Formatted: Font: (Default) Arial

Written permission from the landlord approving the addition to the household.

CDC will not add a minor as a dependent to the household if the minor is only residing in the unit on a short-term basis. With CDC's approval, and appropriate verification, the minor will be allowed to remain in the unit on a short-term basis as a household member, but not a family member. See Chapter III, of this Administrative Plan for further definition.

- Formatted: Indent: Left: 0.5", No bullets or numbering
- Formatted: Font: (Default) Arial
- Formatted: Quick A., Indent: Left: 0.5", No bullets or numbering, Tab stops: Not at 0" + 0.88"
- Formatted: Quick A., Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5", Tab stops: Not at 0" + 0.88"
- Formatted: Font: (Default) Arial
- Formatted: Indent: Left: 0", First line: 0", Tab stops: 2.06", Left + Not at 1.25"
- Formatted: Indent: Left: 0", First line: 0", Tab stops: 2.06", Left + Not at 1.25"

2. Persons eighteen (18) years of age or older:

When the participant requests an adult person (defined as someone 18 years of age or older) be added to the family composition, the following will be required:

a. Photo identification, social security number, verification of income and other eligibility related requirements. The individual will be required to complete and sign an admission application, all required attachments including HUD form 9886 (Release of Information);

b. Background screening will be conducted for criminal activity prior to authorizing approval to add an adult person to family composition. CDC will determine, after receipt of the report, the acceptability of this adult member in the same manner other applicants are screened for appropriate behavior;

c. If the individual is found to have acceptable criminal history in accordance with Chapter III. of this Administrative Plan, and all other applicable admission criteria have been met the CDC will add the adult member to the family composition;

- Formatted: Tab stops: 3.81", Left + Not at 0.88"
- Formatted: Font: (Default) Arial
- Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5", Tab stops: 2.06", Left + Not at 1.25"
- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial
- Formatted: List Paragraph, Indent: Left: 0", First line: 0", Tab stops: 2.06", Left + Not at 1.25"
- Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5", Tab stops: 2.06", Left + Not at 1.25"
- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial
- Formatted: List Paragraph, Indent: Left: 0", First line: 0", Tab stops: 2.06", Left + Not at 1.25"
- Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5", Tab stops: 2.06", Left + Not at 1.25"
- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial
- Formatted: Font: (Default) Arial

d. If the individual is found to have an unsatisfactory criminal record in accordance with Chapter III. of this Administrative Plan, the CDC may deny the admission and addition to the household.

Formatted: Font: (Default) Arial

Formatted: List Paragraph, Indent: Left: 0", First line: 0", Tab stops: 2.06", Left + Not at 1.25"

Formatted: Font: (Default) Arial

e. CDC will consider all criminal activity in accordance with Chapter III. Of this plan Administrative Plan.

Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5", Tab stops: 2.06", Left + Not at 1.25"

Formatted: Font: (Default) Arial

f. Because the adult member who wished to be added has no formal relationship with the CDC, she/he will not be afforded a review of the reasons for denial.

Formatted: List Paragraph, Indent: Left: 0", First line: 0", Tab stops: 2.06", Left + Not at 1.25"

Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5", Tab stops: 2.06", Left + Not at 1.25"

Formatted: Font: (Default) Arial

g. Written permission from the landlord approving the addition to the household.

Formatted: Font: (Default) Arial

Formatted: List Paragraph, Indent: Left: 0", First line: 0", Tab stops: 2.06", Left + Not at 1.25"

3. The CDC will notify the family in writing when there is a determination to deny or approve the addition of any household member(s). The participant may appeal by requesting an Informal Hearing as outlined in this Plan.

Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5", Tab stops: 2.06", Left + Not at 1.25"

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

I. REMOVING HOUSEHOLD MEMBERS

Families must promptly notify the PHA if any family member no longer lives in the unit [24 CFR 982.551(h)(3)]. Because household members are considered when determining the family unit (voucher) size [24 CFR 982.402], the PHA also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit.

Formatted: List Paragraph, Indent: Left: 0", First line: 0", Tab stops: 2.06", Left + Not at 1.25"

Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5", Tab stops: 2.06", Left + Not at 1.25"

Formatted: Font: (Default) Arial

If a household member ceases to reside in the unit, the family must notify CDC in writing within 10 calendar days. This requirement also applies at the point that the family concludes a family member who has been temporarily absent is now permanently absent.

Formatted: Indent: Left: 0", First line: 0", Tab stops: 1.81", Left + Not at 1.25"

Formatted: Indent: Left: 0", First line: 0", Tab stops: Not at 1.25"

If a live-in aide, foster child, or foster adult ceases to reside in the unit, the family must notify CDC in writing within 10 calendar days.

Formatted: Indent: Left: 0", Tab stops: 0", Left

Formatted: Indent: Left: 0", Tab stops: Not at 1.25"

The Head of Household may request in writing to remove any member of the household.

Formatted: Indent: Left: 0", First line: 0", Tab stops: Not at 1.25"

Formatted: Indent: Left: 0", Tab stops: 0", Left

To remove an adult member (18 years of age or older) the following requirements pertain:

~~1.~~ ~~4.~~ If available the head of household should provide documentation verifying the household member being removed is residing at a different location (ex: executed lease agreement, or utility bill documenting an alternate address).

