

MICHIGAN CITY HOUSING AUTHORITY

# **Housing Choice Voucher ADMINISTRATIVE PLAN**

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**Formerly Section 8**

7/1/2015

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## SECTION 8 ADMINISTRATIVE PLAN

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### OVERVIEW OF THE PROGRAM AND PLAN

#### INTRODUCTION

The Michigan City Housing Authority (MCHA) receives its funding for the Housing Choice Voucher (HCV) program from the Department of Housing and Urban Development. The PHA is not a federal department or agency. A public housing agency (PHA) is a governmental or public body, created and authorized by state law to develop and operate housing and housing programs for low-income families. The MCHA enters into an Annual Contributions Contract with HUD to administer the program requirements on behalf of HUD. The MCHA must ensure compliance with federal laws, regulations and notices and must establish policy and procedures to clarify federal requirements and to ensure consistency in program operation.

This chapter contains information about the MCHA and its programs with emphasis on the HCV program. It also contains information about the purpose, intent and use of the plan and guide.

There are three parts to this chapter:

Part I: The Public Housing Agency (PHA). This part includes a description of the PHA, its jurisdiction, its programs, and its mission and intent.

Part II: The HCV Program. This part contains information about the Housing Choice Voucher program operation, roles and responsibilities, and partnerships.

Part III: The HCV Administrative Plan. This part discusses the purpose and organization of the plan and its revision requirements.

#### **PART I: THE MICHIGAN CITY HOUSING AUTHORITY (MCHA) also referred to as the PHA**

##### **A. OVERVIEW**

This part explains the origin of the MCHA's creation and authorization, the general structure of the organization, and the relationship between the MCHA Board and staff.

##### **B. ORGANIZATION AND STRUCTURE OF THE MICHIGAN CITY HOUSING AUTHORITY (MCHA)**

The Section 8 tenant-based Housing Choice Voucher (HCV) assistance program is funded by the federal government and administered by the **Michigan City Housing Authority** for the jurisdiction of the **City of Michigan City, Indiana**.

The officials of a MCHA are known as commissioners or, collectively, as the board of commissioners. Commissioners are appointed in accordance with state housing law and generally serve in the same capacity as the directors of a corporation, establishing

policies under which the MCHA conducts business, ensuring that policies are followed by MCHA staff and ensuring that the MCHA is successful in its mission. The board is responsible for preserving and expanding the agency's resources and assuring the agency's continued viability.

Formal actions of the MCHA are taken through written resolutions, adopted by the board of commissioners and entered into the official records of the MCHA.

The principal staff member of the MCHA is the executive director (ED), hired and appointed by the board of commissioners. The executive director is directly responsible for carrying out the policies established by the commissioners and is delegated the responsibility for hiring, training and supervising the remainder of the MCHA's staff in order to manage the day-to-day operations of the MCHA to ensure compliance with federal and state laws and directives for the programs managed.. In addition, the executive director's duties include budgeting and financial planning for the agency.

### **C. THE PHA'S PROGRAMS**

The following programs are included under this administrative plan:

The MCHA's administrative plan is applicable to the operation of the Housing Choice Voucher program.

### **D. THE MICHIGAN CITY HOUSING AUTHORITY'S COMMITMENT TO ETHICS AND SERVICE**

As a public service agency, the MCHA is committed to providing excellent service to HCV program participants – families and owners – in the community. The MCHA's standards include:

Administer applicable federal and state laws and regulations to achieve high ratings in compliance measurement indicators while maintaining efficiency in program operation to ensure fair and consistent treatment of clients served.

Provide decent, safe, and sanitary housing – in compliance with program housing quality standards – for very low income families while ensuring that family rents are fair, reasonable, and affordable.

Encourage self sufficiency of participant families and assist in the expansion of family opportunities which address educational, socio-economic, recreational and other human services needs.

Promote fair housing and the opportunity for very low-income families of all ethnic backgrounds to experience freedom of housing choice.

Promote a housing program which maintains quality service and integrity while providing an incentive to private property owners to rent to very low-income families.

Promote a market-driven housing program that will help qualified low-income families be successful in obtaining affordable housing and increase the supply of housing choices for such families.

Create positive public awareness and expand the level of family, owner, and community support in accomplishing the PHA's mission.

Attain and maintain a high level of standards and professionalism in day-to-day management of all program components.

Administer an efficient, high-performing agency through continuous improvement of the MCHA's support systems and commitment to our employees and their development.

**The MCHA will make every effort to keep program-participants informed of HCV program rules and regulations, and to advise participants of how the program rules affect them.**

## PART II: THE HOUSING CHOICE VOUCHER (HCV) PROGRAM

### A. OVERVIEW AND HISTORY OF THE PROGRAM

The intent of this section is to provide the public and staff with information related to the overall operation of the program. There have been many changes to the program since its inception in 1974 and a brief history of the program will assist the audience in understanding the program.

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

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

Under the Certificate program, federal housing assistance payments were made directly to private owners of rental housing, where this housing was made available to lower-income families. Eligible families were able to select housing in the private rental market. Assuming that the housing met certain basic physical standards of quality ("housing quality standards") and was within certain HUD-established rent limitations ("fair market rents"), the family would be able to receive rental assistance in the housing unit. Family contribution to rent was generally set at 30 percent of the family's adjusted income, with the remainder of the rent paid by the program.

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

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

However, the Voucher program permitted families more options in housing selection. Rental housing still had to meet the basic housing quality standards, but there was no fair market rent limitation on rent. In addition, family contribution to rent was not set at a limit of 30 percent of adjusted income. Consequently, depending on the actual rental cost of the unit selected, a family might pay more or less than 30 percent of their adjusted income for rent. From 1987 through 1999, public housing agencies managed both the Certificate and Voucher tenant-based assistance programs, with separate rules and requirements for each. From 1994

through 1998, HUD published a series of new rules, known as “conforming” rules, to more closely combine and align the two similar housing programs, to the extent permitted by the law.

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

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

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

## REFERENCES CITED IN THE ADMINISTRATIVE PLAN

The Michigan City Housing Authority (MCHA) policies are derived from many sources. Primary among these sources are regulations and guidance issued by HUD. State law also directs PHA policy. State law must be followed where such law exists and does not conflict with federal regulations. In the absence of legal requirements or HUD guidance, industry practice may lead to PHA policy.

### **HUD**

HUD provides the primary source of MCHA's policy through federal regulations, HUD Notices and handbooks. Compliance with federal regulations, current HUD Notices and HUD handbooks is mandatory.

HUD provides nonmandatory guidance to the MCHA through HUD published guidebooks. Expired HUD Notices and handbooks also provide guidance for PHA policy. Following HUD guidance is optional, as long as PHA policies comply with federal law, federal regulations and mandatory policy. Because HUD has already determined that the guidance it provides is consistent with mandatory policies, PHA reliance on HUD guidance provides the PHA with a "safe harbor."

Content contained on the HUD website can provide further clarification of HUD policies. For example, FAQs on the HUD website can provide direction on the application of federal regulations to a specific pattern.

### **State Law**

Where there is no mandatory federal guidance, the MCHA must comply with state law, if it exists. Where state law is more restrictive than federal law, but does not conflict with it, the MCHA should follow the state law.

### **Industry Practice**

Where no law or HUD authority exists on a particular subject, industry practice may support the MCHA's policy. An industry practice is a way of doing things that is followed by most housing authorities.

## RESOURCES CITED IN THE ADMINISTRATIVE PLAN

The administrative plan cites several documents. Where a document or resource is cited frequently, it may be abbreviated. Where it is cited only once or twice, the model administrative plan may contain the entire name of the document or resource. Following is a key to abbreviations used for various sources that are frequently cited in the administrative plan and a list of references and document locations that are referenced in the model administrative plan or that may be helpful to you.

## **B. HCV PROGRAM BASICS**

The purpose of the HCV program is to provide rental assistance to eligible families. The rules and regulations of the HCV program are determined by the U.S. Department of Housing and Urban Development. The MCHA is afforded choices in the operation of the program which are included in the PHA's administrative plan, a document approved by the board of commissioners of the MCHA.

The HCV program offers mobility to eligible families because they may search for suitable housing anywhere in the MCHA's jurisdiction and may also be eligible to move under portability to other MCHAs' jurisdictions.

When a family is determined to be eligible for the program and funding is available, the MCHA issues the family a housing voucher. When the family finds a suitable housing unit and funding is available, the MCHA will enter into a contract with the owner and the family will enter into a lease with the owner. Each party makes their respective payment to the owner so that the owner receives full rent.

Even though the family is determined to be eligible for the program, the owner has the responsibility of approving the family as a suitable renter. The MCHA continues to make payments to the owner as long as the family is eligible and the housing unit continues to qualify under the program.

## **C. THE HCV PARTNERSHIPS**

To administer the HCV program, the MCHA enters into a contractual relationship with HUD. The MCHA also enters into contractual relationships with the assisted family and the owner or landlord of the housing unit.

For the HCV program to work and be successful, all parties involved – HUD, the MCHA, the owner, and the family – have important roles to play. The roles and responsibilities of all parties are defined in federal regulations and in legal documents that parties execute to participate in the program.

## Abbreviations

Throughout the model administrative plan, abbreviations are used to designate certain documents in citations. The following is a table of abbreviations of documents cited in the model administrative plan.

Abbreviation	Document
CFR	Code of Federal Regulations
HCV GB	Housing Choice Voucher Program Guidebook (7420.10G), April 2001.
HUD-50058 IB	HUD-50058 Instruction Booklet
RHIIP FAQs	Rental Housing Integrity Improvement Program (RHIIP) Frequently Asked Questions.
VG	PIH Notice 2004-01 Verification Guidance, March 9, 2004.
HB 4350.3	Occupancy Requirements of Subsidized Multifamily Housing Programs

## Resources and Where to Find Them

Following is a list of resources helpful to the PHA or referenced in the model administrative plan, and the online location of each.

Document and Location
Code of Federal Regulations <a href="http://www.gpoaccess.gov/cfr/index.html">http://www.gpoaccess.gov/cfr/index.html</a>
Earned Income Disregard FAQ <a href="http://www.hud.gov/offices/pih/phr/about/ao_faq_eid.cfm">www.hud.gov/offices/pih/phr/about/ao_faq_eid.cfm</a>
Eligibility of Students for Assisted Housing Under Section 8 of the U.S. Housing Act of 1937; Final Rule <a href="http://edocket.access.gpo.gov/2008/pdf/E8-19435.pdf">http://edocket.access.gpo.gov/2008/pdf/E8-19435.pdf</a>
Enterprise Income Verification (EIV) System, Security Procedures for Upfront Income Verification data <a href="http://www.hud.gov/offices/pih/programs/ph/rhiip/docs/eivsecguidepha.pdf">http://www.hud.gov/offices/pih/programs/ph/rhiip/docs/eivsecguidepha.pdf</a>
Executive Order 11063 <a href="http://www.hud.gov/offices/fheo/FHLaws/EXO11063.cfm">http://www.hud.gov/offices/fheo/FHLaws/EXO11063.cfm</a>
Federal Register <a href="http://www.access.gpo.gov/su_docs/aces/fr-cont.html">http://www.access.gpo.gov/su_docs/aces/fr-cont.html</a>
General Income and Rent Determination FAQs <a href="http://www.hud.gov/offices/pih/programs/ph/rhiip/faq_gird.cfm">www.hud.gov/offices/pih/programs/ph/rhiip/faq_gird.cfm</a>
Housing Choice Voucher Program Guidebook (7420.10G), April 2001 <a href="http://www.hud.gov/offices/pih/programs/hcv/forms/guidebook.cfm">www.hud.gov/offices/pih/programs/hcv/forms/guidebook.cfm</a>
HUD-50058 Instruction Booklet <a href="http://www.hud.gov/offices/pih/systems/pic/50058/pubs/ib/form50058ib.pdf">http://www.hud.gov/offices/pih/systems/pic/50058/pubs/ib/form50058ib.pdf</a>

<p>Joint Statement of the Department of Housing and Urban Development and the Department of Justice, issued May 17, 2004  <a href="http://www.hud.gov/offices/fheo/library/hud DOJstatement.pdf">http://www.hud.gov/offices/fheo/library/hud DOJstatement.pdf</a></p>
<p>Notice of Guidance to Federal Assistance Recipients Regarding Title VI Prohibition Affecting Limited English Proficient Persons, published December 19, 2003  <a href="http://www.hudclips.org/sub_nonhud/cgi/pdf/31267.pdf">http://www.hudclips.org/sub_nonhud/cgi/pdf/31267.pdf</a></p>
<p>Notice PIH 2012-10, Verification of Social Security Numbers (SSNs) and Supplemental Security Income (SSI) Benefits; and Effective Use of the Enterprise Income Verification (EIV) System's Identity Verification Report  <a href="http://portal.hud.gov/huddoc/pih2012-10.pdf">http://portal.hud.gov/huddoc/pih2012-10.pdf</a></p>
<p>Notice PIH 2010-19, Administrative Guidance for Effective and Mandated Use of the Enterprise Income Verification (EIV) System  <a href="http://www.hud.gov/offices/pih/publications/notices/10/pih2010-19.pdf">http://www.hud.gov/offices/pih/publications/notices/10/pih2010-19.pdf</a></p>
<p>Notice PIH 2010-26 (HA), Nondiscrimination and Accessibility Notice  <a href="http://www.hud.gov/offices/pih/publications/notices/10/pih2010-26.pdf">http://www.hud.gov/offices/pih/publications/notices/10/pih2010-26.pdf</a></p>
<p>OMB Circular A-133  <a href="http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2010">http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2010</a></p>
<p>Rental Housing Integrity Improvement Program (RHIIP) Frequently Asked Questions.  <a href="http://www.hud.gov/offices/pih/programs/ph/rhiip/faq.cfm">www.hud.gov/offices/pih/programs/ph/rhiip/faq.cfm</a></p>
<p>VAWA Final Rule  <a href="http://www.gpo.gov/fdsys/pkg/FR-2010-10-27/pdf/2010-26914.pdf">http://www.gpo.gov/fdsys/pkg/FR-2010-10-27/pdf/2010-26914.pdf</a></p>
<p>Verification FAQ  <a href="http://www.hud.gov/offices/pih/programs/ph/rhiip/faq_verif.cfm">www.hud.gov/offices/pih/programs/ph/rhiip/faq_verif.cfm</a></p>
<p>Verification Guidance, March 2004 (attachment to Notice PIH 2004-1)  <a href="http://www.hud.gov/offices/pih/publications/notices/04/verifguidance.pdf">http://www.hud.gov/offices/pih/publications/notices/04/verifguidance.pdf</a></p>

The HUD Web site is <http://www.hud.gov/index.html>.

Guidebooks, handbooks and other HUD resources may be found at the HUDClips Web site:  
<http://www.hud.gov/offices/adm/hudclips/>.

## **Michigan City Housing Authority Mission Statement**

The MCHA's mission is to provide safe, decent, and sanitary housing conditions for very low-income families and to manage resources efficiently. The MCHA is to promote personal, economic and social upward mobility to provide families the opportunity to make the transition from subsidized to non-subsidized housing

### **The Michigan City Housing Authorities (MCHA) commitment to service:**

As a public service agency, the MCHA is committed to providing excellent service to HCV program participants – families and owners – in the community. The MCHA's standards include: Administer applicable federal and state laws and regulations to achieve high ratings in compliance measurement indicators while maintaining efficiency in program operation to ensure fair and consistent treatment of clients served.

Provide decent, safe, and sanitary housing – in compliance with program housing quality standards – for very low income families while ensuring that family rents are fair, reasonable, and affordable.

Encourage self sufficiency of participant families and assist in the expansion of family opportunities which address educational, socio-economic, recreational and other human services needs.

Promote fair housing and the opportunity for very low-income families of all ethnic backgrounds to experience freedom of housing choice.

Promote a housing program which maintains quality service and integrity while providing an incentive to private property owners to rent to very low-income families.

Promote a market-driven housing program that will help qualified low-income families be successful in obtaining affordable housing and increase the supply of housing choices for such families.

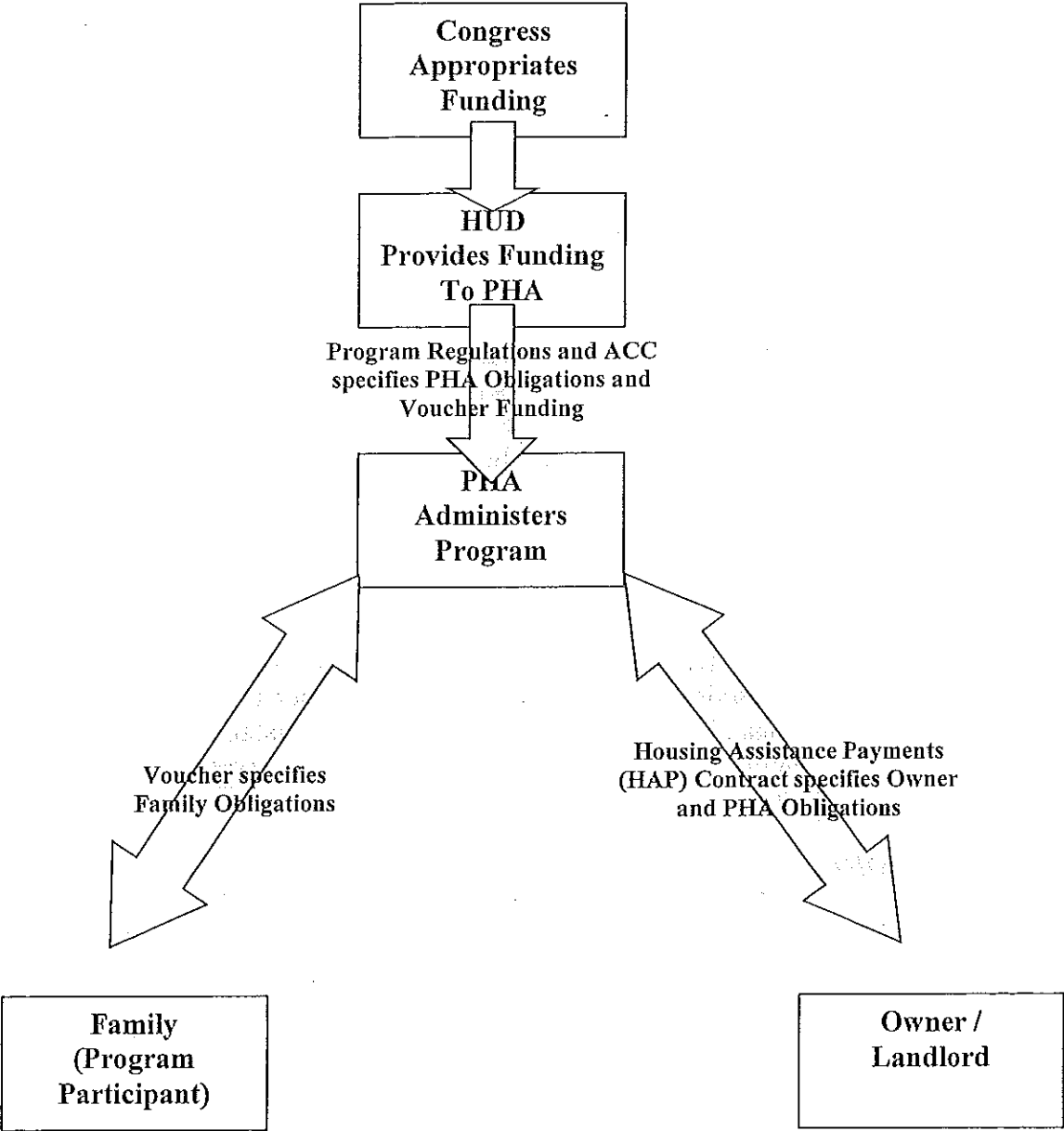
Create positive public awareness and expand the level of family, owner, and community support in accomplishing the PHA's mission.

Attain and maintain a high level of standards and professionalism in day-to-day management of all program components.

Administer an efficient, high-performing agency through continuous improvement of the PHA's support systems and commitment to our employees and their development.

The PHA will make every effort to keep program participants informed of HCV program rules and regulations, and to advise participants of how the program rules affect them.

**The HCV Relationships:**



## **CHAPTER 1 EQUAL OPPORTUNITY**

### **1.1 FAIR HOUSING**

It is the policy of the Michigan City Housing Authority to comply fully with all Federal, State, and local nondiscrimination laws; the Americans With Disabilities Act; and the U. S. Department of Housing and Urban Development regulations governing Fair Housing and Equal Opportunity.

No person shall, on the ground of race, color, sex, religion, national or ethnic origin, familial status, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the Michigan City Housing Authority housing programs.

To further its commitment to full compliance with applicable Civil Rights laws, the Michigan City Housing Authority will provide Federal/State/local information to applicants for and participants in the Section 8 Housing Program regarding discrimination and any recourse available to them if they believe they may be victims of discrimination. Such information will be made available with the application, and all applicable Fair Housing Information and Discrimination Complaint Forms will be made available at the Michigan City Housing Authority office. In addition, all written information and advertisements will contain the appropriate Equal Opportunity language and logo.

The Michigan City Housing Authority will assist any family that believes they have suffered illegal discrimination by providing them copies of the housing discrimination form. The Michigan City Housing Authority will also assist them in completing the form, if requested, and will provide them with the address of the nearest HUD Office of Fair Housing and Equal Opportunity (FHEO).

### **1.2 REASONABLE ACCOMMODATION**

Sometimes people with disabilities may need a reasonable accommodation in order to take full advantage of the Michigan City Housing Authority housing programs and related services. When such accommodations are granted they do not confer special treatment or advantage for the person with a disability; rather, they make the program fully accessible to them in a way that would otherwise not be possible due to their disability. This policy clarifies how people can request accommodations and the guidelines the Michigan City Housing Authority will follow in determining whether it is reasonable to provide a requested accommodation. Because disabilities are not always apparent, the Michigan City Housing Authority will ensure that all applicants/participants are aware of the opportunity to request reasonable accommodations.

### **1.3 COMMUNICATION**

Anyone requesting an application will also receive a Request for Reasonable Accommodation Form.

Notifications of reexamination, inspection, appointment, or eviction will include information about requesting a reasonable accommodation. Any notification requesting action by the participant will include information about requesting a reasonable accommodation.

All decisions granting or denying requests will be in writing.

### **1.4 QUESTIONS TO ASK IN GRANTING THE ACCOMMODATION**

- A. Is the requestor a person with disabilities? For this purpose the definition of disabilities is different than the definition used for admission. The Fair Housing definition used for this purpose is:

A person with a physical or mental impairment that substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such an impairment. (The disability may not be apparent to others, i.e., a heart condition).

If the disability is apparent or already documented, the answer to this question is yes. It is possible that the disability for which the accommodation is being requested is a disability other than the apparent disability. If the disability is not apparent or documented, the Michigan City Housing Authority will obtain verification that the person is a person with a disability.

- B. Is the requested accommodation related to the disability? If it is apparent that the request is related to the apparent or documented disability, the answer to this question is yes. If it is not apparent, the Michigan City Housing Authority will obtain documentation that the requested accommodation is needed due to the disability. The Michigan City Housing Authority will not inquire as to the nature of the disability.
- C. Is the requested accommodation reasonable? In order to be determined reasonable, the accommodation must meet two criteria:
1. Would the accommodation constitute a fundamental alteration? The Michigan City Housing Authority's business is housing. If the request would alter the fundamental business that the Michigan City Housing Authority conducts, that would not be reasonable. For instance, the Michigan City Housing Authority would deny a request to have the Michigan City Housing Authority do grocery shopping for the person with disabilities.

2. Would the requested accommodation create an undue financial hardship or administrative burden? Frequently the requested accommodation costs little or nothing. If the cost would be an undue burden, the Michigan City Housing Authority may request a meeting with the individual to investigate and consider equally effective alternatives.

Generally the individual knows best what they need; however, the Michigan City Housing Authority retains the right to be shown how the requested accommodation enables the individual to access or use the Michigan City Housing Authority's programs or services.

If more than one accommodation is equally effective in providing access to the Michigan City Housing Authority's programs and services, the Michigan City Housing Authority retains the right to select the most efficient or economic choice.

The cost necessary to carry out approved requests will be borne by the Michigan City Housing Authority if there is no one else willing to pay for the modifications. If another party pays for the modification, the Michigan City Housing Authority will seek to have the same entity pay for any restoration costs.

#### **Modifications to Provide Accessibility**

Under the Fair Housing Act of 1988 an owner must not refuse the request of a family that contains a person with a disability to make necessary and reasonable modifications to the unit. Such modifications are at the family's expense. The owner may require restoration of the unit to its original condition if the modification would interfere with the owner or next occupant's full enjoyment of the premises. The owner may not increase a customarily required security deposit. However, the landlord may negotiate a restoration agreement that requires the family to restore the unit and, if necessary to ensure the likelihood of restoration, may require the tenant to pay a reasonable amount into an interest bearing escrow account over a reasonable period of time. The interest in any such account accrues to the benefit of the tenant. The owner may also require reasonable assurances that the quality of the work will be acceptable and that any required building permits will be obtained.[24 CFR 100.203; Notice 2003-31].

Modifications to units to provide access for a person with a disability must meet all applicable HQS requirements and conform to the design, construction, or alteration of facilities contained in the UFAS and the ADA Accessibility Guidelines (ADAAG) [28 CFR 35.151(c) and Notice 2003-31] See Chapter 2 of this plan for additional information on reasonable accommodations for persons with disabilities.

Any owner that intends to negotiate a restoration agreement or require an escrow account must submit the agreement(s) to the PHA for review.

If the participant requests, as a reasonable accommodation, that he or she be permitted to make physical modifications to their dwelling unit, at their own expense, the request should be made to the property owner/manager. The Housing Authority does not have responsibility for the owner's unit and does not have responsibility to make the unit accessible.

Any request for an accommodation that would enable a participant to materially violate family obligations will not be approved.

<b>DEFINITION OF A PERSON WITH A DISABILITY UNDER FEDERAL CIVIL RIGHTS LAWS [24 CFR Parts 8.3 and 100.201]</b>
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A person with a disability, as defined under federal civil rights laws, is any person who:

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

The phrase “physical or mental impairment” includes:

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

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

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

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

### ***1.5 SERVICES FOR NON-ENGLISH SPEAKING APPLICANTS AND PARTICIPANTS***

The Michigan City Housing Authority will endeavor to have bilingual staff or access to people who speak languages other than English to assist non-English speaking families. The following languages will be covered:

Spanish

## **1.6 FAMILY/OWNER OUTREACH**

The Michigan City Housing Authority will publicize the availability and nature of the Section 8 Program for extremely low-income, very low and low-income families in a newspaper of general circulation, minority media, and by other suitable means.

To reach persons, who cannot or do not read newspapers, the Michigan City Housing Authority will distribute fact sheets to the broadcasting media and initiate personal contacts with members of the news media and community service personnel. The Michigan City Housing Authority will also try to utilize public service announcements.

The Michigan City Housing Authority will communicate the status of program availability to other service providers in the community and advise them of housing eligibility factors and guidelines so that they can make proper referral of their clients to the program.

## **1.7 RIGHT TO PRIVACY**

All adult members of both applicant and participant households are required to sign HUD Form 9886, *Authorization for Release of Information and Privacy Act Notice*. The *Authorization for Release of Information and Privacy Act Notice* states how family information will be released and includes the *Federal Privacy Act Statement*.

Any request for applicant or participant information will not be released unless there is a signed release of information request from the applicant or participant.

## **1.8 REQUIRED POSTINGS**

The Michigan City Housing Authority will post in each of its offices in a conspicuous place and at a height easily read by all persons including persons with mobility disabilities, the following information:

- A. The Section 8 Administrative Plan
- B. Notice of the status of the waiting list (opened or closed)
- C. Address of all Michigan City Housing Authority offices, office hours, telephone numbers, TDD numbers, and hours of operation
- D. Income Limits for Admission
- E. Informal Review and Informal Hearing Procedures
- F. Fair Housing Poster
- G. Equal Opportunity in Employment Poster

## **CHAPTER 2      MICHIGAN CITY HOUSING AUTHORITY/OWNER RESPONSIBILITY/ OBLIGATION OF THE FAMILY**

This Section outlines the responsibilities and obligations of the Michigan City Housing Authority, the Section 8 Owners/Landlords, and the participating families.

### **2.1      *MICHIGAN CITY HOUSING AUTHORITY RESPONSIBILITIES***

- A.    The Michigan City Housing Authority will comply with the consolidated ACC, the application, HUD regulations and other requirements, and the Michigan City Housing Authority Section 8 Administrative Plan.
- B.    In administering the program, the Michigan City Housing Authority must:
  - 1.    Publish and disseminate information about the availability and nature of housing assistance under the program;
  - 2.    Explain the program to owners and families;
  - 3.    Seek expanded opportunities for assisted families to locate housing outside areas of poverty or racial concentration;
  - 4.    Encourage owners to make units available for leasing in the program, including owners of suitable units located outside areas of poverty or racial concentration;
  - 5.    Affirmatively further fair housing goals and comply with equal opportunity requirements;
  - 6.    Make efforts to help disabled persons find satisfactory housing;
  - 7.    Receive applications from families, determine eligibility, maintain the waiting list, select applicants, issue a voucher to each selected family, and provide housing information to families selected;
  - 8.    Determine who can live in the assisted unit at admission and during the family's participation in the program;
  - 9.    Obtain and verify evidence of citizenship and eligible immigration status in accordance with 24 CFR part 5;
  - 10.   Review the family's request for approval of the tenancy and the owner/landlord lease, including the HUD prescribed tenancy addendum;

11. Inspect the unit before the assisted occupancy begins and at least annually during the assisted tenancy;
12. Determine the amount of the housing assistance payment for a family;
13. Determine the maximum rent to the owner and whether the rent is reasonable;
14. Make timely housing assistance payments to an owner in accordance with the HAP contract;
15. Examine family income, size and composition at admission and during the family's participation in the program. The examination includes verification of income and other family information;
16. Establish and adjust Michigan City Housing Authority utility allowance;
17. Administer and enforce the housing assistance payments contract with an owner, including taking appropriate action as determined by the Michigan City Housing Authority, if the owner defaults (e.g., HQS violation);
18. Determine whether to terminate assistance to a participant family for violation of family obligations;
19. Conduct informal reviews of certain Michigan City Housing Authority decisions concerning applicants for participation in the program;
20. Conduct informal hearings on certain Michigan City Housing Authority decisions concerning participant families;
21. Provide sound financial management of the program, including engaging an independent public accountant to conduct audits; and
22. Administer an FSS program (if applicable).

## **2.2 OWNER RESPONSIBILITY**

- A. The owner is responsible for performing all of the owner's obligations under the HAP contract and the lease.
- B. The owner is responsible for:
  1. Performing all management and rental functions for the assisted unit, including selecting a voucher holder to lease the unit, and deciding if the family is suitable for tenancy of the unit.

2. Maintaining the unit in accordance with HQS, including performance of ordinary and extraordinary maintenance.
  3. Complying with equal opportunity requirements.
  4. Preparing and furnishing to the Michigan City Housing Authority information required under the HAP contract.
  5. Collecting from the family:
    - a. Any security deposit required under the lease.
    - b. The tenant contribution (the part of rent to owner not covered by the housing assistance payment.
    - c. Any charges for unit damage by the family.
  6. Enforcing tenant obligations under the lease.
  7. Paying for utilities and services (unless paid by the family under the lease.)
- C. For provisions on modifications to a dwelling unit occupied or to be occupied by a person with disabilities see 24 CFR 100.203.

### **2.3 OBLIGATIONS OF THE PARTICIPANT**

This Section states the obligations of a participant family under the program.

- A. Supplying required information.
1. The family must supply any information that the Michigan City Housing Authority or HUD determines is necessary in the administration of the program, including submission of required evidence of citizenship or eligible immigration status. Information includes any requested certification, release or other documentation.
  2. The family must supply any information requested by the Michigan City Housing Authority or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition in accordance with HUD requirements.
  3. The family must disclose and verify Social Security Numbers and must sign and submit consent forms for obtaining information.
  4. Any information supplied by the family must be true and complete.

B. HQS breach caused by the Family

The family is responsible for any HQS breach caused by the family or its guests.

C. Allowing Michigan City Housing Authority Inspection

The family must allow the Michigan City Housing Authority to inspect the unit at reasonable times and after at least 2 days notice.

D. Violation of Lease

The family may not commit any serious or repeated violation of the lease.

E. Family Notice of Move or Lease Termination

The family must notify the Michigan City Housing Authority and the owner before the family moves out of the unit or terminates the lease by a notice to the owner.

F. Owner Eviction Notice

The family must promptly give the Michigan City Housing Authority a copy of any owner eviction notice it receives.

G. Use and Occupancy of the Unit

1. The family must use the assisted unit for a residence by the family. The unit must be the family's only residence.
2. The Michigan City Housing Authority must approve the composition of the assisted family residing in the unit. The family must promptly inform the Michigan City Housing Authority of the birth, adoption or court-awarded custody of a child. The family must request approval from the Michigan City Housing Authority to add any other family member as an occupant of the unit. No other person (i.e., no one but members of the assisted family) may reside in the unit (except for a foster child/foster adult or live-in aide as provided in paragraph (4) of this Section).
3. The family must promptly notify the Michigan City Housing Authority if any family member no longer resides in the unit.
4. If the Michigan City Housing Authority has given approval, a foster child/foster adult or a live-in aide may reside in the unit. The Michigan City Housing Authority has the discretion to adopt reasonable policies concerning residence by a foster child/foster adult or a live-in aide and defining when the Michigan City Housing Authority consent may be given or denied.

5. Members of the household may engage in legal profit making activities in the unit, but only if such activities are incidental to primary use of the unit for residence by members of the family. Any business uses of the unit must comply with zoning requirements and the affected household member must obtain all appropriate licenses.
6. The family must not sublease or let the unit.
7. The family must not assign the lease or transfer the unit.

H. Absence from the Unit

The family must supply any information or certification requested by the Michigan City Housing Authority to verify that the family is living in the unit, or relating to family absence from the unit, including any Michigan City Housing Authority requested information or certification on the purposes of family absences. The family must cooperate with the Michigan City Housing Authority for this purpose. The family must promptly notify the Michigan City Housing Authority of its absence from the unit.

Absence means that no member of the family is residing in the unit. The family may be absent from the unit for up to 30 days. The family must request permission from the Michigan City Housing Authority for absences exceeding 30 days. The Michigan City Housing Authority will make a determination within 5 business days of the request. An authorized absence may not exceed 180 days. Any family absent for more than 30 days without authorization will be terminated from the program.

Authorized absences may include, but are not limited to:

1. Prolonged hospitalization
2. Absences beyond the control of the family (i.e., death in the family, other family member illness)
3. Other absences that are deemed necessary by the Michigan City Housing Authority

I. Interest in the Unit

The family may not own or have any interest in the unit (except for owners of manufactured housing renting the manufactured home space).

J. Fraud and Other Program Violation

The members of the family must not commit fraud, bribery, or any other corrupt or criminal act in connection with the programs.

K. Crime by Family Members

The members of the family may not engage in drug-related criminal activity or other violent criminal activity.

L. Other Housing Assistance

An assisted family, or members of the family, may not receive Section 8 tenant-based assistance while receiving another housing subsidy, for the same unit or for a different unit, under any duplicative (as determined by HUD or in accordance with HUD requirements) Federal, State or local housing assistance program.

## CHAPTER 3      ELIGIBILITY FOR ADMISSION

### 3.1      *INTRODUCTION*

There are five eligibility requirements for admission to Section 8 -- qualifies as a family, has an income within the income limits, meets citizenship/eligible immigrant criteria, provides documentation of Social Security Numbers, and signs consent authorization documents. In addition to the eligibility criteria, families must also meet the Michigan City Housing Authority screening criteria in order to be admitted to the Section 8 Program.

### 3.2      *ELIGIBILITY CRITERIA*

#### A.      Family status.

1.      A **family with or without children**. Such a family is defined as a group of people related by blood, marriage, adoption or affinity that lives together in a stable family relationship.
  - a.      Children temporarily absent from the home due to placement in foster care are considered family members.
  - b.      Unborn children and children in the process of being adopted are considered family members for purposes of determining bedroom size, but are not considered family members for determining income limit.
2.      An **elderly family**, which is:
  - a.      A family whose head, spouse, or sole member is a person who is at least 62 years of age;
  - b.      Two or more persons who are at least 62 years of age living together; or
  - c.      One or more persons who are at least 62 years of age living with one or more live-in aides
3.      A **near-elderly family**, which is:
  - a.      A family whose head, spouse, or sole member is a person who is at least 50 years of age but below the age of 62;
  - b.      Two or more persons who are at least 50 years of age but below the age of 62 living together; or

- c. One or more persons who are at least 50 years of age but below the age of 62 living with one or more live-in aides.
- 4. A **disabled family**, which is:
  - a. A family whose head, spouse, or sole member is a person with disabilities;
  - b. Two or more persons with disabilities living together; or
  - c. One or more persons with disabilities living with one or more live-in aides.
- 5. A **displaced family** is a family in which each member, or whose sole member, has been displaced by governmental action, or whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.
- 6. A **remaining member of a tenant family**.
- 7. A **single person** who is not an elderly or displaced person, or a person with disabilities, or the remaining member of a tenant family.

B. Income eligibility

- 1. To be eligible to receive assistance a family shall, at the time the family initially receives assistance under the Section 8 program shall be a low-income family that is:
  - a. A very low-income family;
  - b. A low-income family continuously assisted under the 1937 Housing Act;
  - c. A low-income family that meets additional eligibility criteria specified by the Housing Authority;
  - d. A low-income family that is a nonpurchasing tenant in a HOPE 1 or HOPE 2 project or a property subject to a resident homeownership program under 24 CFR 248.173;
  - e. A low-income family 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.

- f. A low-income family that qualifies for voucher assistance as a non-purchasing family residing in a HOPE 1 (HOPE for public housing homeownership) or HOPE 2 (HOPE for homeownership of multifamily units) project.
2. Income limits apply only at admission and are not applicable for continued occupancy; however, as income rises the assistance will decrease.
3. The applicable income limit for issuance of a voucher is the highest income limit for the family size for areas within the housing authority's jurisdiction. The applicable income limit for admission to the program is the income limit for the area in which the family is initially assisted in the program. The family may only use the voucher to rent a unit in an area where the family is income eligible at admission to the program.
4. Families who are moving into the Michigan City Housing Authority's jurisdiction under portability and have the status of applicant rather than of participant at their initial housing authority, must meet the income limit for the area where they were initially assisted under the program.
5. Families who are moving into the Michigan City Housing Authority's jurisdiction under portability and are already program participants at their initial housing authority do not have to meet the income eligibility requirement for the Michigan City Housing Authority program.
6. Income limit restrictions do not apply to families transferring units within the Michigan City Housing Authority Section 8 Program.

C. Citizenship/Eligible Immigrant status

To be eligible each member of the family must be a citizen, national, or a noncitizen who has eligible immigration status under one of the categories set forth in Section 214 of the Housing and Community Development Act of 1980 (see 42 U.S.C. 1436a(a)).

When a family on the waiting list breaks up into two otherwise eligible families, only one of the new families may retain the original application date. Other former family members may make a new application with a new application date if the waiting 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, the PHA will determine which family will retain their placement on the waiting list or continue to receive assistance. In making its determination, the PHA will take into consideration the following factors: (1) the interest of any

minor children, including custody arrangements; (2) the interest of any ill, elderly, or disabled family members; (3) the 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; (4) any possible risks to family members as a result of criminal activity; and (5) the recommendations of social service professionals

Family eligibility for assistance.

1. A family shall not be eligible for assistance unless every member of the family residing in the unit is determined to have eligible status, with the exception noted below.
2. Despite the ineligibility of one or more family members, a mixed family may be eligible for one of three types of assistance. (See Section 11.5(K) for calculating rents under the noncitizen rule).
3. A family without any eligible members and receiving assistance on June 19, 1995 may be eligible for temporary deferral of termination of assistance.

D. Social Security Number Documentation

To be eligible, all family members 6 years of age and older must provide a Social Security Number or certify that they do not have one.

3.3 **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.

If dependents are the only "remaining members of a tenant family" and there is no family member able to assume the responsibilities of the head of household, referred to as the "Caretakers for a Child."

### 3.4 HEAD OF HOUSEHOLD [24 CFR 5.504(B)]

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

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.

### 3.5 SPOUSE, COHEAD, AND OTHER ADULT

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

*Spouse* means the marriage partner of the head of household.

A *marriage partner* includes the partner in a "common law" marriage as defined in state law. The term "spouse" does not apply to friends, roommates, or significant others who are not marriage partners. A minor who is emancipated under state law may be designated as a spouse.

A *cohead* 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 cohead.

Minors who are emancipated under state law may be designated as a cohead.

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

#### A. Signing Consent Forms

1. In order to be eligible each member of the family who is at least 18 years of age, and each family head and spouse regardless of age, shall sign one or more consent forms.
2. The consent form must contain, at a minimum, the following:
  - a. A provision authorizing HUD and the Michigan City Housing Authority to obtain from State Wage Information Collection Agencies (SWICAs) any information or materials necessary to complete or verify the application for participation or for eligibility for continued occupancy;
  - b. A provision authorizing HUD or the Michigan City Housing Authority to verify with previous or current employers income

information pertinent to the family's eligibility for or level of assistance;

- c. A provision authorizing HUD to request income information from the IRS and the SSA for the sole purpose of verifying income information pertinent to the family's eligibility or level of benefits; and
  - d. A statement that the authorization to release the information requested by the consent form expires 15 months after the date the consent form is signed.
- B. Suitability for tenancy. The Michigan City Housing Authority determines eligibility for participation and will also conduct criminal background checks on all adult household members, including live-in aides. The Michigan City Housing Authority will deny assistance to a family because of drug-related criminal activity or violent criminal activity by family members. This check will be made through state or local law enforcement or court records in those cases where the household member has lived in the local jurisdiction for the last three years. If the individual has lived outside the local area. The Michigan City Housing Authority may contact law enforcement agencies where the individual had lived or request a check through the FBI's National Crime Information Center (NCIC).

The Michigan City Housing Authority will check with the State sex offender registration program and will ban for life any individual who is registered as a lifetime sex offender.

Additional screening is the responsibility of the owner. Upon the request of a prospective owner, the Michigan City Housing Authority will provide any factual information or third party written information they have relevant to a voucher holder's history of, or ability to, comply with material standard lease terms or any history of drug trafficking.