Formatted: Font: (Default) Arial

~~1.~~

Formatted: Font: (Default) Arial

~~2.~~ ~~2.~~ The head of household shall provide a written statement from the adult member being removed, authorizing his or her removal from the household. If the adult member is not able to provide such a statement for any reason, the head of household must provide a certification, under penalty of perjury, that the adult member is no longer a member of the household, and will no longer reside in the assisted unit.

Formatted: Indent: Left: 1", No bullets or numbering

Formatted: Font: (Default) Arial

Formatted: List Paragraph, Indent: Left: 1"

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Indent at: 1"

~~2.~~

Formatted: Font: (Default) Arial

Formatted: List Paragraph, Indent: Left: 1"

~~3.~~ ~~3.~~ When there is a spouse or co-tenant(s), each party must agree in writing to the removal. If the party to be removed does not consent to the removal, refer to Chapter XVII. Family Breakups.

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Indent at: 1"

~~3.~~

Formatted: Font: (Default) Arial

Formatted: List Paragraph, Indent: Left: 1"

~~4.~~ ~~4.~~ Written notification from the landlord verifying they are aware that the household member is no longer residing in the assisted unit.

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Indent at: 1"

When one party is removed from the household CDC shall have no obligation to provide a Housing Choice Voucher for the member removed.

The adult household member being removed may not be added back to the household more than once in a ~~three-year~~ ~~three-year~~ period. If the family is requesting to add a previously approved family member the CDC must re-verify all eligibility criteria listed above.

To remove a minor from the household the following requirements pertain;

~~1.~~ ~~1.~~ Written certification from the head of household/spouse or co-head, under penalty of perjury, that the minor is no longer a member of the household, and will no longer reside in the assisted unit.

Formatted: Font: (Default) Arial

~~1.~~

Formatted: Font: (Default) Arial

Formatted: List Paragraph

~~2.~~ ~~2.~~ Written notification from the landlord verifying they are aware that the household member is no longer residing in the assisted unit.

Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

Formatted: List Paragraph

Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

XIV. TERMINATION OF ASSISTANCE

A. BASIC POLICY

The CDC may terminate assistance for a family because of the family's action or failure to act. The CDC will provide families with a written description of the family obligations under the program, grounds under which the CDC can terminate assistance, and the informal hearing procedures.

Formatted: Indent: Left: 0", Tab stops: 1.5", Left + Not at 0.88"

B. THE CDC MAY TERMINATE ASSISTANCE OF THE FAMILY FOR THE FOLLOWING REASONS

Formatted: Indent: Left: -0.06", Tab stops: 0.38", Left + Not at 0.31"

A family must not engage in drug-related criminal activity, violent criminal activity, or other criminal activity, including criminal activity by any family member.

Formatted: Indent: Left: 0"

- 1. A family must not engage in the abuse of alcohol to the extent that the abuse interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

Drug-Related Criminal Activity means: the illegal use or possession for personal use, manufacture, sale or distribution, or the possession with intent to manufacture, sell or distribute a controlled substance (as defined in the Controlled Substance Act.).

- 2. The CDC may not terminate assistance for such use or possession by a family member, if the family member can demonstrate that he/she:
 - a. Has an addiction to a controlled substance, has a record of such impairment, or is regarded as having such an impairment; and
 - b. Is recovering or has recovered from such an addiction and does not currently use or possess controlled substances. In this instance, the CDC shall require the family to submit evidence of participation in, or successful completion of a treatment program as a condition of continued assistance for the family or to allow the affected family member to reside in the assisted units.
- 3. Violent criminal activity includes any criminal activity that has as one of its elements the use, attempted use or threatened use of physical force against the person or property of another.
- 4. Abuse of alcohol includes behavior or a pattern of behavior of any Housing Choice Voucher program participant and any family member and/or guest that as a result of the abuse of alcohol interferes with the

health, safety, or right of peaceful enjoyment of the premises by other residents.

5. As a measure to determine whether the person has violated this family obligation, one of the following situations must be present:
 - a. There has been an arrest for engaging in drug-related criminal activity or violent criminal activity (as defined above) or other criminal activity, including criminal activity by any family member, which resulted in a conviction within the past twelve (12) months; or
 - b. There must have been an arrest within the prior twelve (12) months for engaging in drug-related criminal activity or violent criminal activity (as defined above) including criminal activity by any family member, which did or did not result in a conviction within the last ~~thirty-six~~thirty-six (36) months; or
 - c. The family has been evicted from federally-assisted housing in the last five (5) years (see 24 CFR Sec. 982.552) for engaging in drug-related criminal activity or violent criminal activity (as defined above) including criminal activity by any family member;
 - d. Drug-related or criminal activity in, on or near the premises by any tenant, household member, or guest, and any such activity engaged in on the premises by any other person in the tenant's control; and
 - e. The CDC has acquired/been presented with the preponderance of evidence that the family, including any family member, is engaging in drug-related criminal activity or violent criminal activity or other criminal activity or alcohol abuse, regardless of whether the family member has been arrested or convicted for such activity.
6. Families who are guilty of program abuse or fraud in any Federal Housing Assistance program. (This presupposes that the program abuse or fraud is substantiated and that a Repayment Agreement was not entered into.)
7. Families who have violated one of their family obligations.
8. Families who are in default of an executed Repayment Agreement by missing three (3) payments.
9. Families whose Total Tenant Payment is sufficient to pay the full gross rent and where 180 days has elapsed since the CDC's last HAP payment was made.