## CHAPTER 4      MANAGING THE WAITING LIST

### 4.1      *OPENING AND CLOSING THE WAITING LIST*

Opening of the waiting list will be announced via public notice that applications for Section 8 will again be accepted. The public notice will state where, when, and how to apply. The notice will be published in a local newspaper of general circulation, and also by any available minority media. The public notice will state any limitations to who may apply.

The notice will state that applicants already on waiting lists for other housing programs must apply separately for this program, and that such applicants will not lose their place on other waiting lists when they apply for Section 8. The notice will include the Fair Housing logo and slogan and otherwise be in compliance with Fair Housing requirements.

Closing of the waiting list will be announced via public notice. The public notice will state the date the waiting list will be closed. The public notice will be published in a local newspaper of general circulation, and also by any available minority media.

### 4.2      *TAKING APPLICATIONS*

Families wishing to apply for the Section 8 Program will be required to complete an application for housing assistance. Families may apply for the waiting list on-line on the MCHA's website on the City of Michigan City's website at: [emichigancity.com](http://emichigancity.com) or [www.michigancityha.housingmanager.com](http://www.michigancityha.housingmanager.com).

Completed applications must be submitted on-line as determined by the PHA at the time of the opening of the waiting list. Applications must be complete in order to be accepted by the MCHA for processing. If an application is incomplete, it will not be processed until it is completed. Failure to comply will result in the applicant not being placed on the waiting list. Completed applications will be dated and time stamped.

Applications are taken to compile a waiting list. Due to the demand for Section 8 assistance in the Michigan City Housing Authority's jurisdiction, the Michigan City Housing Authority may take applications on an open enrollment basis, depending on the length of the waiting list.

When the waiting list is open, completed applications will be accepted from all applicants. The Michigan City Housing Authority will later verify the information in the applications relevant to the applicant's eligibility, admission, and level of benefit.

Persons with disabilities who require a reasonable accommodation in completing an application may call the Michigan City Housing Authority to make special arrangements to complete their application. A Telecommunication Device for the Deaf (TDD) is available for the deaf. The TDD telephone number is (219) 873-2345.

### **Limited English Proficiency**

PHAs are required to take reasonable steps to ensure equal access to their programs and activities by persons with limited English proficiency [24 CFR-1]. Language translation is available for persons with limited English proficiency (LEP) who wish to apply to apply online.

The application process will involve two phases. The first phase is the initial application for housing assistance or the pre-application. The pre-application requires the family to provide limited basic information including name, address, phone number, family composition and family unit size, racial or ethnic designation of the head of household, income category, and information establishing any preferences to which they may be entitled. This first phase results in the family's placement on the waiting list.

Upon receipt of the families pre-application, the Michigan City Housing Authority will make a preliminary determination of eligibility. The Michigan City Housing Authority will notify the family in writing of the date and time of placement on the waiting list and the approximate amount of time before housing assistance may be offered. If the Michigan City Housing Authority determines the family to be ineligible, the notice will state the reasons therefore and offer the family the opportunity of an informal review of this determination.

An applicant may at any time report changes in their applicant status including changes in family composition, income, or preference factors. The Michigan City Housing Authority will annotate the applicant's file and will update their place on the waiting list. Confirmation of the changes will be confirmed with the family in writing.

The second phase is the final determination of eligibility, referred to as the full application. The full application takes place when the family nears the top of the waiting list. The Michigan City Housing Authority will ensure that verification of all preferences, eligibility, suitability selection factors are current in order to determine the family's final eligibility for admission into the Section 8 Program.

### **4.3 ORGANIZATION OF THE WAITING LIST**

The waiting list will be maintained in accordance with the following guidelines:

- A. The application will be a permanent file;
- B. All applications will be maintained in order of preference and then in order of date and time of application;
- C. Any contact between the Michigan City Housing Authority and the applicant will be documented in the applicant file.

Note: The waiting list cannot be maintained by bedroom size under current HUD regulations.

#### *4.4 Families Nearing the Top of the Waiting List*

When a family appears to be within 2 months of being offered assistance, the family will be invited to an interview and the verification process will begin. It is at this point in time that the family's waiting list preference will be verified. If the family no longer qualifies to be near the top of the list, the family's name will be returned to the appropriate spot on the waiting list. The Michigan City Housing Authority must notify the family in writing of this determination, and give the family the opportunity for an informal review.

Once the preference has been verified the family will complete a full application, present Social Security Number information, citizenship/eligible immigrant information, and sign the Consent for Release of Information forms.

#### *4.5 PREFERENCES*

The Michigan City Housing Authority will select families based on the following preferences.

**(The Housing Authority should adopt a set of preferences based on community needs and made sure the preferences are consistent with the Consolidated Plan and Fair Housing Law.)**

- A. Displaced person(s): Individuals or families displaced by government action or whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.
- B. Tenants in the Michigan City Housing Authority Public Housing Program who are required to move and who cannot be placed in another public housing unit.
- C. Applicants who are residing in homeless facilities with whom the Michigan City Housing Authority has a memorandum of agreement, such as; Sand Castle, Stepping Stone Women's Shelter, The Bridge and The Men's Homeless Shelter.
- D. All other applicants who do not meet the definitions in the other preference categories.
- E. Applicants living within the jurisdiction of Michigan City, Indiana.

#### *4.6 SELECTION FROM THE WAITING LIST*

Based on the above preferences, all families in preference A will be offered housing before any families in preference B, and preference B families will be offered housing before any families in preference C, and so forth.

The date and time of application will be utilized to determine the sequence within the above-prescribed preferences.

Notwithstanding the above, families who are elderly, disabled, or displaced will be offered housing before other single persons.

Notwithstanding the above, if necessary to meet the statutory requirement that 75% of newly admitted families in any fiscal year be families who are extremely low-income, the Michigan City Housing Authority retains the right to skip higher income families on the waiting to reach extremely low-income families. This measure will only be taken if it appears the goal will not otherwise be met. To ensure this goal is met, the Housing Authority will monitor incomes of newly admitted families and the income of the families on the waiting list.

If there are not enough extremely low-income families on the waiting list we will conduct outreach on a non-discriminatory basis to attract extremely low-income families to reach the statutory requirement.

#### **4.7 MISSED APPOINTMENTS**

All applicants who fail to keep a scheduled appointment in accordance with the paragraph below will be sent a notice of denial.

The Michigan City Housing Authority will allow the family to reschedule appointments for good cause. Generally, no more than one opportunity will be given to reschedule without good cause, and no more than two opportunities for good cause. When a good cause exists, the Michigan City Housing Authority will work closely with the family to find a more suitable time. Applicants will be offered the right to an informal review before being removed from the waiting list.

#### **4.8 PURGING THE WAITING LIST**

The Michigan City Housing Authority will update and purge its waiting list at least annually to ensure that the pool of applicants reasonably represents interested families. Purging also enables the Housing Authority to update the information regarding address, family composition, income category and preferences.

#### **4.9 REMOVAL OF APPLICANTS FROM THE WAITING LIST**

The Michigan City Housing Authority will not remove an applicant's name from the waiting list unless:

- A. The applicant requests that the name be removed;

- B. The applicant fails to respond to a written request for information or a request to declare their continued interest in the program or misses scheduled appointments; or
- C. The applicant does not meet either the eligibility or screening criteria for the program.

#### **4.10 GROUND FOR DENIAL**

The Michigan City Housing Authority will deny assistance to applicants who:

- A. Do not meet any one or more of the eligibility criteria;
- B. Do not supply information or documentation required by the application process;
- C. Fail to respond to a written request for information or a request to declare their continued interest in the program;
- D. Fail to complete any aspect of the application or lease-up process;
- E. Have a history of criminal activity by any household member involving crimes of physical violence against persons or property, and any other criminal activity including drug-related criminal activity that would adversely affect the health, safety, or well being of other tenants or staff, or cause damage to the property.
- F. Currently owes rent or other amounts to any housing authority in connection with the public housing or Section 8 Programs.
- G. Have committed fraud, bribery, or any other corruption in connection with any Federal housing assistance program, including the intentional misrepresentation of information related to their housing application or benefits derived there from;
- H. Have a family member who was evicted from public housing within the last three years;
- I. Have a family member who was evicted from assisted housing within five years of the projected date of admission because of drug-related criminal activity involving the illegal manufacture, sale, distribution, or possession with the intent to manufacture, sell, distribute a controlled substance as defined in Section 102 of the Controlled Substances Act, 21 U.S.C. 802;
- J. Have a family member who is illegally using a controlled substance or abuses alcohol in a way that may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents. The Michigan City Housing Authority may waive this requirement if:

1. The person demonstrates to the Michigan City Housing Authority's satisfaction that the person is no longer engaging in drug-related criminal activity or abuse of alcohol;
  2. The person has successfully completed a supervised drug or alcohol rehabilitation program;
  3. The person has otherwise been rehabilitated successfully; or
  4. The person is participating in a supervised drug or alcohol rehabilitation program.
- K. Have engaged in or threatened abusive or violent behavior towards any Michigan City Housing staff or residents;
- L. Have a family household member who has been terminated under the Certificate or Voucher Program during the last three years;
- M. Have a family member who has been convicted of manufacturing or producing methamphetamine (speed) (Denied for life);
- N. Have a family member with a lifetime registration under a State sex offender registration program (Denied for life).

#### **4.11 NOTIFICATION OF NEGATIVE ACTIONS**

Any applicant whose name is being removed from the waiting list will be notified by the Michigan City Housing Authority, in writing, that they have ten (10) business days, from the date of the written correspondence, to present mitigating circumstances or request an informal review. The letter will also indicate that their name will be removed from the waiting list if they fail to respond within the timeframe specified. The Michigan City Housing Authority's system of removing applicants' names from the waiting list will not violate the rights of persons with disabilities. If an applicant's failure to respond to a request for information or updates was caused by the applicant's disability, the Michigan City Housing Authority will provide a reasonable accommodation. If the applicant indicates that they did not respond due to a disability, the Michigan City Housing Authority will verify that there is in fact a disability and that the accommodation they are requesting is necessary based on the disability. An example of a reasonable accommodation would be to reinstate the applicant on the waiting list based on the date and time of the original application.

#### **4.12 INFORMAL REVIEW**

If the Michigan City Housing Authority determines that an applicant does not meet the criteria for receiving Section 8 assistance, the Michigan City Housing Authority will promptly provide the applicant with written notice of the determination. The notice must contain a brief statement of the reason(s) for the decision, and state that the applicant may request an informal review of the decision within 10 business days of the denial. The

Michigan City Housing Authority will describe how to obtain the informal review. The informal review process is described in Section 16.2 of this Plan.  
selecting families from the waiting list

## CHAPTER 5      PROGRAM INTEGRITY

### INTRODUCTION

The PHA is committed to ensuring that subsidy funds made available to the PHA are spent in accordance with HUD requirements.

This chapter covers HUD and PHA policies designed to prevent, detect, investigate, and resolve instances of program abuse or fraud. It also describes the actions that will be taken in the case of unintentional errors and omissions.

Part I: Preventing, Detecting, and Investigating Errors and Program Abuse. This part presents PHA policies related to preventing, detecting, and investigating errors and program abuse.

Part II: Corrective Measures and Penalties. This part describes the corrective measures the PHA must and may take when errors or program abuses are found.

### PART I: PREVENTING, DETECTING, AND INVESTIGATING ERRORS AND PROGRAM ABUSE

#### *5.1. PREVENTING ERRORS AND PROGRAM ABUSE*

HUD created the Enterprise Income Verification (EIV) system to provide PHAs with a powerful tool for preventing errors and program abuse. PHAs are required to use the EIV system in its entirety in accordance with HUD administrative guidance [24 CFR 5.233]. PHAs are further required to:

- Provide applicants and participants with form HUD-52675, "Debts Owed to PHAs and Terminations"
- Require all adult members of an applicant or participant family to acknowledge receipt of form HUD-52675 by signing a copy of the form for retention in the family file

The MCHA anticipates that the vast majority of families, owners, and PHA employees intend to and will comply with program requirements and make reasonable efforts to avoid errors.

To ensure that the MCHA's HCV program is administered effectively and according to the highest ethical and legal standards, the MCHA will employ a variety of techniques to ensure that both errors and intentional program abuse are rare.

The MCHA will discuss program compliance and integrity issues during the voucher briefing sessions described in Chapter 5.

The MCHA will provide each applicant and participant with a copy of "Is Fraud Worth It?" (form HUD-1141-OIG), which explains the types of actions a family must avoid and the penalties for program abuse.

The PHA will provide each applicant and participant with a copy of "What You Should Know about EIV," a guide to the Enterprise Income Verification (EIV)

system published by HUD as an attachment to Notice PIH 2010-19. In addition, the PHA will require the head of each household to acknowledge receipt of the guide by signing a copy for retention in the family file.

The PHA will place a warning statement about the penalties for fraud (as described in 18 U.S.C. 1001 and 1010) on key PHA forms and form letters that request information from a family or owner.

PHA staff will be required to review and explain the contents of all HUD- and PHA-required forms prior to requesting family member signatures.

The PHA will require first-time owners (or their agents) to participate in a briefing session on HAP contract requirements.

The PHA will provide each PHA employee with the necessary training on program rules and the organization's standards of conduct and ethics.

For purposes of this chapter the term *error* refers to an unintentional error or omission. *Program abuse or fraud* refers to a single act or pattern of actions that constitute a false statement, omission, or concealment of a substantial fact, made with the intent to deceive or mislead.

## **5.2 DETECTING ERRORS AND PROGRAM ABUSE**

In addition to taking steps to prevent errors and program abuse, the MCHA will use a variety of activities to detect errors and program abuse.

### **Quality Control and Analysis of Data**

In addition to the SEMAP quality control requirements, the MCHA will employ a variety of methods to detect errors and program abuse.

The MCHA routinely will use available sources of up-front income verification, including HUD's EIV system, to compare with family-provided information.

At each annual reexamination, current information provided by the family will be compared to information provided at the last annual reexamination to identify inconsistencies and incomplete information.

The MCHA will compare family-reported income and expenditures to detect possible unreported income.

### **Independent Audits and HUD Monitoring**

The MCHA will use the results reported in any IPA or HUD monitoring reports to identify potential program abuses as well as to assess the effectiveness of the MCHA's error detection and abuse prevention efforts.

### **Individual Reporting of Possible Errors and Program Abuse**

The MCHA will encourage staff, program participants, and the public to report possible program abuse.

### 5.3 INVESTIGATING ERRORS AND PROGRAM ABUSE

#### When the MCHA Will Investigate

The MCHA will review all referrals, specific allegations, complaints, and tips from any source including other agencies, companies, and individuals, to determine if they warrant investigation. In order for the MCHA to investigate, the allegation must contain at least one independently-verifiable item of information, such as the name of an employer or the name of an unauthorized household member.

The MCHA will investigate inconsistent information related to the family that is identified through file reviews and the verification process.

#### Consent to Release of Information [24 CFR 982.516]

The MCHA may investigate possible instances of error or abuse using all available PHA and public records. If necessary, the MCHA will require HCV families to give consent to the release of additional information.

#### Analysis and Findings

The MCHA will base its evaluation on a preponderance of the evidence collected during its investigation.

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

For each investigation the MCHA will determine (1) whether an error or program abuse has occurred, (2) whether any amount of money is owed the PHA, and (3) what corrective measures or penalties will be assessed.

#### Consideration of Remedies

All errors and instances of program abuse must be corrected prospectively. Whether the MCHA will enforce other corrective actions and penalties depends upon the nature of the error or program abuse.

In the case of family-caused errors or program abuse, the MCHA will take into consideration (1) the seriousness of the offense and the extent of participation or culpability of individual family members, (2) any special circumstances surrounding the case, (3) any mitigating circumstances related to the disability of a family member, (4) the effects of a particular remedy on family members who were not involved in the offense.

In the case of owner-caused errors or program abuse, the MCHA will take into consideration (1) the seriousness of the offense, (2) the length of time since the violation has occurred, and (3) the effects of a particular remedy on family members who were not involved in the offense.

## Notice and Appeals

The MCHA will inform the relevant party in writing of its findings and remedies within 10 business days of the conclusion of the investigation. The notice will include (1) a description of the error or program abuse, (2) the basis on which the PHA determined the error or program abuses, (3) the remedies to be employed, and (4) the family's right to appeal the results through the informal review or hearing process, if applicable (see Chapter 17).

## **PART II: CORRECTIVE MEASURES AND PENALTIES**

### **5.4     *SUBSIDY UNDER- OR OVERPAYMENTS***

A subsidy under- or overpayment includes (1) an incorrect housing assistance payment to the owner, (2) an incorrect family share established for the family, and (3) an incorrect utility reimbursement to a family.

#### **Corrections**

Whether the incorrect subsidy determination is an overpayment or underpayment of subsidy, the PHA must promptly correct the HAP, family share, and any utility reimbursement prospectively.

Increases in the family share will be implemented only after the family has received 30 days' notice.

Any decreases in family share will become effective the first of the month following the discovery of the error.

#### **Reimbursement**

Whether the family or owner is required to reimburse the MCHA or the MCHA is required to make retroactive subsidy payments to the owner or family depends upon which party is responsible for the incorrect subsidy payment and whether the action taken was an error or program abuse. Policies regarding reimbursement are discussed in the three sections that follow.

### **5.5     *FAMILY-CAUSED ERRORS AND PROGRAM ABUSE***

Family obligations and general administrative requirements for participating in the program are discussed throughout this plan. This section deals specifically with errors and program abuse by family members.

An incorrect subsidy determination caused by a family generally would be the result of incorrect reporting of family composition, income, assets, or expenses, but also would include instances in which the family knowingly allows the MCHA to use incorrect information provided by a third party.

#### **Family Reimbursement to PHA [HCV GB pp. 22-12 to 22-13]**

In the case of family-caused errors or program abuse, the family will be required to repay any excess subsidy received. The MCHA may, but is not required to, offer the family a repayment agreement in accordance with Chapter 16.3. If the family fails to repay the excess subsidy, the MCHA will terminate the family's assistance in accordance with the policies in Chapter 16.

#### **PHA Reimbursement to Family [HCV GB p. 22-12]**

The PHA will not reimburse the family for any underpayment of assistance when the underpayment clearly is caused by the family.

## **Prohibited Actions**

An applicant or participant in the HCV program must not knowingly:

- Make a false statement to the PHA [Title 18 U.S.C. Section 1001].
- Commit fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program [24 CFR 982.552(c)(iv)].

Any of the following will be considered evidence of family program abuse:

Payment to the owner in excess of amounts authorized by the MCHA for rent, security deposit, and additional services

Offering bribes or illegal gratuities to the MCHA Board of Commissioners, employees, contractors, or other MCHA representatives

Offering payments or other incentives to the owner or a third party as an inducement for the third party to make false or misleading statements to the MCHA on the family's behalf

Use of a false name or the use of falsified, forged, or altered documents

Intentional misreporting of family information or circumstances (e.g. income, family composition)

Omitted facts that were obviously known by a family member (e.g., not reporting employment income)

Admission of program abuse by an adult family member

The MCHA may determine other actions to be program abuse based upon a preponderance of the evidence, as defined earlier in this chapter.

## **Penalties for Program Abuse**

In the case of program abuse caused by a family the MCHA may, at its discretion, impose any of the following remedies:

- The MCHA may require the family to repay excess subsidy amounts paid by the MCHA, as described earlier in this section.
- The MCHA may require, as a condition of receiving or continuing assistance, that a culpable family member not reside in the unit. The PHA may deny or terminate the family's assistance following the policies set forth in Chapter 16.

• The MCHA may refer the family for state or federal criminal prosecution.

## **5.6 OWNER-CAUSED ERROR OR PROGRAM ABUSE**

Owner requirements that are part of the regular process of offering, leasing, and maintaining a unit (e.g., HQS compliance, fair housing) are addressed in the appropriate chapters of this plan. This section focuses on errors and program abuse by owners.

An incorrect subsidy determination caused by an owner generally would be the result of an incorrect owner statement about the characteristics of the assisted unit (e.g., the number of bedrooms, which utilities are paid by the family). It also includes accepting duplicate housing assistance payments for the same unit in the same month, or after a family no longer resides in the unit.

### **Owner Reimbursement to the MCHA**

In all cases of overpayment of subsidy caused by the owner, the owner must repay to the MCHA any excess subsidy received. The MCHA may recover overpaid amounts by withholding housing assistance payments due for subsequent months, or if the debt is large, the MCHA may allow the owner to pay in installments over a period of time [HCV GB p. 22-13].

In cases where the owner has received excess subsidy, the MCHA will require the owner to repay the amount owed in accordance with the policies in Chapter 16.

### **Prohibited Owner Actions**

An owner participating in the HCV program must not:

- Make any false statement to the PHA [Title 18 U.S.C. Section 1001].
- Commit fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program [24 CFR 982.453(a)(3)] including:

Any of the following will be considered evidence of owner program abuse:

Charging the family rent above or below the amount specified by the MCHA

Charging a security deposit other than that specified in the family's lease

Charging the family for services that are provided to unassisted tenants at no extra charge

Knowingly accepting housing assistance payments for any month(s) after the family has vacated the unit

Knowingly accepting incorrect or excess housing assistance payments

Offering bribes or illegal gratuities to the MCHA Board of Commissioners, employees, contractors, or other MCHA representatives

Offering payments or other incentives to an HCV family as an inducement for the family to make false or misleading statements to the MCHA

Residing in the unit with an assisted family

## Remedies and Penalties

When the MCHA determines that the owner has committed program abuse, the MCHA may take any of the following actions:

- Require the owner to repay excess housing assistance payments, as discussed earlier in this section and in accordance with the policies in Chapter 16.
- Terminate the HAP contract.
- Bar the owner from future participation in any MCHA programs.
- Refer the case to state or federal officials for criminal prosecution.