10. Families whose appropriate household members do not provide their Social Security information and documentation within the time required and specified by the CDC.
11. Families who fail to comply with HUD requirements for Assistance to non-citizens.
12. Income limits are solely used to determine eligibility for initial applicants. Income limits are not a consideration for termination of assistance once the family is under lease and contract and already on the program.

However, the following examples may be reasons for termination of assistance:

- if the family did not report an interim change in family composition or income, etc., which they were required to report, the CDC would determine how much the family owed the CDC, due to the unreported or untimely reported information.
 - if the CDC entered into a Repayment Agreement with the family, for unreported family income or multiple occasions of unreported income, and the family is current in its payments to the CDC, there is no reason to terminate the family's assistance.
 - if the family stops paying on their Repayment Agreement, the family will be under the termination of assistance procedures above.
13. If a participant signs an agreement with an owner/landlord to pay for the owner/ landlord to repair resident-caused HQS fail items, and the participant fails to repay the owner/landlord pursuant to said agreement, assistance may be terminated.
 14. If a household member is fleeing to avoid prosecution, or custody or confinement after prosecution for a crime that is a felony under the law of the place from which the individual flees; or in some states is a high misdemeanor; or violating a condition of probation or parole imposed under State or Federal Law. Note: In New Jersey, a felony is called a high misdemeanor. Therefore, a person fleeing New Jersey to another state is not eligible for public housing.
 15. If a family member has violated or is violating a condition of probation or parole imposed under Federal or State law.
 16. If any household member has ever been convicted of drug-related criminal activity for manufacture or production of methamphetamine on the premises of federally assisted housing.

16.

Formatted: Indent: Left: 0.88", Hanging: 0.38", Outline numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 2 + Alignment: Left + Aligned at: 0" + Indent at: 0", Tab stops: 1.25", List tab

17. If any member of a household is subject to a State lifetime sex offender registration requirement.

18. If the family has over \$100,000 in assets and/or owns real property that is suitable for occupancy, unless the real property meets any of the allowed exceptions.

Formatted: Indent: Left: 0.94"

19. If the family revokes consent. The executed consent form (Form HUD-9886) will remain effective until the family is denied assistance, relinquishes their voucher, the assistance is terminated, or if the family provides written notification to CDC to revoke consent. Families have the right to revoke consent by notice to CDC, however, revoking consent will result in termination or denial of assistance.

Formatted: Indent: Left: 0.88", Hanging: 0.38", No bullets or numbering, Tab stops: 1.19", Left + Not at 0.88"

C. INSUFFICIENT FUNDING

§982.454 Termination of HAP contract: Insufficient funding.

The PHA may terminate the HAP contract if the PHA determines, in accordance with HUD requirements, that funding under the consolidated ACC is insufficient to support continued assistance for families in the program

If CDC determines, in accordance with HUD requirements, that funding under the consolidated ACC is insufficient to support continued assistance for families in the program, CDC will move to terminate HAP Contracts with Landlords/Owners. CDC will also discontinue the issuance of vouchers to participating families who request to relocate.

Should there be insufficient funding to continue assistance for all households assisted at the time the funding determination is made, CDC will first stop issuing any new vouchers, and then utilize attrition to reduce program size to comport with funding limitations.

CDC will make every effort to protect elderly and disabled families, families with minors and veterans of the U.S. Armed Forces. CDC will not terminate HAP Contracts for families participating in the Project Based Voucher or VASH Programs for over-leasing.

For the purpose of this termination policy;

- "Disabled family member" includes any household with a disabled household member. The definition for disability shall be as defined by HUD.
- "Elderly family member" includes any household member over the age of 62.
- A "minor" is any household member who is under 18 years of age, regardless of eligibility for the dependent deduction.

Formatted: Indent: Left: 0.25", Hanging: 0.31"

Formatted: Indent: Left: 0.25", Hanging: 0.25"

CDC will use the following methodology to determine the order of termination.

- **First Terminated:** Households with other subsidies available to them or where other subsidies are currently in place.
- **Second Terminated:** All households who do not meet at least one of the criteria listed below. The list below is in no particular order of priority.
 - Households with a disabled family member (defined above) and/or,
 - Households with an elderly family member (defined above) and/or,
 - Households with a veteran of the U.S. Armed Forces, and/or
 - Households with minors (as defined above) residing in the unit.

Third Terminated: Households reporting no earned income, excluding households with elderly/disabled family members (defined above).

Within the categories above, CDC will apply the First In, First Out (FIFO) method. When making this determination CDC has sole authority to determine the family's date of admission into the program.

- Port Out families who have not been absorbed by the receiving PHA are not excluded from this policy.

In making its decisions to terminate assistance, CDC may consider any and all legally permissible alternatives to reduce the number of families affected. Upon consideration of such alternatives and factors, CDC may, on a case-by-case basis, choose not to terminate assistance.

REINSTATEMENT ONTO THE WAITING LIST

CDC may choose to open the Housing Choice Voucher (HCV) Waiting List and provide a preference for families pursuant to the definitions above. CDC may open the HCV waiting list only to those families whose assistance was terminated

Families will have the option to re-apply and be placed on the HCV waiting list only when their assistance has ended. CDC may send written notification to the family before the family's assistance ends to determine if they would like to be placed on the HCV waiting list once they meet the preference qualifications. If yes, CDC will automatically place the family back on the HCV waiting list, ensuring that the first families to come off the program are the first families to be placed on the waiting list.

CDC's eligibility criteria contained in Chapter III of this administrative plan must be re-

evaluated for any family placed on the HCV waiting list.

D. ZERO HOUSING ASSISTANCE

4. If the participant's income increases, resulting in a zero housing assistance payment and the participant is paying the entire contract rent; the participant shall be considered over-income after six (6) consecutive months of zero housing assistance payments. The family will be notified that the zero housing assistance is available for six (6) months. At that time, if there have been no changes which reflect the ability for the CDC to provide monetary assistance on the contract, the contract and the family's assistance will be terminated.

Formatted: Indent: Left: 0.25", No bullets or numbering

1. This determination does not preclude the family from asking to terminate assistance immediately, nor does it impact any rights under the lease.
2. Families whose assistance is terminated under this instance will have to reapply for assistance when CDC is accepting applications.

E. COMPUTER MATCHING

The CDC along with the Department of Housing and Urban Development will conduct a computer matching initiative in order to provide an independent source for verifying resident income. The matched information regarding income, earnings, wages, or unemployment compensation will be disclosed to the assisted family. The family must take appropriate action. Appropriate action may include, but not necessarily be limited to review of information with the client and changing the family's rent as needed. If a documented case of fraud is verified, the CDC will take action to recover excess housing assistance received by the resident due to unreported income.

2825056.1

XXIII. INFORMAL HEARINGS AND REVIEWS

A. DEFINITIONS

1. Informal Review. A review of the CDC's decision on an applicant's application for participation in the Housing Choice Voucher Housing Choice Voucher Program in accordance with the procedures outlined below.
2. Informal Hearing. A hearing regarding a decision affecting a participating family in the Housing Choice Voucher Housing Choice Voucher Program in accordance with the procedures outlined below.
3. Informal Review Officer. A person designated to informally review a decision concerning an application for participation and give his/her decision.
4. AInformal Hearing Officer. A person designated to conduct an informal hearing concerning a participant and gives his/her decision.

B. PROCEDURES FOR INFORMAL REVIEW

1. The CDC shall give an applicant written notice of a decision denying assistance or a decision denying listing on the waiting list within ~~ten~~ (14)fourteen (14)-calendar days from the date of the decision.
2. The notice shall contain a brief statement of the reason(s) for the decision, that the applicant may submit a signed written request for an informal review of the decision if he/she disagrees with the decision, and that the request must be made within ~~ten~~ (14)fourteen (14) calendar days from the date of the notice, and that the applicant should keep proof of making the request.

The informal review will be scheduled within 2 weeks from the date the request is received by the CDC.

3. The CDC may or may not conduct an informal review if the applicant fails to submit his/her request within the time stipulated. If the request is not submitted timely, it shall mean that the applicant waived his/her right to request an informal review.
4. Reasonable accommodations shall be made for applicants who are disabled.

5. The CDC shall conduct an informal review, provided the applicant submits a proper request for an informal review within the time allowed.

6. Informal Review Officer

a. The CDC shall designate any person or persons as the review officer(s). The power to designate any person or persons as review officer or review officers shall rest with the CDC.

b. The person or persons designated as the review officers shall not be the person who made or approved the decision under review or a subordinate of such person.

7. The Informal Review

a. The proceedings of the review shall be informal and confined to factors relating to program eligibility and a determination of whether the decision of denying assistance to the applicant is justified or not.

b. The CDC shall notify the applicant of the date, time and place of conducting the informal review at least a week prior to the date of the review.

~~b.~~
c. The applicant shall have the right to present his objections either orally or in writing.

~~c.~~
d. A representative of the Housing Choice Voucher Department may be present.

Formatted: Indent: Left: 1.63", No bullets or numbering

Formatted: Indent: Left: 1.63", No bullets or numbering

8. The Decision

a. The review officer or officers shall decide whether the decision denying assistance to the applicant was justified and according to the Federal regulations and rules of the CDC. This final decision shall be given within seven ~~ten (10)(7)~~ calendar days from the date of the review.

~~a.~~
b. The CDC shall promptly notify the applicant in writing of the final decision, and a brief statement of the reasons for the final decision.

Formatted: Indent: Left: 1.63", No bullets or numbering

9. Informal Reviews are not required for established policies and procedures and determinations such as:

- a. Discretionary administrative determinations;
- b. General policy issues or class grievances;
- c. A determination of the family unit size under the subsidy standards;
- d. Refusal to extend or suspend a Voucher;
- e. Disapproval of a lease;
- f. Determination that a unit is not in compliance with HQS; and
- g. Determination that a unit is not in accordance with HQS due to family size or composition.

C. PROCEDURES FOR INFORMAL HEARING

1. The CDC will provide participants with the opportunity for an Informal Hearing for decisions related to any of the following determinations:
 - a. Termination of assistance;
 - b. Determination of the family's annual or adjusted income and the calculation of the housing assistance payment;
 - c. Family unit size determination under the subsidy standards;
 - d. Determination to terminate assistance for any reason; and
 - e. Notice of Determination to pay an owner/landlord claim for damages, unpaid rent or vacancy loss.