## **5.6 MCHA-CAUSED ERRORS OR PROGRAM ABUSE**

The responsibilities and expectations of MCHA staff with respect to normal program administration are discussed throughout this plan. This section specifically addresses actions of a MCHA staff member that are considered errors or program abuse related to the HCV program. Additional standards of conduct may be provided in the MCHA personnel policy.

MCHA-caused incorrect subsidy determinations include (1) failing to correctly apply HCV rules regarding family composition, income, assets, and expenses, (2) assigning the incorrect voucher size to a family, and (3) errors in calculation.

### **Repayment to the MCHA**

Neither a family nor an owner is required to repay an overpayment of subsidy if the error or program abuse is caused by PHA staff [HCV GB. 22-12].

### **MCHA Reimbursement to Family or Owner**

The MCHA must reimburse a family for any underpayment of subsidy, regardless of whether the underpayment was the result of staff-caused error or staff or owner program abuse. Funds for this reimbursement must come from the MCHA's administrative fee reserves [HCV GB p. 22-12].

### **Prohibited Activities**

Any of the following will be considered evidence of program abuse by MCHA staff:

- Failing to comply with any HCV program requirements for personal gain

- Failing to comply with any HCV program requirements as a result of a conflict of interest relationship with any applicant, participant, or owner

- Seeking or accepting anything of material value from applicants, participating families, vendors, owners, contractors, or other persons who provide services or materials to the MCHA

- Disclosing confidential or proprietary information to outside parties

- Gaining profit as a result of insider knowledge of MCHA activities, policies, or practices

- Misappropriating or misusing HCV funds

- Destroying, concealing, removing, or inappropriately using any records related to the HCV program

- Committing any other corrupt or criminal act in connection with any federal housing program

### **5.7 CRIMINAL PROSECUTION**

When the MCHA determines that program abuse by an owner, family, or MCHA staff member has occurred and the amount of overpaid subsidy meets or exceeds the threshold for prosecution under local or state law, the MCHA will refer the matter to the appropriate entity for prosecution. When the amount of overpaid assistance meets or exceeds the federal threshold, the case will also be referred to the HUD Office of Inspector General (OIG).

Other criminal violations related to the HCV program will be referred to the appropriate local, state, or federal entity.

### **5.8 FRAUD AND PROGRAM ABUSE RECOVERIES**

The MCHA may retain a portion of program fraud losses that the MCHA recovers from a family or owner through litigation, court order, or a repayment agreement [24 CFR 982.163].

The MCHA must be the principal party initiating or sustaining the action to recover amounts due from tenants that are due as a result of fraud and abuse. 24 CFR 792.202 permits the PHA to retain the greater of:

- 50 percent of the amount it actually collects from a judgment, litigation (including settlement of a lawsuit) or an administrative repayment agreement, or
- Reasonable and necessary costs that the MCHA incurs related to the collection including costs of investigation, legal fees, and agency collection fees.

The family must be afforded the opportunity for an informal hearing in accordance with requirements in 24 CFR 982.555.

If HUD incurs costs on behalf of the MCHA related to the collection, these costs must be deducted from the amount retained by the MCHA.

## CHAPTER 6      ASSIGNMENT OF BEDROOM SIZES (SUBSIDY STANDARDS)

The Michigan City Housing Authority will issue a voucher for a particular bedroom size -- the bedroom size is a factor in determining the family's level of assistance. The following guidelines will determine each family's unit size without overcrowding or over-housing:

Number of Bedrooms	Number of Persons	
	Minimum	Maximum
0	1	1
1	1	2
2	3	4
3	5	6
4	7	8
5	9	10

These standards are based on the assumption that each bedroom will accommodate no more than two (2) persons. Two adults will share a bedroom unless related by blood.

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

The following requirements apply when the PHA determines family unit size:

- The subsidy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding.
- The subsidy standards must be consistent with space requirements under the housing quality standards.
- The subsidy standards must be applied consistently for all families of like size and composition.
- A child who is temporarily away from the home because of placement in foster care is considered a member of the family in determining the family unit size.
- A family that consists of a pregnant woman (with no other persons) must be treated as a two-person family.

- Any live-in aide (approved by the PHA to reside in the unit to care for a family member who is disabled or is at least 50 years of age) must be counted in determining the family unit size
- Unless a live-in-aide resides with a family, the family unit size for any family consisting of a single person must be either a zero- or one-bedroom unit, as determined under the PHA subsidy standards.

In determining bedroom size, the Michigan City Housing Authority will include the presence of children to be born to a pregnant woman, children who are in the process of being adopted, children whose custody is being obtained, children who are temporarily away at school or temporarily in foster-care.

Bedroom size will also be determined using the following guidelines:

- A. Children of the same sex will share a bedroom.
- B. In the event that the family size increases due to the addition of an approved household member, the MCHA will require that the family use the living room as a sleeping room for up to two persons. The MCHA will not issue a larger voucher unless the addition results in a violation of the HQS space standards.
- C. Adults and children will not be required to share a bedroom.
- D. Foster-adults and children will not be required to share a bedroom with family members.
- E. Live-in aides will get a separate bedroom.

The Michigan City Housing Authority will grant exceptions to normal occupancy standards when a family requests a larger size than the guidelines allow and documents a medical reason why the larger size is necessary.

The family unit size will be determined by the Michigan City Housing Authority in accordance with the above guidelines and will determine the maximum rent subsidy for the family; however, the family may select a unit that may be larger or smaller than the family unit size. If the family selects a smaller unit, the payment standard for the smaller size will be used to calculate the subsidy. If the family selects a larger size, the payment standard for the family unit size will determine the maximum subsidy.

## 6.1 BRIEFING

When the Michigan City Housing Authority selects a family from the waiting list, the family will be invited to attend a briefing explaining how the program works. In order to receive a voucher the family is required to attend the briefing. If they cannot attend the originally scheduled briefing, they may attend a later session. If the family fails to attend two briefings without good cause, they will be denied admission.

- Briefings will be conducted in group meetings.
- Generally, the head of household is required to attend the briefing. If the head of household is unable to attend, the PHA may approve another adult family member to attend the briefing.
- Families that attend group briefings and still need individual assistance will be referred to an appropriate PHA staff person.
- Briefings will be conducted in English. For limited English proficient (LEP) applicants, the PHA will provide translation services in accordance with the PHA's LEP plan.

If an applicant with a disability requires auxiliary aids to gain full benefit from the briefing, the Housing Authority will furnish such aids where doing so would not result in a fundamental alteration of the nature of the program or in an undue financial or administrative burden. In determining the most suitable auxiliary aid, the Housing Authority will give primary consideration to the requests of the applicant. Families unable to attend a briefing due to a disability may request a reasonable accommodation such as having the briefing presented at an alternate location.

When MCHA-owned units are available for lease, the PMCHA will inform the family during the oral briefing that the family has the right to select any eligible unit available for lease, and is not obligated to choose a MCHA-owned unit.

The briefing will cover at least the following subjects:

- A. A description of how the program works;
- B. Family and owner responsibilities;
- C. Where the family may rent a unit, including inside and outside the Housing Authority's jurisdiction;
- D. Types of eligible housing;
- E. For families qualified to lease a unit outside the Housing Authority's jurisdiction under portability, an explanation of how portability works;

- F. An explanation of the advantages of living in an area that does not have a high concentration of poor families; and
- G. An explanation that the family share of rent may not exceed 40% of the family's monthly adjusted income.

**6.2 PACKET [24 CFR 982.301 (b)]**

During the briefing, the Housing Authority will give the family a packet covering at least the following subjects:

- A. The term of the voucher and the Housing Authority's policy on extensions and suspensions of the term. The packet will include information on how to request an extension and forms for requesting extensions;
- B. How the Housing Authority determines the housing assistance payment and total tenant payment for the family;
- C. Information on the payment standard, exception payment standard rent areas, and the utility allowance schedule;
- D. How the Housing Authority determines the maximum rent for an assisted unit;
- E. Where the family may lease a unit. For families qualified to lease outside the Housing Authority's jurisdiction, the packet includes an explanation of how portability works;
- F. The HUD-required tenancy addendum that provides the language that must be included in any assisted lease, and a sample contract;
- G. The request for approval of the tenancy form and an explanation of how to request Housing Authority approval of a unit;
- H. A statement of the Housing Authority's policy on providing information to prospective owners. This policy requires applicants to sign disclosure statements allowing the Housing Authority to provide prospective owners with the family's current and prior addresses and the names and addresses of the landlords for those addresses. Upon request, the Housing Authority will also supply any factual information or third party verification relating to the applicant's history as a tenant or their ability to comply with material standard lease terms or any history of drug trafficking, drug-related criminal activity or any violent criminal activity;
- I. The Housing Authority's subsidy standards, including when the Housing Authority will consider granting exceptions to the standards;
- J. The HUD brochure on how to select a unit ("A Good Place to Live");

- K. The HUD-required lead-based paint brochure entitled *Protect Your Family from Lead in Your Home*.
- L. Information on Federal, State, and local equal opportunity laws; the brochure "Fair Housing: It's Your Right;" and a copy of the housing discrimination complaint form;
- M: A list of landlords or other parties known to the Michigan City Housing Authority who may be willing to lease a unit to the family or help the family find a unit;
- N. Notice that if the family includes a person with disabilities, the family may request a current list of accessible units known to the Michigan City Housing Authority that may be available;
- O. The family's obligations under the program;
- P. The grounds upon which the Housing Authority may terminate assistance because of the family's action or inaction;
- Q. Michigan City Housing Authority informal hearing procedures, including when the Housing Authority is required to provide the opportunity for an informal hearing, and information on how to request a hearing; and
- R. The Michigan City Housing Authority owner information brochure. This brochure can be given by the applicant to a prospective owner to help explain the program.

#### **Additional Items to Be Included in the Briefing Packet**

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

PHA will provide the following additional materials in the briefing packet:

When PHA-owned units are available for lease, a written statement that the family has the right to select any eligible unit available for lease and is not obligated to choose a PHA-owned unit

Information on how to fill out and file a housing discrimination complaint form

Information about the protections afforded by the Violence against Women Act of 2005 (VAWA) to victims of domestic violence, dating violence, and stalking

Information about the protections afforded by the Protecting Tenants at Foreclosure Act (PTFA)

"Is Fraud Worth It?" (form HUD-1141-OIG), which explains the types of actions a family must avoid and the penalties for program abuse

"What You Should Know about EIV," a guide to the Enterprise Income Verification (EIV) system published by HUD as an attachment to Notice PIH 2010-19

### **6.3    *ISSUANCE OF VOUCHER; REQUEST FOR APPROVAL OF TENANCY***

Beginning August 12, 1999, the Michigan City Housing Authority will issue only vouchers. Treatment of previously issued certificates and vouchers will be dealt with as outlined in Section 21.0 Transition to the New Housing Choice Voucher Program.

Once all family information has been verified, their eligibility determined, their subsidy calculated, and they have attended the family briefing, the Michigan City Housing Authority will issue the voucher. At this point the family begins their search for a unit.

When the family finds a unit that the owner is willing to lease under the program, the family and the owner will complete and sign a proposed lease, the HUD required tenancy addendum and the request for approval of the tenancy form. The family will submit the proposed lease and the request form to the Housing Authority during the term of the voucher. The Housing Authority will review the request, the lease, and the HUD required tenancy addendum and make an initial determination of approval of tenancy. The Housing Authority may assist the family in negotiating changes that may be required for the tenancy to be approvable. Once it appears the tenancy may be approvable, the Housing Authority will schedule an appointment to inspect the unit within 15 days after the receipt of inspection request from the family and owner. The 15 day period is suspended during any period the unit is unavailable for inspection. The Housing Authority will promptly notify the owner and the family whether the unit and tenancy are approvable.

During the initial stage of qualifying the unit, the Housing Authority will provide the prospective owner with information regarding the program. Information will include Housing Authority and owner responsibilities for screening and other essential program elements. The Housing Authority will provide the owner with the family's current and prior address as shown in the Housing Authority records along with the name and address (if known) of the landlords for those addresses.

Additional screening is the responsibility of the owner. Upon request by a prospective owner, the Housing Authority will provide any factual information or third party written information they have relevant to a voucher holder's history of, or ability to, comply with standard material lease terms.

### **6.4    *TERM OF THE VOUCHER***

The initial term of the voucher will be 60 days and will be stated on the Housing Choice Voucher.

The Housing Authority may grant one or more extensions of the term, but the initial term plus any extensions will never exceed 120 calendar days from the initial date of issuance. To obtain an extension, the family must make a request in writing prior to the expiration date. A statement of the efforts the family has made to find a unit must accompany the request. A sample extension request form and a form for recording their search efforts will be included in the family's briefing packet. If the family documents their efforts and additional time can reasonably be expected to result in success, the Housing Authority will grant the length of request sought by the family or 60 days, whichever is less.

If the family includes a person with disabilities and the family requires an extension due to the disability, the Housing Authority will grant an extension allowing the family the full 120 days search time. If the Housing Authority determines that additional search time would be a reasonable accommodation, the Housing Authority will request HUD to approve an additional extension.

Upon submittal of a completed request for approval of tenancy form, the Michigan City Housing Authority will suspend the term of the voucher. The term will be in suspension until the date the Housing Authority provides notice that the request has been approved or denied. This policy allows families the full term (60 days, or more with extensions) to find a unit, not penalizing them for the period during which the Housing Authority is taking action on their request. A family may submit a second request for approval of tenancy before the Housing Authority finalizes action on the first request. In this case the suspension will last from the date of the first submittal through the Housing Authority's action on the second submittal. No more than two requests will be concurrently considered.

## **6.5 APPROVAL TO LEASE A UNIT**

The Michigan City Housing Authority will approve a lease if all of the following conditions are met:

### **A. Eligible Units**

There are a number of criteria that a dwelling unit must meet in order to be eligible for assistance under the voucher program. Generally, a voucher-holder family may choose any available rental dwelling unit on the market in the PHA's jurisdiction. This includes the dwelling unit they are currently occupying.  
Ineligible Units [24 CFR 982.352(a)]

The MCHA may not assist a unit under the voucher program if the unit is a public housing or Indian housing unit; a unit receiving project-based assistance under section 8 of the 1937 Act (42 U.S.C. 1437f); nursing homes, board and care homes, or facilities providing continual psychiatric, medical, or nursing services; college or other school dormitories; units on the grounds of penal, reformatory, medical, mental, and similar public or private institutions; a unit occupied by its owner or by a person with any interest in the unit.

#### MCHA-Owned Units [24 CFR 982.352(b)]

Otherwise eligible units that are owned or substantially controlled by the MCHA issuing the voucher may also be leased in the voucher program. In order for a MCHA-owned unit to be leased under the voucher program, the unit must not be ineligible housing and the PHA must inform the family, both orally and in writing, that the family has the right to select any eligible unit available for lease and that the family is free to select a MCHA-owned unit without any pressure or steering by the MCHA.

#### MCHA Policy

The MCHA does have eligible MCHA-owned units available for leasing under the

#### Duplicative Assistance [24 CFR 982.352(c)]

A family may not receive the benefit of HCV tenant-based assistance while receiving the benefit of any of the following forms of other housing subsidy, for the same unit or for a different unit:

- Public or Indian housing assistance;
- Other Section 8 assistance (including other tenant-based assistance);
- Assistance under former Section 23 of the United States Housing Act of 1937 (before amendment by the Housing and Community Development Act of 1974);
- Section 101 rent supplements;
- Section 236 rental assistance payments;
- Tenant-based assistance under the HOME Program;
- Rental assistance payments under Section 521 of the Housing Act of 1949 (a program of the Rural Development Administration);
- Any local or State rent subsidy;
- Section 202 supportive housing for the elderly;
- Section 811 supportive housing for persons with disabilities; (11) Section 202 projects for non-elderly persons with disabilities (Section 162 assistance); or
- Any other duplicative federal, State, or local housing subsidy, as determined by HUD. For this purpose, 'housing subsidy' does not include the housing component of a welfare payment, a social security payment received by the family, or a rent reduction because of a tax credit.

- B. The unit is inspected by the Housing Authority and passes HQS [Chapter 12];
- C. The lease is approvable and includes the language of the tenancy addendum;
- D. The rent to owner is reasonable;
- E. The family's share of rent does not exceed 40% of their monthly adjusted income;

- F. The owner has not been found to be debarred, suspended, or subject to a limited denial of participation by HUD or the Housing Authority; and
- G. The family continues to meet all eligibility and screening criteria.

If tenancy approval is denied, the Housing Authority will advise the owner and the family in writing and advise them also of any actions they could take that would enable the Housing Authority to approve the tenancy.

The lease term may begin only after all of the following conditions are met:

- A. The unit passes the Housing Authority HQS inspection;
- B. The family's share of rent does not exceed 40% of their monthly adjusted income;
- C. The landlord and tenant sign the lease to include the HUD required addendum; and
- D. The Housing Authority approves the leasing of the unit.

The Housing Authority will prepare the contract when the unit is approved for tenancy. Generally, the landlord, simultaneously with the signing of the lease and the HUD required tenancy addendum, will execute the contract. Upon receipt of the executed lease and the signed contract by the landlord, the Housing Authority will execute the contract. The Housing Authority will not pay any housing assistance to the owner until the contract is executed.

In no case will the contract be executed later than 60 days after the beginning of the lease term.

Any contract executed after the 60-day period will be void and the Housing Authority will not pay housing assistance to the owner.

#### **6.6 MICHIGAN CITY HOUSING AUTHORITY DISAPPROVAL OF OWNER**

The Housing Authority will deny participation by an owner at the direction of HUD. The Housing Authority will also deny the owner's participation for any of the following reasons:

- A. The owner has violated any obligations under a Section 8 Housing Assistance Payments Contract;
- B. The owner has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program;

- C. The owner has engaged in drug-related criminal activity or any violent criminal activity;
- D. The owner has a history or practice of non-compliance with HQS for units leased under Section 8 or with applicable housing standards for units leased with project-based Section 8 assistance or leased under any other Federal housing program;
- E. The owner has a history or practice of renting units that fail to meet State or local codes; or
- F. The owner has not paid State or local real estate taxes, fines, or assessments.
- G. The owner refuses (or has a history of refusing) to evict families for drug-related or violent criminal activity, or for activity that threatens the health, safety or right of peaceful enjoyment of the:
  - 1. premises by tenants, Michigan City Housing Authority employees or owner employees; or
  - 2. residences by neighbors;
- H. Other conflicts of interest under Federal, State, or local law.

#### **6.7 INELIGIBLE/ELIGIBLE HOUSING**

The following types of housing cannot be assisted under the Section 8 Tenant-Based Program:

- A. A public housing or Indian housing unit;
- B. A unit receiving project-based assistance under a Section 8 Program;
- C. Nursing homes, board and care homes, or facilities providing continual psychiatric, medical or nursing services;
- D. College or other school dormitories;
- E. Units on the grounds of penal, reformatory, medical, mental, and similar public or private institutions;
- F. A unit occupied by its owner. This restriction does not apply to cooperatives or to assistance on behalf of a manufactured home owner leasing a manufactured home space; and
- G. A unit receiving any duplicative Federal, State, or local housing subsidy. This does not prohibit renting a unit that has a reduced rent because of a tax credit.

The Michigan City Housing Authority will not approve a lease for any of the following special housing types, except as a reasonable accommodation for a family with disabilities:

- A. Congregate housing
- B. Group homes
- C. Shared housing
- D. Cooperative housing
- E. Single room occupancy housing

The Michigan City Housing Authority will approve leases for the following housing types:

- A. Single family dwellings
- B. Apartments
- C. Manufactured housing
- D. Manufactured home space rentals
- E. House boats

## **6.8 SECURITY DEPOSIT**

The owner may collect a security deposit from the tenant in an amount not in excess of amounts charged in private market practice and not in excess of amounts charged by the owner to unassisted tenants.

When the tenant moves out of the dwelling unit, the owner, subject to State or local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid rent payable by the tenant, damages to the unit or for other amounts the tenant owes under the lease.

The owner must give the tenant a written list of all items charged against the security deposit and the amount of each item. After deducting the amount, if any, used to reimburse the owner, the owner must refund promptly the full amount of the unused balance to the tenant.

If the security deposit is not sufficient to cover amounts the tenant owes under the lease, the owner may seek to collect the balance from the tenant.

## **CHAPTER 7      MOVES WITH CONTINUED ASSISTANCE**

Participating families are allowed to move to another unit after the initial 12 months has expired, if the landlord and the participant have mutually agreed to terminate the lease, or if the Housing Authority has terminated the HAP contract. The Michigan City Housing Authority will issue the family a new voucher if the family does not owe the Michigan City Housing Authority or any other Housing Authority money, has not violated a Family Obligation, has not moved or been issued a certificate or voucher within the last 12 months, and if the Michigan City Housing Authority has sufficient funding for continued assistance. If the move is necessitated for a reason other than family choice, the 12-month requirement will be waived.