2. Informal Hearings are not required for established policies and procedures such as:
 - a. Discretionary administrative determinations;
 - b. General policy issues or class grievances;
 - c. Establishment of the schedule of utility allowances;
 - d. Determination not to approve an extension or suspension of a voucher term;
 - e. Determination not to approve a unit or lease;
 - f. Determination that an assisted unit is not in compliance with HQS (the CDC must provide a hearing for family breach of HQS because that is a family obligation determination);
 - g. Determination that the unit is not in accordance with HQS because of the family size; or
 - h. Determination to exercise or not exercise any right or remedy against the owner/landlord under a HAP contract.

3. Notice to Participant
 - a. When decisions are made, the CDC shall give the participant prompt written notice of the decision made.
 - b. The written notice shall contain a brief statement of the reasons for the decision, and a statement that if the participant does not

agree with the decision, she/he may request an informal hearing on the decision within ~~ten (10)~~fourteen (14) calendar days from receipt of the notice.

c. When the CDC receives a request for an informal hearing, a hearing shall be scheduled within 2 weeks of the date the request is received. The CDC shall send the participant notification of the scheduled hearing. The notification of hearing will contain:

e-

- The date and time of the hearing;
- The location where the hearing will be held;
- The family's right to bring evidence, witnesses, legal or other representation at the family's expense
- The right to review any documents or evidence in the possession of the CDC upon which the CDC based the proposed action and, at the family's expense to obtain a copy of such documents prior to the hearing. Request for such documents or evidence must be received no later than 3 business day before the hearing date.
- A notice to the family that the CDC will request a copy of any documents or evidence the family will use at the hearing.

d. The CDC may or may not conduct an informal hearing if the participant does not request an informal hearing within the time fixed herein to do so. If the request is not submitted timely, it shall mean that the participant waived his/her right to request an informal hearing.

Formatted: Indent: Left: 1.63". No bullets or numbering

4. The Hearing Officer

- a. The CDC will designate any person or persons as hearing officer or hearing officers to conduct the informal hearing. The power to designate a hearing officer shall rest solely with the CDC.
- b. The hearing officer can be any person other than a person who made or approved the decision under review, or a subordinate of such person.

5. Rights of the Participant

- a. The participant can either appear in person at the hearing, or can be represented by a lawyer or other representative at his/her own expense.

- b. The participant shall have the right to present evidence, both oral and documentary, without regard to admissibility under the rules of evidence applicable to judicial proceedings.
 - c. The client shall have the right to arrange for an interpreter to attend the hearing, at the client's expense.
6. Rights of the CDC
- a. The CDC can be represented by a lawyer, or any other representative in the informal hearing.
 - b. The CDC can introduce evidence, both oral and documentary, without regard to admissibility under the rules of evidence applicable to judicial proceedings.
 - c. The CDC shall have the right to question any witness examined in the informal hearing and to make final submissions.
7. The Informal Hearing
- a. The hearing officer will regulate the conduct of the hearing in accordance with hearing procedures commonly accepted and followed.
 - b. If the participant who requested the informal hearing fails to appear at the hearing on the date set for the hearing without any request for an adjournment on strong grounds, the matter will be decided by the parties that are present, or dismissed immediately with no right for its restoration. The hearing officer may or may not allow an application for adjournment.
 - c. The participant will begin his/her case by introducing documents it relies on and by taking oral testimony of witnesses in support of his/her contention.
 - d. The CDC will then begin its defense by introducing documents it relies on and by taking oral statements from witnesses, if necessary, in justification of its decision.
 - e. The participant and the CDC will then close their cases and make final submissions, if they choose to, prior to the decision.
8. The Decision
- a. The hearing officer will consider the evidence introduced by the parties and give such evidence due weight.
 - b. Factual determinations relating to the individual circumstances of the participant shall be based on the evidence presented at the hearing.
 - c. The decision shall be in writing and based on the facts established, HUD regulations, CDC policy, and the applicable law.

- d. The decision shall clearly state the reason on which the decision is arrived.
 - e. A copy of the decision shall be furnished promptly to the participant.
- D. HEARING AND APPEAL PROVISIONS FOR RESTRICTIONS ON ASSISTANCE TO NON-CITIZENS
- 1. Assistance to the family may not be delayed, denied or terminated on the basis of immigration status at any time prior to the receipt of the decisions on the CIS appeal.
 - 2. Assistance to a family may not be terminated or denied while the CDC hearing is pending but assistance to an applicant may be delayed pending the CDC hearing.
 - 3. CIS Determination
 - a. If a family member claims to be an eligible immigrant and the CIS SAVE system and manual search do not verify the claim, the CDC notifies the applicant or participant within ten (10) days of their right to appeal to the CIS within thirty (30) days or to request an informal hearing with the CDC either in lieu of or subsequent to the CIS appeal.
 - b. If the family appeals to the CIS, they must give the CDC a copy of the appeal and proof of mailing or the CDC may proceed to deny or terminate. The time period to request an appeal may be extended by the CDC for good cause.
 - c. The request for a CDC hearing must be made within fourteen (14) days of receipt of the notice offering the hearing or, if an appeal was made to the CIS, within fourteen (14) days of receipt of that notice.
 - 4. After receipt of a request for an informal review/hearing, the review/hearing is conducted as described in section D. of this chapter for both applicants and participants. If the hearing officer decides that the individual is not eligible, and there are no other eligible family member(s) the CDC will:
 - a. Deny the applicant family;
 - b. Defer termination if the family is a participant and qualifies for deferral; and
 - c. Terminate the participant if the family does not qualify for deferral.