### **7.1      *WHEN A FAMILY MAY MOVE***

For families already participating in the Certificate and Voucher Program, the Michigan City Housing Authority will allow the family to move to a new unit if:

- A.     The assisted lease for the old unit has terminated;
- B.     The owner has given the tenant a notice to vacate, has commenced an action to evict the tenant, or has obtained a court judgment or other process allowing the owner to evict the tenant; or
- C.     The tenant has given notice of lease termination (if the tenant has a right to terminate the lease on notice to the owner).

### **7.2      *PROCEDURES REGARDING FAMILY MOVES***

Families considering transferring to a new unit will be scheduled to attend a mover's briefing. All families who are moving, including any families moving into or out of the Michigan City Housing Authority's jurisdiction, will be required to attend a mover's briefing prior to the Michigan City Housing Authority entering a new HAP contract on their behalf.

This briefing is intended to provide the following:

- A.     A refresher on program requirements and the family's responsibilities. Emphasis will be on giving proper notice and meeting all lease requirements such as leaving the unit in good condition;
- B.     Information about finding suitable housing and the advantages of moving to an area that does not have a high concentration of poor families;
- C.     Payment standards, exception payment standard rent areas, and the utility allowance schedule;

- D. An explanation that the family share of rent may not exceed 40% of the family's monthly adjusted income;
- E. Portability requirements and opportunities;
- F. The need to have a reexamination conducted within 120 days prior to the move;
- G. An explanation and copies of the forms required to initiate and complete the move; and
- H. All forms and brochures provided to applicants at the initial briefing.

Families are required to give proper written notice of their intent to terminate the lease. In accordance with HUD regulations, no notice requirement may exceed 60 days. During the initial term, families may not end the lease unless they and the owner mutually agree to end the lease. If the family moves from the unit before the initial term of the lease ends without the owner's and the Michigan City Housing Authority's approval, it will be considered a serious lease violation and subject the family to termination from the program.

The family is required to give the Michigan City Housing Authority a copy of the notice to terminate the lease at the same time as it gives the notice to the landlord. A family's failure to provide a copy of the lease termination notice to the Michigan City Housing Authority will be considered a violation of Family Obligations and may cause the family to be terminated from the program.

A family who gives notice to terminate the lease must mail the notice by certified mail or have the landlord or his agent sign a statement stating the date and time received. The family will be required to provide the certified mail receipt and a copy of the lease termination notice to the Michigan City Housing Authority, or a copy of the lease termination notice and the signed statement stating the date and time the notice was received. If the landlord or his/her agent does not accept the certified mail receipt, the family will be required to provide the receipt and envelope showing that the attempt was made.

Failure to follow the above procedures may subject the family to termination from the program.

## **CHAPTER 8      PORTABILITY**

### **8.1      *GENERAL POLICIES OF THE MICHIGAN CITY HOUSING AUTHORITY***

A family whose head or spouse has a domicile (legal residence) or works in the jurisdiction of the Michigan City Housing Authority at the time the family first submits its application for participation in the program to the Michigan City Housing Authority may lease a unit anywhere in the jurisdiction of the Michigan City Housing Authority or outside the Michigan City Housing Authority jurisdiction as long as there is another entity operating a tenant-based Section 8 program covering the location of the proposed unit.

If the head or spouse of the assisted family does not have a legal residence or work in the jurisdiction of the Michigan City Housing Authority at the time of its application, the family will not have any right to lease a unit outside of the Michigan City Housing Authority jurisdiction for a 12-month period beginning when the family is first admitted to the program. During this period, the family may only lease a unit located in the jurisdiction of the Michigan City Housing Authority.

Families participating in the Voucher Program will not be allowed to move more than once in any 12-month period and under no circumstances will the Michigan City Housing Authority allow a participant to improperly break a lease. Under extraordinary circumstances the Michigan City Housing Authority may consider allowing more than one move in a 12-month period.

Families may only move to a jurisdiction where a Section 8 Program is being administered.

If a family has moved out of their assisted unit in violation of the lease, the Michigan City Housing Authority will not issue a voucher, and will terminate assistance in compliance with Section 17.0, Grounds for Termination of the Lease and Contract.

### **8.2      *INCOME ELIGIBILITY***

#### **A.      Admission**

A family must be income-eligible in the area where the family first leases a unit with assistance in the Voucher Program.

- B.      If a portable family is already a participant in the Initial Housing Authority's Voucher Program, income eligibility is not re-determined.

### **8.3      *PORTABILITY: ADMINISTRATION BY RECEIVING HOUSING AUTHORITY***

- A. When a family utilizes portability to move to an area outside the Initial Housing Authority jurisdiction, another Housing Authority (the Receiving Housing Authority) must administer assistance for the family if that Housing Authority has a tenant-based program covering the area where the unit is located.
- B. A Housing Authority with jurisdiction in the area where the family wants to lease a unit must issue the family a voucher. If there is more than one such housing authority, the Initial Housing Authority may choose which housing authority shall become the Receiving Housing Authority.

#### 8.4 *PORTABILITY PROCEDURES*

- A. When the Michigan City Housing Authority is the Initial Housing Authority:
  - 1. The Michigan City Housing Authority will brief the family on the process that must take place to exercise portability. The family will be required to attend an applicant or mover's briefing.
  - 2. The Michigan City Housing Authority will determine whether the family is income-eligible in the area where the family wants to lease a unit (if applicable).
  - 3. The Michigan City Housing Authority will advise the family how to contact and request assistance from the Receiving Housing Authority.
  - 4. The Michigan City Housing Authority will, within ten (10) calendar days, notify the Receiving Housing Authority to expect the family.
  - 5. The Michigan City Housing Authority will immediately mail to the Receiving Housing Authority the most recent HUD Form 50058 (Family Report) for the family, and related verification information.
- B. When the Michigan City Housing Authority is the Receiving Housing Authority:
  - 1. When the portable family requests assistance from the Michigan City Housing Authority, the Michigan City Housing Authority will within ten (10) calendar days inform the Initial Housing Authority whether it will bill the Initial Housing Authority for assistance on behalf of the portable family, or absorb the family into its own program. When the Michigan City Housing Authority receives a portable family, the family will be absorbed if funds are available and a voucher will be issued.
  - 2. The Michigan City Housing Authority will issue a voucher to the family. The term of the Michigan City Housing Authority's voucher will not expire before the expiration date of any Initial Housing Authority's voucher. The Michigan City Housing Authority will determine whether to extend the

voucher term. The family must submit a request for tenancy approval to the Michigan City Housing Authority during the term of the Michigan City Housing Authority's voucher.

3. The Michigan City Housing Authority will determine the family unit size for the portable family. The family unit size is determined in accordance with the Michigan City Housing Authority's subsidy standards.
4. The Michigan City Housing Authority will within ten (10) calendar days notify the Initial Housing Authority if the family has leased an eligible unit under the program, or if the family fails to submit a request for tenancy approval for an eligible unit within the term of the voucher.
5. If the Michigan City Housing Authority opts to conduct a new reexamination, the Michigan City Housing Authority will not delay issuing the family a voucher or otherwise delay approval of a unit unless the recertification is necessary to determine income eligibility.
6. In order to provide tenant-based assistance for portable families, the Michigan City Housing Authority will perform all Housing Authority program functions, such as reexaminations of family income and composition. At any time, either the Initial Housing Authority or the Michigan City Housing Authority may make a determination to deny or terminate assistance to the family in accordance with 24 CFR 982.552.

C. Absorption by the Michigan City Housing Authority

1. If funding is available under the consolidated ACC for the Michigan City Housing Authority's Voucher Program when the portable family is received, the Michigan City Housing Authority will absorb the family into its Voucher Program. After absorption, the family is assisted with funds available under the consolidated ACC for the Michigan City Housing Authority's Tenant-Based Program.

D. Portability Billing

1. To cover assistance for a portable family, the Receiving Housing Authority may bill the Initial Housing Authority for housing assistance payments and administrative fees. The billing procedure will be as follows:
  - a. As the Initial Housing Authority, the Michigan City Housing Authority will promptly reimburse the Receiving Housing Authority for the full amount of the housing assistance payments made by the Receiving Housing Authority for the portable family. The amount of the housing assistance payment for a portable family in the Receiving Housing Authority's program is determined in the same

manner as for other families in the Receiving Housing Authority's program.

- b. The Initial Housing Authority will promptly reimburse the Receiving Housing Authority for 80% of the Initial Housing Authority's on-going administrative fee for each unit month that the family receives assistance under the tenant-based programs and is assisted by the Receiving Housing Authority. If both Housing Authorities agree, we may negotiate a different amount of reimbursement.

E. When a Portable Family Moves

When a portable family moves out of the tenant-based program of a Receiving Housing Authority that has not absorbed the family, the Housing Authority in the new jurisdiction to which the family moves becomes the Receiving Housing Authority, and the first Receiving Housing Authority is no longer required to provide assistance for the family.

## CHAPTER 9      DETERMINATION OF FAMILY INCOME AND SUBSIDY

### 9.1      *HOUSEHOLD COMPOSITION AND INCOME*

The general regulatory definition of *annual income* shown below is from 24 CFR 5.609.

#### 5.609 Annual income.

(a) Annual income means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- (3) Which are not specifically excluded in paragraph [5.609(c)].
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

In addition to this general definition, HUD regulations establish policies for treating specific types of income and assets. The full texts of those portions of the regulations are provided in exhibits at the end of this chapter as follows:

- Annual Income Inclusions (Exhibit 9-1)
- Annual Income Exclusions (Exhibit 9-2)
- Treatment of Family Assets (Exhibit 9-3)
- Earned Income Disallowance for Persons with Disabilities (Exhibit 9-4)
- The Effect of Welfare Benefit Reduction (Exhibit 9-5)

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

Summary of Income Included and Excluded by Person	
Live-in aides	Income from all sources is excluded [24 CFR 5.609(c)(5)].
Foster child or foster adult	Income from all sources is excluded [24 CFR 5.609(c)(2)].
Head, spouse, or cohead Other adult family members	All sources of income not specifically excluded by the regulations are included.
Children under 18 years of age	Employment income is excluded [24 CFR 5.609(c)(1)]. All other sources of income, except those specifically excluded by the regulations, are included.
Full-time students 18 years of age or older (not head, spouse, or cohead)	Employment income above \$480/year is excluded [24 CFR 5.609(c)(11)]. All other sources of income, except those specifically excluded by the regulations, are included.

#### HUD's Verification Hierarchy [Notice PIH 2010-19]

HUD authorizes the MCHA to use six methods to verify family information and specifies the circumstances in which each method will be used. In general HUD requires the MCHA to use the most reliable form of verification that is available and to document the reasons when the MCHA uses a lesser form of verification.

In order of priority, the forms of verification that the MCHA will use are:

- Up-front Income Verification (UIV) using HUD's Enterprise Income Verification (EIV) system
- Up-front Income Verification (UIV) using a non-HUD system
- Written Third-Party Verification (may be provided by applicant or participant)
- Written Third-party Verification Form
- Oral Third-party Verification
- Self-Certification

#### Requirements for Acceptable Documents

Any documents used for verification must be the original (not photocopies) and generally must be dated within 60 days of the date they are provided to the MCHA. The documents must not be damaged, altered or in any way illegible.

Print-outs from Web pages are considered original documents.

The MCHA staff member who views the original document must make a photocopy, annotate the copy with the name of the person who provided the document and the date the original was viewed, and sign the copy.

Any family self-certifications must be made in a format acceptable to the PHA and must be signed in the presence of a MCHA representative or MCHA notary public.

## 9.2 *INCOME, EXCLUSIONS FROM INCOME, DEDUCTIONS FROM INCOME*

To determine annual income, the Michigan City Housing Authority counts the income of all family members, excluding the types and sources of income that are specifically excluded. Once the annual income is determined, the Michigan City Housing Authority subtracts out all allowable deductions (allowances) as the next step in determining the Total Tenant Payment.

### **STUDENTS ENROLLED IN INSTITUTIONS OF HIGHER EDUCATION** **[24 CFR 5.612, FR Notice 4/10/06]**

Section 327 of Public Law 109-115 and the implementing regulation at 24 CFR 5.612 established new restrictions on the eligibility of certain students (both part- and full-time) who are enrolled in institutions of higher education.

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

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

#### **Definitions**

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

#### ***Dependent Child***

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

## 9.3 *INCOME*

A. Annual income means all amounts, monetary or not, that:

1. Go to (or on behalf of) the family head or spouse (even if temporarily absent) or to any other family member, or

2. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
3. Are not specifically excluded from annual income.

B. Annual income includes, but is not limited to:

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness are not used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness are not used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from an investment is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income includes the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount. (However, 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.)
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay. (However, lump sum additions such as insurance payments from worker's compensation are excluded.)

6. Welfare assistance.

- a. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income consists of:
  - i. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
  - ii. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this requirement is the amount resulting from one application of the percentage.
- b. If the amount of welfare is reduced due to an act of fraud by a family member or because of any family member's failure to comply with requirements to participate in an economic self-sufficiency program or work activity, the amount of rent required to be paid by the family will not be decreased. In such cases, the amount of income attributable to the family will include what the family would have received had they complied with the welfare requirements and/or had not committed an act of fraud.
- c. If the amount of welfare assistance is reduced as a result of a lifetime time limit, the reduced amount is the amount that shall be counted.

7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.

8. All regular pay, special pay, and allowances of a member of the Armed Forces. (Special pay to a member exposed to hostile fire is excluded.)

**9.4 FILE DOCUMENTATION**

The MCHA must document in the file how the figures used in income and rent calculations were determined. All verification attempts, information obtained, and decisions reached during the verification process will be recorded in the family's file in sufficient detail to demonstrate that the MCHA has followed all of the verification policies set forth in this plan. The record should be sufficient to enable a staff member or HUD reviewer to understand the process followed and conclusions reached.

The MCHA will document, in the family file, the following:

Reported family annual income

Value of assets

Expenses related to deductions from annual income

Other factors influencing the adjusted income or income-based rent determination

When the MCHA is unable to obtain 3rd party verification, the PHA will document in the family file the reason that third-party verification was not available [24 CFR 960.259(c)(1); Notice PIH 2010-19].

### **9.5 UP-FRONT INCOME VERIFICATION (UIV)**

Up-front income verification (UIV) refers to the MCHA's use of the verification tools available from independent sources that maintain computerized information about earnings and benefits. UIV will be used to the extent that these systems are available to the MCHA.

There may be legitimate differences between the information provided by the family and UIV-generated information. If the family disputes the accuracy of UIV data, no adverse action can be taken until the MCHA has independently verified the UIV information and the family has been granted an opportunity to contest any adverse findings through the informal review/hearing process of the MCHA.

When EIV is obtained and the family does not dispute the EIV employer data, the PHA will use current tenant-provided documents to project annual income. When the tenant-provided documents are pay stubs, the MCHA will make every effort to obtain current and consecutive pay stubs dated within the last 60 days.

The MCHA will obtain written and/or oral third-party verification in accordance with the verification requirements and policy in Chapter 7 in the following cases:

If EIV or other UIV data is not available,

If the family disputes the accuracy of the EIV employer data, and/or

If the MCHA determines additional information is needed.

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

When the MCHA cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), the MCHA will review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of this analysis to establish annual income.

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

#### *Known Changes in Income*

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

**Example:** An employer reports that a full-time employee who has been receiving \$8/hour will begin to receive \$8.25/hour in the eighth week after the effective date of the reexamination. In such a case the PHA would calculate annual income as follows:  $(\$8/\text{hour} \times 40 \text{ hours} \times 7 \text{ weeks}) + (\$8.25 \times 40 \text{ hours} \times 45 \text{ weeks})$ .

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

When tenant-provided third-party documents are used to anticipate annual income, they will be dated within the last 60 days of the reexamination interview date.

EIV quarterly wages will not be used to project annual income at an annual or interim reexamination.

## **Projecting Income**

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

However, PIH Notice 2013-03(HA) provides a temporary compliance assistance to use participants' actual past income in verifying income.

Projecting expected income and obtaining the additional documentation necessary to project income places an unnecessary burden on MCHA staff time and resources when compared to the minimal annual change in tenant incomes. Further, projecting income can lead to MCHA staff errors that result in improper rent determinations. This provision is intended to simplify the requirements associated with determining a participant's annual income (24 CFR 5.609(a))

### **9.6 UPFRONT INCOME VERIFICATION USING HUD'S ENTERPRISE INCOME VERIFICATION (EIV) SYSTEM (MANDATORY)**

HUD's EIV system contains data showing earned income, unemployment benefits, social security benefits, and SSI benefits for participant families. HUD requires the PHA to use the EIV system in its entirety. The following policies apply to the use of HUD's EIV system.

#### ***EIV Income Reports***

The data shown on income reports is updated quarterly. Data may be between 3 and 6 months old at the time reports are generated.

The MCHA will obtain income reports for annual reexaminations on a monthly basis. Reports will be generated as part of the regular reexamination process.

Income reports will be compared to family-provided information as part of the annual reexamination process. Income reports may be used in the calculation of annual income. Income reports may also be used to meet the regulatory requirement for third party verification, as described above. Policies for resolving discrepancies between income reports and family-provided information will be resolved as described in this chapter.

Income reports will be used in interim reexaminations to identify any discrepancies between reported income and income shown in the EIV system, and as necessary to verify and calculate earned income, unemployment benefits, Social Security and/or SSI benefits. EIV will also be used to verify that families claiming zero income are not receiving income from any of these sources.

Income reports will be retained in participant files with the applicable annual or interim reexamination documents.

When the MCHA determines through income reports and third-party verification that a family has concealed or under-reported income, corrective action will be taken pursuant to the policies in Chapter 16, Termination of Lease and Contract.

## 9.7 EIV DISCREPANCY REPORTS

The EIV discrepancy report is a tool for identifying families who may have concealed or under-reported income. Data in the discrepancy report represents income for past reporting periods and may be between 6 months and 30 months old at the time reports are generated.

Families who have not concealed or under-reported income may appear on the discrepancy report in some circumstances, such as loss of a job or addition of new family members.

Income discrepancies may be identified through use of the EIV "Income Discrepancy Report" or by review of the discrepancy tab for the individual family.

The MCHA will generate the Income Discrepancy Report at least once every 6 months.

When the MCHA determines that a participant appearing on the Income Discrepancy Report has not concealed or under-reported income, the participant's name will be placed on a list of "false positive" reviews. To avoid multiple reviews in this situation, participants appearing on this list will be eliminated from discrepancy processing until a subsequent interim or annual reexamination has been completed.

The MCHA will review the EIV discrepancy tab during processing of annual and interim reexaminations.

When it appears that a family may have concealed or under-reported income, the MCHA will request written third-party verification of the income in question.

When the MCHA determines through file review and third-party verification that a family has concealed or under-reported income, corrective action will be taken pursuant to the policies in Chapter 16, Termination of Lease and Contract.

### *EIV Identity Verification*

The EIV system verifies tenant identities against SSA records. These records are compared to PIC data for a match on social security number, name, and date of birth.

MCHAs are required to use EIV's *Identity Verification Report* on a monthly basis to improve the availability of income information in EIV [Notice PIH 2012-10].

When identity verification for a participant fails, a message will be displayed within the EIV system and no income information will be displayed.

The MCHA will identify participants whose identity verification has failed by reviewing EIV's *Identity Verification Report* on a monthly basis.

The MCHA will attempt to resolve PIC/SSA discrepancies by obtaining appropriate documentation from the participant. When the MCHA determines that discrepancies exist due to MCHA errors such as spelling errors or incorrect birth dates, the errors will be corrected promptly.

## Upfront Income Verification Using Non-HUD Systems (Optional)

The MCHA will inform all applicants and participants of its use of the following UIV resources during the admission and reexamination process:

HUD's EIV system

The Work Number

FSSA

### 9.8 *THIRD-PARTY WRITTEN AND ORAL VERIFICATION*

HUD's current verification hierarchy defines two types of written third-party verification. The more preferable form, "written third-party verification," consists of an original document generated by a third-party source, which may be received directly from a third-party source or provided to the PHA by the family. If written third-party verification is not available, the PHA must attempt to obtain a "written third-party verification form." This is a standardized form used to collect information from a third party.

#### **Written Third-Party Verification [Notice PIH 2010-19]**

Written third-party verification documents must be original and authentic and may be supplied by the family or received from a third-party source.

Examples of acceptable tenant-provided documents include, but are not limited to: pay stubs, payroll summary reports, employer notice or letters of hire and termination, SSA benefit verification letters, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices.

The MCHA is required to obtain, at minimum, two current and consecutive pay stubs for determining annual income from wages.

The MCHA may reject documentation provided by the family if the document is not an original, if the document appears to be forged, or if the document is altered, mutilated, or illegible.

Third-party documents provided by the family must be dated within 60 days of the MCHA request date.

If the MCHA determines that third-party documents provided by the family are not acceptable, the MCHA will explain the reason to the family and request additional documentation.

As verification of earned income, the MCHA will request pay stubs covering the 60-day period prior to the MCHA's request.

## **9.9 WRITTEN THIRD-PARTY VERIFICATION FORM**

When upfront verification is not available and the family is unable to provide written third-party documents, the MCHA must request a written third-party verification form. HUD's position is that this traditional third-party verification method presents administrative burdens and risks which may be reduced through the use of family-provided third-party documents.

A written third-party verification form is mandatory when there is an unreported source of income or a substantial difference in reported income (\$2400 annually or more) and there is no UIV or tenant-provided documentation to support the income discrepancy.

MCHAs may mail, fax, or e-mail third-party written verification form requests to third-party sources.

The MCHA will send third-party verification forms directly to the third party.

Third-party verification forms will be sent when third-party verification documents are unavailable or are rejected by the MCHA.

### **Oral Third-Party Verification [Notice PIH 2010-19]**

For third-party oral verification, MCHAs contact sources, identified by UIV techniques or by the family, by telephone or in person.

Oral third-party verification is mandatory if neither form of written third-party verification is available.

Third-party oral verification may be used when requests for written third-party verification forms have not been returned within a reasonable time—e.g., 10 business days.

MCHAs should document in the file the date and time of the telephone call or visit, the name of the person contacted, the telephone number, as well as the information confirmed.

In collecting third-party oral verification, MCHA staff will record in the family's file the name and title of the person contacted, the date and time of the conversation (or attempt), the telephone number used, and the facts provided.

When any source responds verbally to the initial written request for verification the MCHA will accept the verbal response as oral verification but will also request that the source complete and return any verification forms that were provided.

### **When Third-Party Verification is Not Required [Notice PIH 2010-19]**

If the family cannot provide original documents, the PHA will pay the service charge required to obtain third-party verification, unless it is not cost effective in which case a self-certification will be acceptable as the only means of verification. The cost of verification will not be passed on to the family.

The cost of postage and envelopes to obtain third-party verification of income, assets, and expenses is not an unreasonable cost [VG, p. 18].

#### ***Primary Documents***

Third-party verification is not required when legal documents are the primary source, such as a birth certificate or other legal documentation of birth.

#### ***Imputed Assets***

The PHA will accept a self-certification from a family as verification of assets disposed of for less than fair market value.

### **9.10 SELF-CERTIFICATION**

Self-certification, or “tenant declaration,” is used as a last resort when the MCHA is unable to obtain third-party verification.

When the MCHA relies on a tenant declaration for verification of income, assets, or expenses, the family’s file must be documented to explain why third-party verification was not available.

When information cannot be verified by a third party or by review of documents, family members will be required to submit self-certifications attesting to the accuracy of the information they have provided to the MCHA.

The MCHA may require a family to certify that a family member does not receive a particular type of income or benefit.

The self-certification must be made in a format acceptable to the MCHA and must be signed by the family member whose information or status is being verified. All self-certifications must be signed in the presence of a MCHA representative or MCHA notary public.

## 9.11 EXCLUSIONS FROM INCOME

Annual income does not include the following:

- A. Income from employment of children (including foster children) under the age of 18 years;
- B. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
- C. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
- D. Amounts received by the family that is specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- E. Income of a live-in aide;
- F. The full amount of student financial assistance paid directly to the student or to the educational institution;
- G. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- H. The amounts received from the following programs:
  - 1. Amounts received under training programs funded by HUD;
  - 2. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
  - 3. Amounts received by a participant 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 that are made solely to allow participation in a specific program;
  - 4. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring,

lawn maintenance, and resident initiative coordination. No resident may receive more than one such stipend during the same period of time;

5. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program;
6. Temporary, nonrecurring, or sporadic income (including gifts);
7. 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;
8. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
9. Adoption assistance payments in excess of \$480 per adopted child;
10. Deferred periodic amounts from Supplemental Security Income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts;
11. Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
12. Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
13. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits.

These exclusions include:

- a. The value of the allotment of food stamps
- b. Payments to volunteers under the Domestic Volunteer Services Act of 1973
- c. Payments received under the Alaska Native Claims Settlement Act

- d. Income from submarginal land of the U.S. that is held in trust for certain Indian tribes
- e. Payments made under CDBG's Low-Income Energy Assistance Program
- f. Payments received under the Job Training Partnership Act
- g. Income from the disposition of funds of the Grand River Band of Ottawa Indians
- h. The first \$2000 per capita received from judgment funds awarded for certain Indian claims
- i. Amount of scholarships awarded under Title IV including Work-Study
- j. Payments received under the Older Americans Act of 1965
- k. Payments from Agent Orange Settlement
- l. Payments received under the Maine Indian Claims Act
- m. The value of child care under the Child Care and Development Block Grant Act of 1990
- n. Earned income tax credit refund payments
- o. Payments for living expenses under the AmeriCorps Program

#### **9.12 DEDUCTIONS FROM ANNUAL INCOME**

The following deductions will be made from annual income:

- A. \$480 for each dependent
- B. \$400 for any elderly family or disabled family
- C. For any family that is not an elderly or disabled family but has a member (other than the head or spouse) who is a person with a disability, disability assistance expenses in excess of 3% of annual income. This allowance may not exceed the employment income received by family members who are 18 years of age or older as a result of the assistance to the person with disabilities.
- D. For any elderly or disabled family:

1. That has no disability assistance expenses, an allowance for medical expenses equal to the amount by which the medical expenses exceed 3% of annual income;
2. That has disability expenses greater than or equal to 3% of annual income, an allowance for disability assistance expenses computed in accordance with paragraph C, plus an allowance for medical expenses that equal the family's medical expenses;
3. That has disability assistance expenses that are less than 3% of annual income, an allowance for combined disability assistance expenses and medical expenses that is equal to the total of these expenses less 3% of annual income.

E. Child care expenses.

## EXHIBIT 9-1: ANNUAL INCOME INCLUSIONS

### 24 CFR 5.609

*(a) Annual income means all amounts, monetary or not, which:*

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- (3) Which are not specifically excluded in paragraph (c) of this section.
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

*(b) Annual income includes, but is not limited to:*

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(3) Interest, dividends, and other net income of any kind from real or personal property.

Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);

(6) Welfare assistance payments.

(i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

(A) Qualify as assistance under the TANF program definition at 45 CFR 260.31<sup>1</sup>; and

(B) Are not otherwise excluded under paragraph (c) of this section.

(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section)

(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.

#### **HHS DEFINITION OF "ASSISTANCE"**

##### **45 CFR: GENERAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**

##### **260.31 What does the term "assistance" mean?**

(a)(1) The term "assistance" includes cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).

(2) It includes such benefits even when they are:

(i) Provided in the form of payments by a TANF agency, or other agency on its behalf, to individual recipients; and

(ii) Conditioned on participation in work experience or community service (or any other work activity under 261.30 of this chapter).

<sup>1</sup> Text of 45 CFR 260.31 follows.

(3) Except where excluded under paragraph (b) of this section, it also includes supportive services such as transportation and child care provided to families who are not employed.

(b) [The definition of "assistance"] excludes: (1) Nonrecurrent, short-term benefits that:

(i) Are designed to deal with a specific crisis situation or episode of need;

(ii) Are not intended to meet recurrent or ongoing needs; and

(iii) Will not extend beyond four months.

(2) Work subsidies (i.e., payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training);

(3) Supportive services such as child care and transportation provided to families who are employed;

(4) Refundable earned income tax credits;

(5) Contributions to, and distributions from, Individual Development Accounts;

(6) Services such as counseling, case management, peer support, child care information and referral, transitional services, job retention, job advancement, and other employment-related services that do not provide basic income support; and

(7) Transportation benefits provided under a Job Access or Reverse Commute project, pursuant to section 404(k) of [the Social Security] Act, to an individual who is not otherwise receiving assistance.

## EXHIBIT 9-2: ANNUAL INCOME EXCLUSIONS<sup>2</sup>

### 24 CFR 5.609

*(c) Annual income does not include the following:*

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);
- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (5) Income of a live-in aide, as defined in Sec. 5.403;
- (6) Subject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution;
- (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- (8) (i) Amounts received under training programs funded by HUD;  
(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
- (iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
- (iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;
- (v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;
- (9) Temporary, nonrecurring or sporadic income (including gifts);
- (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

<sup>2</sup> FR Notice 11/24/08 makes note of pending revisions to this regulation, namely the exclusion of any deferred disability benefits received in lump-sum or prospective

monthly amounts from the Department of Veterans Affairs (VA). At the time of publication, 24 CFR 5.609 had yet to be updated.

- (11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- (12) Adoption assistance payments in excess of \$480 per adopted child;
- (13) [Reserved]
- (14) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
- (15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
- (16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- (17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. [See the following chart for a list of benefits that qualify for this exclusion.]

<p>Sources of Income Excluded by Federal Statute from Consideration as Income for Purposes of Determining Eligibility or Benefits</p>
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- a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 (b));

- b) Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058);
- c) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c));
- d) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
- e) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
- f) Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552(b)); (effective July 1, 2000, references to Job Training Partnership Act shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998 (29 U.S.C. 2931);
- g) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub.L- 94-540, 90 Stat. 2503-04);
- h) The first \$2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408);
- i) Amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);

j) Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f));

k) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in *In Re Agent-product liability litigation*, M.D.L. No. 381 (E.D.N.Y.);

l) Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);

m) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);

n) Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j));

o) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or

the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);

p) Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d));

q) Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran (38 U.S.C. 1805);

r) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602); and

s) Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931).

## EXHIBIT 9-3: TREATMENT OF FAMILY ASSETS

### 24 CFR 5.603(b) Net Family Assets

(1) Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.

(2) In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under Sec. 5.609.

(3) In determining net family assets, PHAs or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefor.

In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

(4) For purposes of determining annual income under Sec. 5.609, the term "net family assets" does not include the value of a home currently being purchased with assistance under part 982, subpart M of this title. This exclusion is limited to the first 10 years after the purchase date of the home.

## EXHIBIT 9-4: EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES

### 24 CFR 5.617 Self-sufficiency incentives for persons with disabilities—Disallowance of increase in annual income:

(a) *Applicable programs.* The disallowance of increase in annual income provided by this section is applicable only to the following programs: HOME Investment Partnerships Program (24 CFR part 92); Housing Opportunities for Persons with AIDS (24 CFR part 574); Supportive Housing Program (24 CFR part 583); and the Housing Choice Voucher Program (24 CFR part 982).

(b) *Definitions.* The following definitions apply for purposes of this section.

*Disallowance.* Exclusion from annual income.

*Previously unemployed* includes a person with disabilities who has earned, in the twelve months previous to employment, no more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage.

*Qualified family.* A family residing in housing assisted under one of the programs listed in paragraph (a) of this section or receiving tenant-based rental assistance under one of the programs listed in paragraph (a) of this section.

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

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

(3) Whose annual income increases, as a result of new employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act, as determined by the responsible entity in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WTW) programs. The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance-- provided that the total amount over a six-month period is at least \$500.

(c) *Disallowance of increase in annual income—*

(1) Initial twelve month exclusion. During the cumulative twelve month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the responsible entity must exclude from annual income (as defined in the regulations governing the applicable program listed in paragraph (a) of this section) of a qualified family any increase in income of the family member who is a person with disabilities as a result of employment over prior income of that family member.

(2) Second twelve month exclusion and phase-in. During the second cumulative twelve month period after the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the responsible entity must exclude from annual income of a qualified family fifty percent of any increase in income of such family member as a result of employment over income of that family member prior to the beginning of such employment.

(3) Maximum four year disallowance. The disallowance of increased income of an individual family member who is a person with disabilities as provided in paragraph (c)(1) or (c)(2) is limited to a lifetime 48 month period. The disallowance only applies for a maximum of twelve months for disallowance under paragraph (c)(1) and a maximum of twelve months for disallowance under paragraph (c)(2), during the 48 month period starting from the initial exclusion under paragraph (c)(1) of this section.

*(d) Inapplicability to admission.* The disallowance of increases in income as a result of employment of persons with disabilities under this section does not apply for purposes of admission to the program (including the determination of income eligibility or any income targeting that may be applicable).

<b>EXHIBIT 9-5: THE EFFECT OF WELFARE BENEFIT REDUCTION</b>
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**24 CFR 5.615**

**Public housing program and Section 8 tenant-based assistance program: How welfare benefit reduction affects family income.**

(a) *Applicability.* This section applies to covered families who reside in public housing (part 960 of this title) or receive Section 8 tenant-based assistance (part 982 of this title).

(b) *Definitions.* The following definitions apply for purposes of this section:

*Covered families.* Families who receive welfare assistance or other public assistance benefits ("welfare benefits") from a State or other public agency ("welfare agency") under a program for which Federal, State, or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance.

*Economic self-sufficiency program.* See definition at Sec. 5.603.

*Imputed welfare income.* The amount of annual income not actually received by a family, as a result of a specified welfare benefit reduction, that is nonetheless included in the family's annual income for purposes of determining rent.

*Specified welfare benefit reduction.*

(1) A reduction of welfare benefits by the welfare agency, in whole or in part, for a family member, as determined by the welfare agency, because of fraud by a family member in connection with the welfare program; or because of welfare agency sanction against a family member for noncompliance with a welfare agency requirement to participate in an economic self-sufficiency program.

(2) "Specified welfare benefit reduction" does not include a reduction or termination of welfare benefits by the welfare agency:

- (i) at expiration of a lifetime or other time limit on the payment of welfare benefits;
- (ii) because a family member is not able to obtain employment, even though the family member has complied with welfare agency economic self-sufficiency or work activities requirements; or
- (iii) because a family member has not complied with other welfare agency requirements.

(c) *Imputed welfare income.*

(1) A family's annual income includes the amount of imputed welfare income (because of a specified welfare benefits reduction, as specified in notice to the PHA by the welfare agency), plus the total amount of other annual income as determined in accordance with Sec. 5.609.

(2) At the request of the PHA, the welfare agency will inform the PHA in writing of the amount and term of any specified welfare benefit reduction for a family member, and the reason for such reduction, and will also inform the PHA of any subsequent changes in the term or amount of such specified welfare benefit reduction. The PHA will use this information to determine the amount of imputed welfare income for a family.

(3) A family's annual income includes imputed welfare income in family annual income, as determined at the PHA's interim or regular reexamination of family income and composition, during the term of the welfare benefits reduction (as specified in information provided to the PHA by the welfare agency).

(4) The amount of the imputed welfare income is offset by the amount of additional income a family receives that commences after the time the sanction was imposed. When such additional income from other sources is at least equal to the imputed

(5) The PHA may not include imputed welfare income in annual income if the family was not an assisted resident at the time of sanction.

*(d) Review of PHA decision.*

(1) Section 8 participant. A participant in the Section 8 tenant-based assistance program may request an informal hearing, in accordance with Sec. 982.555 of this title, to review the PHA determination of the amount of imputed welfare income that must be included in the family's annual income in accordance with this section. If the family claims that such amount is not correctly calculated in accordance with HUD requirements, and if the PHA denies the family's request to modify such amount, the PHA shall give the family written notice of such denial, with a brief explanation of the basis for the PHA determination of the amount of imputed welfare income. Such notice shall also state that if the family does not agree with the PHA determination, the family may request an informal hearing on the determination under the PHA hearing procedure.

*(e) PHA relation with welfare agency.*

(1) The PHA must ask welfare agencies to inform the PHA of any specified welfare benefits reduction for a family member, the reason for such reduction, the term of any such reduction, and any subsequent welfare agency determination affecting the amount or term of a specified welfare benefits reduction. If the welfare agency determines a specified welfare benefits reduction for a family member, and gives the PHA written notice of such reduction, the family's annual incomes shall include the imputed welfare income because of the specified welfare benefits reduction.

(2) The PHA is responsible for determining the amount of imputed welfare income that is included in the family's annual income as a result of a specified welfare benefits reduction as determined by the welfare agency, and specified in the notice by the welfare agency to the PHA. However, the PHA is not responsible for determining whether a reduction of welfare benefits by the welfare agency was correctly determined by the welfare agency in accordance with welfare program requirements and procedures, nor for providing the opportunity for review or hearing on such welfare agency determinations.

(3) Such welfare agency determinations are the responsibility of the welfare agency, and the family may seek appeal of such determinations through the welfare agency's normal due process procedures. The PHA shall be entitled to rely on the welfare agency notice to the PHA of the welfare agency's determination of a specified welfare benefits reduction.

## CHAPTER 10 VERIFICATION

The Michigan City Housing Authority will verify information related to waiting list preferences, eligibility, admission and level of benefits prior to admission. Periodically during occupancy, items related to eligibility and rent determination shall also be reviewed and verified. Income, assets, and expenses will be verified, as well as disability status, need for a live-in aide and other reasonable accommodations, full time student status of family members 18 years of age and older, Social Security Numbers, citizenship/eligible noncitizen status. Age and relationship will only be verified in those instances where needed to make a determination of level of assistance.

### 10.1 ACCEPTABLE METHODS OF VERIFICATION

Age, relationship, U.S. citizenship, and Social Security Numbers will generally be verified with documentation provided by the family. For citizenship, the family's certification will be accepted. (Or for citizenship documentation such as listed below will be required.) Verification of these items will include photocopies of the Social Security cards and other documents presented by the family, the INS SAVE approval code, and forms signed by the family.

Other information will be verified by third party verification. This type of verification includes written documentation (with forms sent directly to and received directly from a source, not passed through the hands of the family). This verification may also be direct contact with the source, in person or by telephone. It may also be a report generated by a request from the Michigan City Housing Authority or automatically by another government agency, i.e. the Social Security Administration. Verification forms and reports received will be contained in the applicant/tenant file. Oral third party documentation will include the same information as if the documentation had been written, i.e. name date of contact, amount received, etc.

When third party verification cannot be obtained, the Michigan City Housing Authority will accept documentation received from the applicant/participant. Hand-carried documentation will be accepted if the Michigan City Housing Authority has been unable to obtain third party verification in a four week period of time. Photocopies of the documents provided by the family will be maintained in the file.

When neither third party verification nor hand-carried verification can be obtained, the Michigan City Housing Authority will accept a notarized statement signed by the head, spouse or co-head. Such documents will be maintained in the file.

### 10.2 TYPES OF VERIFICATION

The chart below outlines the factors that may be verified and gives common examples of the verification that will be sought. To obtain written third party verification, the Michigan

City Housing Authority will send a request form to the source along with a release form signed by the applicant/participant via first class mail.

Verification Requirements for Individual Items		
Item to Be Verified	3 <sup>rd</sup> party verification	Hand-carried verification
<b>General Eligibility Items</b>		
Social Security Number	Letter from Social Security, electronic reports	Social Security card
Citizenship	N/A	Signed certification, voter's registration card, birth certificate, etc.
Eligible immigration status	INS SAVE confirmation #	INS card
Disability	Letter from medical professional, SSI, etc	Proof of SSI or Social Security disability payments
Full time student status (if >18)	Letter from school	For high school students, any document evidencing enrollment
Need for a live-in aide	Letter from doctor or other professional knowledgeable of condition	N/A
Child care costs	Letter from care provider	Bills and receipts
Disability assistance expenses	Letters from suppliers, care givers, etc.	Bills and records of payment
Medical expenses	Letters from providers, prescription record from pharmacy, medical professional's letter stating assistance or a companion animal is needed	Bills, receipts, records of payment, dates of trips, mileage log, receipts for fares and tolls
<b>Value of and Income from Assets</b>		
Savings, checking accounts	Letter from institution	Passbook, most current statements
CDs, bonds, etc	Letter from institution	

Verification Requirements for Individual Items		
Item to Be Verified	3 <sup>rd</sup> party verification	Hand-carried verification
		Tax return, information brochure from institution, the CD, the bond
Stocks	Letter from broker or holding company	Stock or most current statement, price in newspaper or through Internet
Real property	Letter from tax office, assessment, etc.	Property tax statement (for current value), assessment, records or income and expenses, tax return
Personal property	Assessment, bluebook, etc	Receipt for purchase, other evidence of worth
Cash value of life insurance policies	Letter from insurance company	Current statement
Assets disposed of for less than fair market value	N/A	Original receipt and receipt at disposition, other evidence of worth
<b>Income</b>		
Earned income	Letter from employer	Multiple pay stubs
Self-employed	N/A	Tax return from prior year, books of accounts
Regular gifts and contributions	Letter from source, letter from organization receiving gift (i.e., if grandmother pays day care provider, the day care provider could so state)	Bank deposits, other similar evidence
Alimony/child support	Court order, letter from source, letter from Human Services	Record of deposits, divorce decree
Periodic payments (i.e., social security, welfare, pensions, workers' comp, unemployment)	Letter or electronic reports from the source	Award letter, letter announcing change in amount of future payments
Training program participation	Letter from program provider indicating - whether enrolled	N/A

Verification Requirements for Individual Items		
Item to Be Verified	3 <sup>rd</sup> party verification	Hand-carried verification
	<ul style="list-style-type: none"> <li>- whether training is HUD-funded</li> <li>- whether State or local program</li> <li>- whether it is employment training</li> <li>- whether payments are for out- of-pocket expenses incurred in order to participate in a program</li> </ul>	

### 10.3 VERIFICATION OF CITIZENSHIP OR ELIGIBLE NONCITIZEN STATUS

The citizenship/ eligible noncitizen status of each family member regardless of age must be determined.

Prior to being admitted, or at the first reexamination, all citizens and nationals will be required to sign a declaration under penalty of perjury. (They will be required to show proof of their status by such means as Social Security card, birth certificate, military ID or military DD 214 Form.)

Prior to being admitted or at the first reexamination, all eligible noncitizens who are 62 years of age or older will be required to sign a declaration under penalty of perjury. They will also be required to show proof of age.