5. If there are eligible members in the family, the CDC will offer to prorate assistance or give the family the option to remove the ineligible member(s).
6. All other complaints related to eligible citizen/immigrant status:
 - a. If any family member fails to provide documentation of certification as required by the regulation, that member is treated as ineligible. If all family members fail to provide, the family will be denied or terminated for failure to provide.
 - b. Participants whose termination is carried out after temporary deferral may not request a hearing since they had an opportunity for a hearing prior to the termination.
 - c. Participants whose assistance is pro-rated (either based on their statement that some members are ineligible or due to failure to verify eligible immigration status for some members after exercising their appeal and hearing rights described above) are entitled to a hearing based on the right to a hearing regarding determinations of tenant rent and Total Tenant Payment.
 - d. Families denied or terminated for fraud in connection with the non-citizen rule are entitled to a review or hearing in the same way as terminations for any other type of fraud.

E. MITIGATING CIRCUMSTANCES FOR APPLICANTS/PARTICIPANTS WITH DISABILITIES

1. When applicants are denied placement on the waiting list, or the CDC is terminating assistance, the family will be informed that presence of a disability may be considered as a mitigating circumstance during the informal review process.
2. Examples of mitigating circumstances are:
 - a. A person with a cognitive disorder may not have understood the requirement to report increases in income;
 - b. A person may not understand the need to make regular repayments on a promissory note; and
 - c. Minor criminal records for public drunkenness may be due to medication; prior incarcerations for being disorderly may be emotional disorder.

XIV. TERMINATION OF ASSISTANCE

A. BASIC POLICY

The CDC may terminate assistance for a family because of the family's action or failure to act. The CDC will provide families with a written description of the family obligations under the program, grounds under which the CDC can terminate assistance, and the informal hearing procedures.

Formatted: Indent: Left: 0", Tab stops: 1.5", Left + Not at 0.88"

B. THE CDC MAY TERMINATE ASSISTANCE OF THE FAMILY FOR THE FOLLOWING REASONS

Formatted: Indent: Left: -0.06", Tab stops: 0.38", Left + Not at 0.31"

A family must not engage in drug-related criminal activity, violent criminal activity, or other criminal activity, including criminal activity by any family member.

Formatted: Indent: Left: 0"

1. A family must not engage in the abuse of alcohol to the extent that the abuse interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

Drug-Related Criminal Activity means: the illegal use or possession for personal use, manufacture, sale or distribution, or the possession with intent to manufacture, sell or distribute a controlled substance (as defined in the Controlled Substance Act.).

2. The CDC may not terminate assistance for such use or possession by a family member, if the family member can demonstrate that he/she:
 - a. Has an addiction to a controlled substance, has a record of such impairment, or is regarded as having such an impairment; and
 - b. Is recovering or has recovered from such an addiction and does not currently use or possess controlled substances. In this instance, the CDC shall require the family to submit evidence of participation in, or successful completion of a treatment program as a condition of continued assistance for the family or to allow the affected family member to reside in the assisted units.
3. Violent criminal activity includes any criminal activity that has as one of its elements the use, attempted use or threatened use of physical force against the person or property of another.
4. Abuse of alcohol includes behavior or a pattern of behavior of any Housing Choice Voucher program participant and any family member and/or guest that as a result of the abuse of alcohol interferes with the

- health, safety, or right of peaceful enjoyment of the premises by other residents.
5. As a measure to determine whether the person has violated this family obligation, one of the following situations must be present:
 - a. There has been an arrest for engaging in drug-related criminal activity or violent criminal activity (as defined above) or other criminal activity, including criminal activity by any family member, which resulted in a conviction within the past twelve (12) months; or
 - b. There must have been an arrest within the prior twelve (12) months for engaging in drug-related criminal activity or violent criminal activity (as defined above) including criminal activity by any family member, which did or did not result in a conviction within the last ~~thirty-six~~thirty-six (36) months; or
 - c. The family has been evicted from federally-assisted housing in the last five (5) years (see 24 CFR Sec. 982.552) for engaging in drug-related criminal activity or violent criminal activity (as defined above) including criminal activity by any family member;
 - d. Drug-related or criminal activity in, on or near the premises by any tenant, household member, or guest, and any such activity engaged in on the premises by any other person in the tenant's control; and
 - e. The CDC has acquired/been presented with the preponderance of evidence that the family, including any family member, is engaging in drug-related criminal activity or violent criminal activity or other criminal activity or alcohol abuse, regardless of whether the family member has been arrested or convicted for such activity.
 6. Families who are guilty of program abuse or fraud in any Federal Housing Assistance program. (This presupposes that the program abuse or fraud is substantiated and that a Repayment Agreement was not entered into.)
 7. Families who have violated one of their family obligations.
 8. Families who are in default of an executed Repayment Agreement by missing three (3) payments.
 9. Families whose Total Tenant Payment is sufficient to pay the full gross rent and where 180 days has elapsed since the CDC's last HAP payment was made.