Prior to being admitted or at the first reexamination, all eligible noncitizens must sign a declaration of their status and a verification consent form and provide their original INS documentation. The Michigan City Housing Authority will make a copy of the individual's INS documentation and place the copy in the file. The Michigan City Housing Authority also will verify their status through the INS SAVE system. If the INS SAVE system cannot confirm eligibility, the Michigan City Housing Authority will mail information to the INS so a manual check can be made of INS records.

Family members who do not claim to be citizens, nationals or eligible noncitizens, or whose status cannot be confirmed, must be listed on a statement of non-eligible members and the list must be signed by the head of the household.

Noncitizen students on student visas, though in the country legally, are not eligible to be admitted to the Section 8 Program.

Any family member who does not choose to declare they status must be listed on the

statement of non-eligible members.

If no family member is determined to be eligible under this Section, the family's admission will be denied.

The family's assistance will not be denied, delayed, reduced or terminated because of a delay in the process of determining eligible status under this Section, except to the extent that the delay is caused by the family.

If the Michigan City Housing Authority determines that a family member has knowingly permitted an ineligible noncitizen (other than any ineligible noncitizens listed on the lease) to permanently reside in their Section 8 unit, the family's assistance will be terminated. Such family will not be eligible to be readmitted to Section 8 for a period of 24 months from the date of termination.

#### **10.4 VERIFICATION OF SOCIAL SECURITY NUMBERS**

Prior to admission, each family member who has a Social Security Number and who is at least six years of age must provide verification of his or her Social Security Number. New family members at least six years of age must provide this verification prior to being added to the lease. Children in assisted households must provide this verification at the first regular reexamination after turning six.

The best verification of the Social Security Number is the original Social Security card. If the card is not available, the Michigan City Housing Authority will accept letters from Social Security that establish and state the number. Documentation from other governmental agencies will also be accepted that establish and state the number. Driver's license, military ID, passports, or other official documents that establish and state the number are also acceptable.

If an individual states that they do not have a Social Security Number they will be required to sign a statement to this effect. The Michigan City Housing Authority will not require any individual who does not have a Social Security Number to obtain a Social Security Number.

If a member of an applicant family indicates they have a Social Security Number, but cannot readily verify it, the family cannot be assisted until verification is provided.

If a member of a tenant family indicates they have a Social Security Number, but cannot readily verify it, they shall be asked to certify to this fact and shall up to 60 days to provide the verification. If the individual is at least 62 years of age, they will be given 120 days to provide the verification. If the individual fails to provide the verification within the time allowed, the family will be denied assistance or will have their assistance terminated.

#### **10.5 TIMING OF VERIFICATION**

Verification must be dated within 90 days of certification or reexamination. If the verification is older than this, the source will be contacted and asked to provide information regarding any changes.

When an interim reexamination is conducted, the Housing Authority will verify and update only those elements reported to have changed.

#### ***10.6 FREQUENCY OF OBTAINING VERIFICATION***

For each family member, citizenship/eligible noncitizen status will be verified only once. This verification will be obtained prior to admission. If the status of any family member was not determined prior to admission, verification of their status will be obtained at the next regular reexamination. Prior to a new member joining the family, their status will be verified.

For each family member age 6 and above, verification of Social Security Number will be obtained only once. This verification will be accomplished prior to admission. When a family member who did not have a Social Security Number at admission receives a Social Security Number, that number will be verified at the next regular reexamination. Likewise, when a child turns six, their verification will be obtained at the next regular reexamination.

## CHAPTER 11 RENT AND HOUSING ASSISTANCE PAYMENT

### 11.1 GENERAL

After August 12, 1999, the Michigan City Housing Authority will issue only vouchers to applicants, movers, and families entering the jurisdiction through portability. Certificates currently held will continue to be honored until the transition of the merger of the Section 8 Certificate and Voucher programs as outlined in 24 CFR 982.502 is complete (see Section 21.0 for additional guidance).

### 11.2 RENT REASONABLENESS

After the initial occupancy period, the owner may request a rent adjustment in accordance with the owner's lease. For rent increase requests after initial lease-up, the PHA may request owners to provide information about the rents charged for other units on the premises, if the premises include more than 4 units. In evaluating the proposed rents in comparison to other units on the premises the PHA will consider unit size and length of tenancy in the other units.

The PHA will determine whether the requested increase is reasonable within 10 business days of receiving the request from the owner. The owner will be notified of the determination in writing.

All rents adjustments will be effective the first of the month following 60 days after the PHA's receipt of the owner's request or on the date specified by the owner, whichever is later.

The Housing Authority will not approve an initial rent or a rent increase in any of the tenant-based programs without determining that the rent amount is reasonable. Reasonableness is determined prior to the initial lease and at the following times:

- A. Before any increase in rent to owner is approved;
- B. If 60 days before the contract anniversary date there is a 5% decrease in the published FMR as compared to the previous FMR; and
- C. If the Housing Authority or HUD directs that reasonableness be re-determined.

### 11.3 COMPARABILITY

In making a rent reasonableness determination, the Housing Authority will compare the rent for the unit to the rent of comparable units in the same or comparable neighborhoods. The Housing Authority will consider the location, quality, size, number of bedrooms, age, amenities, housing services, maintenance and utilities of the unit and the comparable units.

The Housing Authority will maintain current survey information on rental units in the jurisdiction. The Housing Authority will also obtain from landlord associations and management firms the value of the array of amenities.

The Housing Authority will establish minimum base rent amounts for each unit type and bedroom size. To the base the Housing Authority will be able to add or subtract the dollar value for each characteristic and amenity of a proposed unit.

Owners are invited to submit information to the survey at any time. Owners may review the determination made on their unit and may submit additional information or make improvements to the unit that will enable the Housing Authority to establish a higher value.

The owner must certify the rents charged for other units. By accepting the housing assistance payment each month the owner is certifying that the rent to owner is not more than the rent charged by the owner for comparable unassisted units in the premises.

#### **Units that Must Not be Used as Comparables**

Comparable units must represent unrestricted market rents. Therefore, units that receive some form of federal, state, or local assistance that imposes rent restrictions cannot be considered comparable units. These include units assisted by HUD through any of the following programs: Section 8 project-based assistance, Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR) projects, HOME or Community Development Block Grant (CDBG) program-assisted units in which the rents are subsidized; units subsidized through federal, state, or local tax credits; units subsidized by the Department of Agriculture rural housing programs, and units that are rent-controlled by local ordinance.

*Note:* Notice PIH 2011-46, issued August 17, 2011, provides further guidance on the issue of what constitutes an assisted unit.

#### **Rents Charged for Other Units on the Premises**

The Request for Tenancy Approval (HUD-52517) requires owners to provide information, on the form itself, about the rent charged for other unassisted comparable units on the premises if the premises include more than 4 units.

By accepting the MCHA payment each month the owner certifies that the rent is not more than the rent charged for comparable unassisted units on the premises. If asked to do so, the owner must give the MCHA information regarding rents charged for other units on the premises.

### **11.4 MAXIMUM SUBSIDY**

The Fair Market Rent (FMR) published by HUD or the exception payment standard rent (requested by the Michigan City Housing Authority and approved by HUD) determines the maximum subsidy for a family.

For a regular tenancy under the Certificate Program, the FMR/exception rent limit is the maximum initial gross rent under the assisted lease. This only applies until the transition of the merger of the Section 8 Certificate and Voucher programs as outlined in 24 CFR 982.502 is complete.

For the Voucher Program, the maximum payment standard will be 110% of the FMR without prior approval from HUD, or the exception payment standard approved by HUD.

For a voucher tenancy in an insured or noninsured 236 project, a 515 project of the Rural Development Administration, or a Section 221(d)(3) below market interest rate project the payment standard may not exceed the basic rent charged including the cost of tenant-paid utilities.

For manufactured home space rental, the maximum subsidy under any form of assistance is the Fair Market Rent for the space as outlined in 24 CFR 982.888.

#### **11.4.1 Setting the Payment Standard**

HUD requires that the payment standard be set by the Housing Authority at between 90 and 110% of the FMR. The Michigan City Housing Authority will review its determination of the payment standard annually after publication of the FMRs. The Michigan City Housing Authority will consider vacancy rates and rents in the market area, size and quality of units leased under the program, rents for units leased under the program, success rates of voucher holders in finding units, and the percentage of annual income families are paying for rent under the Voucher Program. If it is determined that success rates will suffer or that families are having to rent low quality units or pay over 40% of income for rent, the payment standard may be raised to the level judged necessary to alleviate these hardships.

Payment standards will not be raised solely to allow the renting of luxury quality units.

If success levels are projected to be extremely high and rents are projected to be at or below 30% of income, the Housing Authority will reduce the payment standard. Payment standards for each bedroom size are evaluated separately so that the payment standard for one bedroom size may increase or decrease while another remains unchanged. The Michigan City Housing Authority may consider adjusting payment standards at times other than the annual review when circumstances warrant.

Before increasing any payment standard, the Housing Authority will conduct a financial feasibility test to ensure that in using the higher standard, adequate funds will continue to be available to assist families in the program.

#### **11.4.2 Selecting the Correct Payment Standard for a Family**

- A. For the voucher tenancy, the payment standard for a family is the lower of:

1. The payment standard for the family unit size; or
  2. The payment standard for the unit size rented by the family.
- B. If the unit rented by a family is located in an exception rent area, the Housing Authority will use the appropriate payment standard for the exception rent area.
- C. During the HAP contract term for a unit, the amount of the payment standard for a family is the higher of:
1. The initial payment standard (at the beginning of the lease term) minus any amount by which the initial rent to owner exceeds the current rent to owner; or
  2. The payment standard as determined at the most recent regular reexamination of family income and composition effective after the beginning of the HAP contract term.
- D. At the next annual reexamination following a change in family size or composition during the HAP contract term and for any reexamination thereafter, paragraph C above does not apply.
- E. If there is a change in family unit size resulting from a change in family size or composition, the new family unit size will be considered when determining the payment standard at the next annual reexamination.

#### **11.4.3 Area Exception Rents**

In order to help families find housing outside areas of high poverty or when voucher holders are having trouble finding housing for lease under the program, the Housing Authority may request that HUD approve an exception payment standard rent for certain areas within its jurisdiction. The areas may be of any size, though generally not smaller than a census tract. The Housing Authority may request one such exception payment standard area or many. Exception payment standard rent authority may be requested for all or some unit sizes, or for all or some unit types.

When an exception payment standard rent has been approved and the FMR increases, the exception rent remains unchanged until such time as the Housing Authority requests and HUD approves a higher exception payment standard rent. If the FMR decreases, the exception payment standard rent authority automatically expires.

#### **11.5 ASSISTANCE AND RENT FORMULAS**

##### **A. Total Tenant Payment**

The total tenant payment is equal to the highest of:

1. 10% of monthly income
2. 30% of adjusted monthly income
3. Minimum rent
4. The welfare rent

Plus any rent above the payment standard.

**B. Minimum Rent.**

The Michigan City Housing Authority has set the minimum rent as \$50. However, if the family requests a hardship exemption, the Michigan City Housing Authority will suspend the minimum rent for the family beginning the month following the family's hardship request. The suspension will continue until the Housing Authority can determine whether hardship exists and whether the hardship is of a temporary or long-term nature. During suspension, the family will not be required to pay a minimum rent and the Housing Assistance Payment will be increased accordingly.

When the minimum rent is suspended, the family share reverts to the highest of the remaining components of the calculated TTP. The example below demonstrates the effect of the minimum rent exemption.

<b>Example: Impact of Minimum Rent Exemption</b> MCHA has established a minimum rent of \$50.	
<b>Family Share – No Hardship</b>	<b>Family Share – With Hardship</b>
\$0 30% of monthly adjusted income	\$0 30% of monthly adjusted income
\$15 10% of monthly gross income	\$15 10% of monthly gross income
N/A Welfare rent	N/A Welfare rent
\$50 Minimum rent	\$50 Minimum rent
Minimum rent applies. TTP = \$35	Hardship exemption granted. TTP = \$15

To qualify for a hardship exemption, a family must submit a request for a hardship exemption in writing. The request must explain the nature of the hardship and how the hardship has affected the family's ability to pay the minimum rent.

The PHA will make the determination of hardship within 30 calendar days.

1. A hardship exists in the following circumstances:

- a. When the family has lost eligibility for or is awaiting an eligibility determination for a Federal, State or local assistance program;
  - b. When the family would be evicted as a result of the imposition of the minimum rent requirement;
  - c. When the income of the family has decreased because of changed circumstances, including loss of employment;
  - d. When the family has an increase in expenses because of changed circumstances, for medical costs, childcare, transportation, education, or similar items;
  - e. When a death has occurred in the family.
2. No hardship. If the Housing Authority determines there is no qualifying hardship, the minimum rent will be reinstated, including requiring back payment of minimum rent to the Housing Authority for the time of suspension.
  3. Temporary hardship. If the Housing Authority determines that there is a qualifying hardship but that it is of a temporary nature, the minimum rent will not be imposed for a period of 90 days from the date of the family's request. At the end of the 90-day period, the minimum rent will be imposed retroactively to the time of suspension. The Housing Authority will offer a reasonable repayment agreement for any minimum rent back payment paid by the Housing Authority on the family's behalf during the period of suspension.
  4. Long-term hardship. If the Housing Authority determines there is a long-term hardship, the family will be exempt from the minimum rent requirement until the hardship no longer exists.
  5. Appeals. The family may use the informal hearing procedure to appeal the Housing Authority's determination regarding the hardship. No escrow deposit will be required in order to access the informal hearing procedures.

C. Section 8 Merged Vouchers

1. The payment standard is set by the Housing Authority between 90% and 110% of the FMR or higher or lower with HUD approval.
2. The participant pays the greater of the Total Tenant Payment or the minimum rent, plus the amount by which the gross rent exceeds the payment standard.

3. No participant when initially receiving tenant-based assistance on a unit shall pay more than 40% of their monthly-adjusted income.

D. Section 8 Preservation (Enhanced) Vouchers

1. Payment Standard

- a. The payment standard is the lower of:
  - i. The payment standard amount for the appropriate family unit size; or
  - ii. The payment standard amount for the size of the dwelling unit actually rented by the family.
- b. If the dwelling unit is located in an exception area, the Michigan City Housing Authority will use the appropriate payment standard for the exception area.
- c. During the HAP contract term, the payment standard for the family is the higher of :
  - i. The initial payment standard (at the beginning of the HAP contract term), as determined in accordance with paragraph (1)(a) or (1)(b) of this section, minus any amount by which the initial rent to the owner exceeds the current rent to the owner; or
  - ii. The payment standard as determined in accordance with paragraph (1)(a) or (1)(b) of this section, as determined at the most recent regular reexamination of family income and composition effective after the beginning of the HAP contract term.
- d. At the next regular reexamination following a change in family composition that causes a change in family unit size during the HAP contract term, and for any examination thereafter during the term:
  - i. Paragraph (c)(i) of this section does not apply; and
  - ii. The new family unit size must be used to determine the payment standard.

2. The Michigan City Housing Authority will pay a monthly housing assistance payment on behalf of the family that equals the lesser of:

- a. The payment standard minus the total tenant payment; or
  - b. The gross rent minus the total tenant payment.
  - c.
- 3 Enhanced Voucher Requirement

#### Enhanced Voucher Minimum Rent Requirement for Stayers

Families assisted with enhanced housing choice voucher assistance have a special statutory minimum rent requirement. The law requires that a family receiving enhanced voucher assistance must pay for rent no less than the rent the family was paying on the date of the eligibility event for the project in question. (The eligibility event is the expiration date of the expiring project based contract in the case of owner opt outs. For preservation prepayments, the eligibility event is the effective date of the prepayment of the mortgage or voluntary termination of the mortgage insurance.)

The method for calculating the minimum rent changes if the family's income subsequently decreases to a significant extent (15 percent or more) from the family's gross income on the effective date of the prepayment. Guidance on recalculating the minimum rent in cases when a family's income significantly decreases is discussed in detail in subsection (c) below.

The enhanced voucher minimum rent only applies if the family remains in the project. The enhanced voucher minimum rent does not apply if the family moves from the project.

#### Movers from the Project

All Regular Housing Choice Voucher Rules Apply.

If a resident decides to move from the project with the voucher assistance, the payment standard is not enhanced and the enhanced voucher minimum rent does not apply. This is the case when the family chooses to use the voucher to move from the property immediately, or if after receiving enhanced voucher assistance for a period of time the family chooses to subsequently move from the unit with continued voucher assistance. In either circumstance, the housing assistance payment and the family share at the new unit are calculated in accordance with the regular rules of the housing choice voucher program.

Applicability of enhanced voucher requirement's for families currently assisted under the tenant based programs in the property for a preservation prepayment.

A resident who is already receiving housing choice voucher assistance on the date of a preservation prepayment (including voluntary termination of the mortgage insurance) may also be covered by the special conditions afforded to stayers by enhanced voucher assistance. A resident currently assisted under the voucher or certificate program on the effective date of the prepayment or voluntary termination may choose not to be covered by the special provisions.

All of the following conditions must be met in order for a resident currently assisted through the housing choice voucher program on the effective date of the prepayment to be covered by the special enhanced voucher provisions:

- (i) the family must meet the income requirements on the date of the eligibility event;
- (ii) any rent increase under the voucher program must be in accordance with the lease agreement and program regulations;
- (iii) the new gross rent must be reasonable; and
- (iv) the family must decide to stay in the unit instead of moving.

Under the voucher program, an owner may increase the rent as permitted by the terms of the existing lease 35 and local and state law, so long as the new rent is reasonable. The owner is not required by the program regulations to terminate the existing lease and HAP contract for current voucher participants to receive the special "enhanced" subsidy. Assuming the above conditions are met, the payment standard used to calculate the housing assistance payment is the new gross rent of the family's unit. The enhanced voucher minimum rent requirement now applies to the family. In the case of a current certificate family that the PHA determines is eligible for enhanced voucher assistance on the eligibility event, the family will receive an enhanced voucher at the time the family's certificate is converted to the housing choice program, provided the family remains at the project.

(3) Changes in enhanced voucher family size. If the PHA determines that the unit of an enhanced voucher family is no longer decent, safe, and sanitary under the HQS requirements because of an increase in family size that cause the unit to be overcrowded, the family must move to continue to receive housing choice voucher assistance. The family and the PHA must try to find an acceptable unit as soon as possible. The PHA must assist the

family in locating other standard housing in the PHA jurisdiction. The PHA must terminate the HAP contract if the family rejects, without good reason, the offer of a unit that the PHA judges to be acceptable. If the family moves to an appropriate size unit in the project, the enhanced voucher subsidy rules would continue to apply to the family's voucher assistance. In the case of a family move from the project, the regular voucher program rules apply. If, as a result of a decrease in family size, the enhanced voucher family no longer would qualify under the PHA subsidy standards for the size of the unit in which they currently reside and the gross rent exceeds the normally applicable payment standard for the unit size the family now qualifies for, the family must move to an appropriate size unit in the project, if one is available, to continue to receive enhanced voucher assistance. Otherwise, the family may receive enhanced voucher assistance in the oversized unit for up to twelve months. The PHA will calculate a new housing assistance payment using the normal housing choice voucher subsidy rules and the normally applicable payment standard for the bedroom size the family qualifies for under the PHA subsidy standards at the end of the twelve month period.

E.     Manufactured Home Space Rental: Section 8 Vouchers

1.     The payment standard for a participant renting a manufactured home space is the published FMR for rental of a manufactured home space.
2.     The space rent is the sum of the following as determined by the Housing Authority:
  - a.     Rent to the owner for the manufactured home space;
  - b.     Owner maintenance and management charges for the space; and
  - c.     Utility allowance for tenant paid utilities.
3.     The participant pays the rent to owner less the HAP.
4.     HAP equals the lesser of:
  - a.     The payment standard minus the total tenant payment; or
  - b.     The rent paid for rental of the real property on which the manufactured home owned by the family is located.

F. Rent for Families under the Noncitizen Rule

A mixed family will receive full continuation of assistance if all of the following conditions are met:

1. The family was receiving assistance on June 19, 1995;
2. The family was granted continuation of assistance before November 29, 1996;
3. The family's head or spouse has eligible immigration status; and
4. The family does not include any person who does not have eligible status other than the head of household, the spouse of the head of household, any parent of the head or spouse, or any child (under the age of 18) of the head or spouse.

If a mixed family qualifies for prorated assistance but decides not to accept it, or if the family has no eligible members, the family may be eligible for temporary deferral of termination of assistance to permit the family additional time for the orderly transition of some or all of its members to locate other affordable housing. Under this provision the family receives full assistance. If assistance is granted under this provision prior to November 29, 1996, it may last no longer than three years. If granted after that date, the maximum period of time for assistance under the provision is 18 months. The Michigan City Housing Authority will grant each family a period of 6 months to find suitable affordable housing. If the family cannot find suitable affordable housing, the Michigan City Housing Authority will provide additional search periods up to the maximum time allowable.

Suitable housing means housing that is not substandard and is of appropriate size for the family. Affordable housing means that it can be rented for an amount not exceeding the amount the family pays for rent, plus utilities, plus 25%.

The family's assistance is prorated in the following manner:

1. Find the prorated housing assistance payment (HAP) by dividing the HAP by the total number of family members, and then multiplying the result by the number of eligible family members.
2. Obtain the prorated family share by subtracting the prorated HAP from the gross rent (contract rent plus utility allowance).
3. The prorated tenant rent equals the prorated family share minus the full utility allowance.