10. Families whose appropriate household members do not provide their Social Security information and documentation within the time required and specified by the CDC.
11. Families who fail to comply with HUD requirements for Assistance to non-citizens.
12. Income limits are solely used to determine eligibility for initial applicants. Income limits are not a consideration for termination of assistance once the family is under lease and contract and already on the program.

However, the following examples may be reasons for termination of assistance:

- if the family did not report an interim change in family composition or income, etc., which they were required to report, the CDC would determine how much the family owed the CDC, due to the unreported or untimely reported information.
 - if the CDC entered into a Repayment Agreement with the family, for unreported family income or multiple occasions of unreported income, and the family is current in its payments to the CDC, there is no reason to terminate the family's assistance.
 - if the family stops paying on their Repayment Agreement, the family will be under the termination of assistance procedures above.
13. If a participant signs an agreement with an owner/landlord to pay for the owner/ landlord to repair resident-caused HQS fail items, and the participant fails to repay the owner/landlord pursuant to said agreement, assistance may be terminated.
 14. If a household member is fleeing to avoid prosecution, or custody or confinement after prosecution for a crime that is a felony under the law of the place from which the individual flees; or in some states is a high misdemeanor; or violating a condition of probation or parole imposed under State or Federal Law. Note: In New Jersey, a felony is called a high misdemeanor. Therefore, a person fleeing New Jersey to another state is not eligible for public housing.
 15. If a family member has violated or is violating a condition of probation or parole imposed under Federal or State law.
 16. If any household member has ever been convicted of drug-related criminal activity for manufacture or production of methamphetamine on the premises of federally assisted housing.

16.

Formatted: Indent: Left: 0.88", Hanging: 0.38", Outline numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 2 + Alignment: Left + Aligned at: 0" + Indent at: 0", Tab stops: 1.25", List tab

17. If any member of a household is subject to a State lifetime sex offender registration requirement.

18. If the family has over \$100,000 in assets and/or owns real property that is suitable for occupancy, unless the real property meets any of the allowed exceptions.

Formatted: Indent: Left: 0.94"

19. If the family revokes consent. The executed consent form (Form HUD-9886) will remain effective until the family is denied assistance, relinquishes their voucher, the assistance is terminated, or if the family provides written notification to CDC to revoke consent. Families have the right to revoke consent by notice to CDC, however, revoking consent will result in termination or denial of assistance.

Formatted: Indent: Left: 0.88", Hanging: 0.38", No bullets or numbering, Tab stops: 1.19", Left + Not at 0.88"

C. INSUFFICIENT FUNDING

§982.454 Termination of HAP contract: Insufficient funding.

The PHA may terminate the HAP contract if the PHA determines, in accordance with HUD requirements, that funding under the consolidated ACC is insufficient to support continued assistance for families in the program

If CDC determines, in accordance with HUD requirements, that funding under the consolidated ACC is insufficient to support continued assistance for families in the program, CDC will move to terminate HAP Contracts with Landlords/Owners. CDC will also discontinue the issuance of vouchers to participating families who request to relocate.

Should there be insufficient funding to continue assistance for all households assisted at the time the funding determination is made, CDC will first stop issuing any new vouchers, and then utilize attrition to reduce program size to comport with funding limitations.

CDC will make every effort to protect elderly and disabled families, families with minors and veterans of the U.S. Armed Forces. CDC will not terminate HAP Contracts for families participating in the Project Based Voucher or VASH Programs for over-leasing.

For the purpose of this termination policy;

- "Disabled family member" includes any household with a disabled household member. The definition for disability shall be as defined by HUD.
- "Elderly family member" includes any household member over the age of 62.
- A "minor" is any household member who is under 18 years of age, regardless of eligibility for the dependent deduction.

Formatted: Indent: Left: 0.25", Hanging: 0.31"

Formatted: Indent: Left: 0.25", Hanging: 0.25"

CDC will use the following methodology to determine the order of termination.

- **First Terminated:** Households with other subsidies available to them or where other subsidies are currently in place.
- **Second Terminated:** All households who do not meet at least one of the criteria listed below. The list below is in no particular order of priority.
 - Households with a disabled family member (defined above) and/or,
 - Households with an elderly family member (defined above) and/or,
 - Households with a veteran of the U.S. Armed Forces, and/or
 - Households with minors (as defined above) residing in the unit.

Third Terminated: Households reporting no earned income, excluding households with elderly/disabled family members (defined above).

Within the categories above, CDC will apply the First In, First Out (FIFO) method. When making this determination CDC has sole authority to determine the family's date of admission into the program.

- Port Out families who have not been absorbed by the receiving PHA are not excluded from this policy.

In making its decisions to terminate assistance, CDC may consider any and all legally permissible alternatives to reduce the number of families affected. Upon consideration of such alternatives and factors, CDC may, on a case-by-case basis, choose not to terminate assistance.

REINSTATEMENT ONTO THE WAITING LIST

CDC may choose to open the Housing Choice Voucher (HCV) Waiting List and provide a preference for families pursuant to the definitions above. CDC may open the HCV waiting list only to those families whose assistance was terminated

Families will have the option to re-apply and be placed on the HCV waiting list only when their assistance has ended. CDC may send written notification to the family before the family's assistance ends to determine if they would like to be placed on the HCV waiting list once they meet the preference qualifications. If yes, CDC will automatically place the family back on the HCV waiting list, ensuring that the first families to come off the program are the first families to be placed on the waiting list.

CDC's eligibility criteria contained in Chapter III of this administrative plan must be re-

evaluated for any family placed on the HCV waiting list.

D. ZERO HOUSING ASSISTANCE

4. If the participant's income increases, resulting in a zero housing assistance payment and the participant is paying the entire contract rent; the participant shall be considered over-income after six (6) consecutive months of zero housing assistance payments. The family will be notified that the zero housing assistance is available for six (6) months. At that time, if there have been no changes which reflect the ability for the CDC to provide monetary assistance on the contract, the contract and the family's assistance will be terminated.

Formatted: Indent: Left: 0.25", No bullets or numbering

1. This determination does not preclude the family from asking to terminate assistance immediately, nor does it impact any rights under the lease.
2. Families whose assistance is terminated under this instance will have to reapply for assistance when CDC is accepting applications.

E. COMPUTER MATCHING

The CDC along with the Department of Housing and Urban Development will conduct a computer matching initiative in order to provide an independent source for verifying resident income. The matched information regarding income, earnings, wages, or unemployment compensation will be disclosed to the assisted family. The family must take appropriate action. Appropriate action may include, but not necessarily be limited to review of information with the client and changing the family's rent as needed. If a documented case of fraud is verified, the CDC will take action to recover excess housing assistance received by the resident due to unreported income.

2825056.1

Progress Report.

Provide a description of the PHA's progress in meeting its Mission and Goals described in its 5-Year PHA Plan.

Financial:

1. Continue to be financially stable even in the face of funding uncertainties. Achieved. We have seen a steady increase in lease up and HAP utilization during this fiscal year. We are over 100% of our funding and have had success with landlord incentives. Our own rental units have kept under 5% vacancy rate throughout the year.
2. Maximize available rental assistance to help as many families as possible. Achieved. We are over 100% with HAP and have had to close our waitlist until we are back below 100%.

Housing Programs:

1. Goal: Housing Choice Voucher (HCV) utilization at 96% or above.

Progress: CDC has achieved this goal and as of 12/31/2023 expended 100.3 percent of our total funding available for this rental assistance program. Our goal in the coming year is to maintain utilization and house as many households with rental assistance as possible with our allocated funding. In order to achieve this goal CDC will maintain a steady pull of applicants from the waiting list each month to cover attrition. CDC plans to open the HCV waiting list in early fall of 2024.

CDC administers the Emergency Housing Voucher (EHV) program and was allocated 82 emergency housing vouchers. CDC fully utilized this program in 2023. As of 09/30/2023 CDC can no longer issue EHV's in accordance with the regulatory requirements. We are starting to see the EHV utilization reduce as attrition takes effect, and currently have 75 households leased with rental assistance under this program. Our goal for the coming year is to focus on EHV retention. CDC is developing a Landlord Lease Renewal program. This program would be available to Landlords who are leasing to EHV households and choose to renew the lease for at least a twelve-

month period. If the lease is renewed the Landlord would receive an incentive payment from CDC.

2. Goal: Mainstream (MS) utilization to 90% or above.

Progress: CDC's Mainstream voucher program is a HUD targeted program for households with a member who is between the ages of 18 and 61 with a disability. CDC was awarded 100 Mainstream vouchers. Since January of 2023 CDC increased our Mainstream voucher utilization from 35 households housed with rental assistance to 60 households housed with rental assistance. CDC opened our waiting list to mainstream eligible households in early 2024 and plan to continuously pull applicants off the waiting list for this program.

3. Goal: Family Unification Program (FUP) utilization to 75% or above.

Progress: CDC has achieved this goal. CDC was allocated 20 Family Unification Vouchers. These vouchers are for households in which the lack of adequate housing is a primary factor in either children being removed from the home, or if already removed being able to return home. CDC receives referrals for the FUP program directly from Mendocino County Family and Children's Services.

CDC has increased our utilization for the FUP program and currently have 20 households housed with rental assistance. CDC's goal for the coming year is to continue our collaboration with Mendocino County Family and Children's Services agency to assure we have a steady stream of FUP referrals to cover any attrition.

4. Goal: Veterans Affairs Supportive Housing (VASH) voucher utilization to 75% or above.

Progress: CDC was allocated 113 VASH vouchers, and we currently have 60 households receiving rental assistance, with 53 available vouchers remaining. This is approximately 53% utilization. CDC continues to meet monthly with the VA and the consensus is there are not many eligible VASH households in Mendocino County. The VA continues to submit referrals when identified. CDC is currently in collaboration with the VA to reallocate 12 VASH vouchers to Marin County Housing Authority.

Housing Assets:

1. Goal: Assist affordable housing developer(s) with the development of at least 50 units. Achieved. One development in Ukiah (Orr Creek Commons, 40 units) and one project in Fort Bragg (The Plateau, 69 units) completed with assistance.

2. Goal: Assist affordable housing developer(s) with the rehabbing (including acquisition/rehab) of at least 50 units. Achieved. Completed work on 56 unit acquisition/rehab (Walnut Apartments in Fort Bragg).

3. Complete at least one significant capital improvement at each owned or managed property. Achieved at all sites.