## ***11.6 UTILITY ALLOWANCE***

The Housing Authority maintains a utility allowance schedule for all tenant-paid utilities (except telephone), for cost of tenant-supplied refrigerators and ranges, and for other tenant-paid housing services (e.g., trash collection (disposal of waste and refuse)).

The utility allowance schedule is determined based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. In developing the schedule, the Housing Authority uses normal patterns of consumption for the community as a whole and current utility rates.

The Housing Authority reviews the utility allowance schedule annually and revises any allowance for a utility category if there has been a change of 10% or more in the utility rate since the last time the utility allowance schedule was revised. The Housing Authority maintains information supporting the annual review of utility allowances and any revisions made in its utility allowance schedule. Participants may review this information at any time by making an appointment with the Housing Management Department.

The Housing Authority uses the appropriate utility allowance for the size of dwelling unit actually leased by the family (rather than the family unit size as determined under the Housing Authority subsidy standards).

At each reexamination, the Housing Authority applies the utility allowance from the most current utility allowance schedule.

The Housing Authority will approve a request for a utility allowance that is higher than the applicable amount on the utility allowance schedule if a higher utility allowance is needed as a reasonable accommodation to make the program accessible to and usable by the family member with a disability.

The utility allowance will be subtracted from the family's share to determine the amount of the Tenant Rent. The Tenant Rent is the amount the family owes each month to the owner. The amount of the utility allowance is then still available to the family to pay the cost of their utilities. Any utility cost above the allowance is the responsibility of the tenant. Any savings resulting from utility costs below the amount of the allowance belong to the tenant.

## ***11.7 DISTRIBUTION OF HOUSING ASSISTANCE PAYMENT***

The Housing Authority pays the owner the lesser of the housing assistance payment or the rent to owner. If payments are not made when due, the owner may charge the Michigan City Housing Authority a late payment, agreed to in the Contract and in accordance with generally accepted practices in the Michigan City jurisdiction.

## ***11.8 CHANGE OF OWNERSHIP***

The Michigan City Housing Authority requires a written request by the owner who executed the HAP contract in order to make changes regarding who is to receive the Michigan City Housing Authority's rent payment or the address as to where the rent payment should be sent.

In addition, the Michigan City Housing Authority requires a written request from the new owner to process a change of ownership. The following documents must accompany the written request:

- A. Deed of Trust showing the transfer of title; and
- B. Tax Identification Number or Social Security Number.

New owners will be required to execute IRS form W-9. The Michigan City Housing Authority may withhold the rent payment until the taxpayer identification number is received.

## **CHAPTER 12     INSPECTION POLICIES AND HOUSING QUALITY STANDARDS**

The Michigan City Housing Authority will inspect all units to ensure that they meet Housing Quality Standards (HQS). No unit will be initially placed on the Section 8 Existing Program unless the HQS is met. Units will be inspected at least annually, and at other times as needed, to determine if the units meet HQS.

The Michigan City Housing Authority must be allowed to inspect the dwelling unit at reasonable times with reasonable notice. The family and owner will be notified of the inspection appointment by first class mail. If the family can not be at home for the scheduled inspection appointment, the family must call and reschedule the inspection or make arrangements to enable the Housing Authority to enter the unit and complete the inspection.

### **GENERAL HUD REQUIREMENTS**

#### **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

A summary of HUD performance criteria is provided in Exhibit 8-1. Additional guidance on these requirements is found in the following HUD resources:

- Housing Choice Voucher Guidebook, Chapter 10.

- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)
- 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 the PHA to enforce minimum HQS but also requires that certain judgments about acceptability be left to the family. For example, the PHA must ensure that the unit contains the required sanitary facilities, but the family decides whether the cosmetic condition of the facilities is acceptable. Exhibit 8-2 summarizes those items that are considered tenant preferences

#### ***12.1 NOTICE AND SCHEDULING [24 CFR 982.551(D)].***

Both the family and the owner will be given reasonable notice of all inspections. Except in the case of a life-threatening emergency, reasonable notice is considered not less than 48 hours. Inspections may be scheduled between 8:30 a.m. and 4:00 p.m. Generally, inspections will be conducted on business days only. In the case of a life-threatening emergency, the MCHA will give as much notice as possible, given the nature of the emergency.

At initial inspection of a vacant unit, the MCHA will inspect the unit in the presence of the owner or owner's representative. The presence of a family representative is permitted, but is not required.

The Michigan City Housing Authority must be allowed to inspect the dwelling unit at reasonable times with reasonable notice. The family and owner will be notified of the inspection appointment by first class mail. When a family occupies the unit at the time of inspection an adult family member must be present for the inspection. If the family cannot be at home for the scheduled inspection appointment, the family must call and reschedule the inspection or make arrangements to enable the Housing Authority to enter the unit and complete the inspection.

If the family misses the scheduled inspection and fails to reschedule the inspection, the Michigan City Housing Authority will only schedule one more inspection. If the family misses two inspections, the Michigan City Housing Authority will consider the family to have violated a Family Obligation and will issue an Intent to Terminate Notice. This may result in termination of assistance in accordance with Chapter 17.

#### ***12.2 TYPES OF INSPECTIONS***

There are five types of inspections the Michigan City Housing Authority will perform:

- A. Initial Inspection – [24 CFR 982.40(a)] An inspection that must take place to insure that the unit passes HQS before assistance can begin. To the extent practicable, the MCHA will complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 calendar days after both of the following conditions are met: The MCHA receives the completed Request for Tenancy Approval (RFTA) and the property is available and ready for inspection.

HUD requires the unit to pass HQS before the effective date of the lease and HAP Contract. HUD requires PHAs such as the Michigan City Housing Authority (MCHA) with fewer than 1,250 budgeted units to complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA). The 15-day period is suspended for any period during which the unit is not available for inspection [982.305(b)(2)].

The MCHA will complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA).

- B. Annual Inspection - An inspection to determine that the unit continues to meet HQS.
- C. Special/Damage Inspection - An inspection caused by a third party, i.e. HUD, needing to view the unit. During a special inspection, the MCHA generally will inspect only those deficiencies that were reported. However, the inspector will record any additional HQS deficiencies that are observed and will require the responsible party to make the necessary repairs. The MCHA or its contractor will not schedule or perform a complaint inspection unless the party that requests the complaint inspection (owner, owner's agent, or the voucher program participant) is present for the inspection. The MCHA or its contractor will not perform a follow up inspection after a missed complaint inspection appointment. If the family requests an inspection and is not present due to unavoidable circumstances, the family may request another inspection. The MCHA or its contractor will evaluate the circumstances and determine on a case-by-case basis whether to schedule a new complaint inspection.
- D. Emergency - An inspection that takes place in the event of a perceived emergency. These will take precedence over all other inspections.
- E. Quality Control Inspection - Supervisory inspections on at least 5% of the total number of units that were under lease during the Housing Authority's previous fiscal year.

### ***12.3 Inspection of MCHA-owned Units [24 CFR 982.352(b)]***

The PHA must obtain the services of an independent entity to perform all HQS inspections in cases where an HCV family is receiving assistance in a MCHA-owned

unit. A MCHA-owned unit is defined as a unit that is owned by the MCHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the MCHA). The independent agency must communicate the results of each inspection to the family and the MCHA. The independent agency must be approved by HUD, and may be the unit of general local government for the MCHA jurisdiction (unless the MCHA is itself the unit of general local government or an agency of such government).

### **Inspection Costs**

The MCHA may not charge the family or owner for unit inspections [24 CFR 982.405(e)] In the case of inspections of MCHA-owned units, the MCHA may compensate the independent agency from ongoing administrative fee for inspections performed. The MCHA and the independent agency may not charge the family any fee or charge for the inspection [24 CFR.982.

## **12.4 OWNER AND FAMILY RESPONSIBILITY**

### **A. Owner Responsibility for HQS**

1. The owner must maintain the unit in accordance with HQS.
2. If the owner fails to maintain the dwelling unit in accordance with HQS, the Michigan City Housing Authority will take prompt and vigorous action to enforce the owner obligations. The Michigan City Housing Authority's remedies for such breach of the HQS include termination, suspension or reduction of housing assistance payments and termination of the HAP contract.
3. The Michigan City Housing Authority will not make any housing assistance payments for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the Michigan City Housing Authority and the Michigan City Housing Authority verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects the owner must correct the defect within no more than 30 calendar days (or any Michigan City Housing Authority approved extension).
4. The owner is not responsible for a breach of the HQS that is not caused by the owner, and for which the family is responsible. Furthermore, the Michigan City Housing Authority may terminate assistance to a family because of the HQS breach caused by the family.

### **B. Family Responsibility for HQS**

1. The family is responsible for a breach of the HQS that is caused by any of the following:
  - a. The family fails to pay for any utilities that the owner is not required to pay for, but which are to be paid by the tenant;
  - b. The family fails to provide and maintain any appliances that the owner is not required to provide, but which are to be provided by the tenant; or
  - c. Any member of the household or a guest damages the dwelling unit or premises (damage beyond ordinary wear and tear).
2. If an HQS breach caused by the family is life threatening, the family must correct the defect within no more than 24 hours. For other family-caused defects, the family must correct the defect within no more than 30 calendar days (or any Michigan City Housing Authority approved extension).
3. If the family has caused a breach of the HQS, the Michigan City Housing Authority will take prompt and vigorous action to enforce the family obligations. The Michigan City Housing Authority may terminate assistance for the family in accordance with 24 CFR 982.552.

#### ***12.5 HOUSING QUALITY STANDARDS (HQS) 24 CFR 982.401***

This Section states performance and acceptability criteria for these key aspects of the following housing quality standards:

##### **A. Sanitary Facilities**

##### **1. 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.

2. Acceptability Criteria

- a. The bathroom must be located in a separate private room and have a flush toilet in proper operating condition.
- b. The dwelling unit must have a fixed basin in proper operating condition, with a sink trap and hot and cold running water.
- c. The dwelling unit must have a shower or a tub in proper operating condition with hot and cold running water.
- d. The facilities must utilize an approvable public or private disposal system (including a locally approvable septic system).

B. Food Preparation and Refuse Disposal

1. Performance Requirements

- a. The dwelling unit must have suitable space and equipment to store, prepare, and serve foods in a sanitary manner.
- b. 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).

2. Acceptability Criteria

- a. The dwelling unit must have an oven, a stove or range, and a refrigerator of appropriate size for the family. All of the equipment must be in proper operating condition. Either the owner or the family may supply the equipment. 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.
- b. 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.
- c. The dwelling unit must have space for the storage, preparation, and serving of food.

- d. 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).

C. Space and security

1. Performance Requirement

The dwelling unit must provide adequate space and security for the family.

2. Acceptability Criteria

- a. At a minimum, the dwelling unit must have a living room, a kitchen area, and a bathroom.
- b. 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.
- c. 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.
- d. The exterior doors of the dwelling unit must be lockable. Exterior doors are doors by which someone can enter or exit the dwelling unit.

D. Thermal Environment

1. Performance Requirement

The dwelling unit must have and be capable of maintaining a thermal environment healthy for the human body. The heating system must be capable of maintaining an interior temperature of 65 degrees Fahrenheit between October 1 and May 1.

2. Acceptability Criteria

- a. 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.

- b. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Electric heaters are acceptable.

#### E. Illumination and Electricity

##### 1. 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.

##### 2. Acceptability Criteria

- a. There must be at least one window in the living room and in each sleeping room.
- b. 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.
- c. 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.

#### F. Structure and Materials

##### 1. 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.

##### 2. Acceptability Criteria

- a. 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.

- b. Roof  
The roof must be structurally sound and weather tight.
- d. Walls  
In areas where plaster or drywall is sagging, severely cracked, or otherwise damaged, it must be repaired or replaced.
- d. 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.
- e. Window sashes must be in good condition, solid and intact, and properly fitted to the window frame. Damaged or deteriorated sashes must be replaced. If window screens are present they must be in good condition.
- f. 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.
- e. Elevators must be working and safe.

#### G. Interior Air Quality

##### 1. Performance Requirement

The dwelling unit must be free of pollutants in the air at levels that threaten the health of the occupants.

##### 2. Acceptability Criteria

- a. The dwelling unit must be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust, and other harmful pollutants.
- b. There must be adequate air circulation in the dwelling unit.
- c. Bathroom areas must have one window that can be opened or other adequate exhaust ventilation.
- d. Any room used for sleeping must have at least one window. If the window is designed to be opened, the window must work.

#### H. Water Supply

1. Performance Requirements

The water supply must be free from contamination.

2. Acceptability Criteria

The dwelling unit must be served by an approvable public or private water supply that is sanitary and free from contamination.

- I. Lead-based Paint

If a PHA 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, the PHA 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 the PHA, 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 reduction" as required, the dwelling unit is in violation of HQS and the PHA will take action in accordance with Section 12.8.

1. Definitions

- a. Chewable surface: Protruding painted surfaces up to five feet from the floor or ground that are readily accessible to children under six years of age; for example, protruding corners, window sills and frames, doors and frames, and other protruding woodwork.
- b. Component: An element of a residential structure identified by type and location, such as a bedroom wall, an exterior window sill, a baseboard in a living room, a kitchen floor, an interior window sill in a bathroom, a porch floor, stair treads in a common stairwell, or an exterior wall.
- c. Defective paint surface: A surface on which the paint is cracking, scaling, chipping, peeling, or loose.

- d. Elevated blood level (EBL): Excessive absorption of lead. Excessive absorption is a confirmed concentration of lead in whole blood of 20 ug/dl (micrograms of lead per deciliter) for a single test or of 15-19 ug/dl in two consecutive tests 3-4 months apart.
- e. HEPA: A high efficiency particle accumulator as used in lead abatement vacuum cleaners.
- f. Lead-based paint: A paint surface, whether or not defective, identified as having a lead content greater than or equal to 1 milligram per centimeter squared (mg/cm<sup>2</sup>), or 0.5 % by weight or 5000 parts per million (PPM).

## 2. Performance Requirements

- a. The purpose of this paragraph of this Section is to implement Section 302 of the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4822, by establishing procedures to eliminate as far as practicable the hazards of lead-based paint poisoning for units assisted under this part. This paragraph is issued under 24 CFR 35.24(b)(4) and supersedes, for all housing to which it applies, the requirements of subpart C of 24 CFR part 35.
- b. The requirements of this paragraph of this Section do not apply to 0-bedroom units, units that are certified by a qualified inspector to be free of lead-based paint, or units designated exclusively for the elderly. The requirements of subpart A of 24 CFR part 35 apply to all units constructed prior to 1978 covered by a HAP contract under part 982.
- c. If a dwelling unit constructed before 1978 is occupied by a family that includes a child under the age of six years, the initial and each periodic inspection (as required under this part), must include a visual inspection for defective paint surfaces. If defective paint surfaces are found, such surfaces must be treated in accordance with paragraph k of this Section.
- d. The Housing Authority may exempt from such treatment defective paint surfaces that are found in a report by a qualified lead-based paint inspector not to be lead-based paint, as defined in paragraph 1(f) of this Section. For purposes of this Section, a qualified lead-based paint inspector is a State or local health or housing agency, a lead-based paint inspector certified or regulated by a State or local health or housing agency, or an organization recognized by HUD.

- e. Treatment of defective paint surfaces required under this Section must be completed within 30 calendar days of Housing Authority notification to the owner. When weather conditions prevent treatment of the defective paint conditions on exterior surfaces within the 30-day period, treatment as required by paragraph k of this Section may be delayed for a reasonable time.
- f. The requirements in this paragraph apply to:
  - i. All painted interior surfaces within the unit (including ceilings but excluding furniture);
  - ii. The entrance and hallway providing access to a unit in a multi-unit building; and
  - iii. Exterior surfaces up to five feet from the floor or ground that are readily accessible to children under six years of age (including walls, stairs, decks, porches, railings, windows and doors, but excluding outbuildings such as garages and sheds).
- g. In addition to the requirements of paragraph c of this Section, for a dwelling unit constructed before 1978 that is occupied by a family with a child under the age of six years with an identified EBL condition, the initial and each periodic inspection (as required under this part) must include a test for lead-based paint on chewable surfaces. Testing is not required if previous testing of chewable surfaces is negative for lead-based paint or if the chewable surfaces have already been treated.
- h. Testing must be conducted by a State or local health or housing agency, an inspector certified or regulated by a State or local health or housing agency, or an organization recognized by HUD. Lead content must be tested by using an X-ray fluorescence analyzer (XRF) or by laboratory analysis of paint samples. Where lead-based paint on chewable surfaces is identified, treatment of the paint surface in accordance with paragraph k of this Section is required, and treatment shall be completed within the time limits in paragraph c of this Section.
- i. The requirements in paragraph g of this Section apply to all protruding painted surfaces up to five feet from the floor or ground that are readily accessible to children under six years of age:
  - i. Within the unit;

- ii. The entrance and hallway providing access to a unit in a multi-unit building; and
  - iii. Exterior surfaces (including walls, stairs, decks, porches, railings, windows and doors, but excluding outbuildings such as garages and sheds).
- j. In lieu of the procedures set forth in paragraph g of this Section, the housing authority may, at its discretion, waive the testing requirement and require the owner to treat all interior and exterior chewable surfaces in accordance with the methods set out in paragraph k of this Section.
- k. Treatment of defective paint surfaces and chewable surfaces must consist of covering or removal of the paint in accordance with the following requirements:
- i. A defective paint surface shall be treated if the total area of defective paint on a component is:
    - (1) More than 10 square feet on an exterior wall;
    - (2) More than 2 square feet on an interior or exterior component with a large surface area, excluding exterior walls and including, but not limited to, ceilings, floors, doors, and interior walls;
    - (3) More than 10% of the total surface area on an interior or exterior component with a small surface area, including, but not limited to, windowsills, baseboards and trim.
  - ii. Acceptable methods of treatment are the following: removal by wet scraping, wet sanding, chemical stripping on or off site, replacing painted components, scraping with infra-red or coil type heat gun with temperatures below 1100 degrees, HEPA vacuum sanding, HEPA vacuum needle gun, contained hydroblasting or high pressure wash with HEPA vacuum, and abrasive sandblasting with HEPA vacuum. Surfaces must be covered with durable materials with joint edges sealed and caulked as needed to prevent the escape of lead contaminated dust.
  - iii. Prohibited methods of removal are the following: open flame burning or torching, machine sanding or grinding without a HEPA exhaust, uncontained hydroblasting or high pressure

wash, and dry scraping except around electrical outlets or except when treating defective paint spots no more than two square feet in any one interior room or space (hallway, pantry, etc.) or totaling no more than twenty square feet on exterior surfaces.

- iv. During exterior treatment soil and playground equipment must be protected from contamination.
  - v. All treatment procedures must be concluded with a thorough cleaning of all surfaces in the room or area of treatment to remove fine dust particles. Cleanup must be accomplished by wet washing surfaces with a lead solubilizing detergent such as trisodium phosphate or an equivalent solution.
  - vi. Waste and debris must be disposed of in accordance with all applicable Federal, State, and local laws.
- 
- l. The owner must take appropriate action to protect residents and their belongings from hazards associated with treatment procedures. Residents must not enter spaces undergoing treatment until cleanup is completed. Personal belongings that are in work areas must be relocated or otherwise protected from contamination.
  - m. Prior to execution of the HAP contract, the owner must inform the Housing Authority and the family of any knowledge of the presence of lead-based paint on the surfaces of the residential unit.
  - n. The Housing Authority must attempt to obtain annually from local health agencies the names and addresses of children with identified EBLs and must annually match this information with the names and addresses of participants under this part. If a match occurs, the Housing Authority must determine whether local health officials have tested the unit for lead-based paint. If the unit has lead-based paint, the Housing Authority must require the owner to treat the lead-based paint. If the owner does not complete the corrective actions required by this Section, the family must be issued a certificate or voucher to move.
  - o. The Housing Authority must keep a copy of each inspection report for at least three years. If a dwelling unit requires testing, or if the dwelling unit requires treatment of chewable surfaces based on the testing, the Housing Authority must keep the test results indefinitely and, if applicable, the owner certification and treatment. The records must indicate which chewable surfaces in the dwelling units have been tested and which chewable surfaces were tested or tested and

treated in accordance with the standards prescribed in this Section, such chewable surfaces do not have to be tested or treated at any subsequent time.

- p. 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).

#### J. Access

##### 1. Performance Requirements

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).

#### K. Site and Neighborhood

##### 1. Performance Requirements

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.

##### 2. 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.

#### L. Sanitary Condition

##### 1. Performance Requirements

The dwelling unit and its equipment must be in sanitary condition.

##### 2. Acceptability Criteria

The dwelling unit and its equipment must be free of vermin and rodent infestation.

M. Smoke Detectors

1. Performance Requirements

- a. Except as provided in paragraph b below of this Section, 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).
- b. 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).

## **12.6 EXCEPTIONS TO THE HQS ACCEPTABILITY CRITERIA**

The Michigan City Housing Authority will utilize the acceptability criteria as outlined above with applicable State and local codes. Additionally, the Michigan City Housing Authority has received HUD approval to require the following additional criteria:

- A. In each room, there will be at least one exterior window that can be opened and that contains a screen.
- B. Owners will be required to scrape peeling paint and repaint all surfaces cited for peeling paint with 2 coats of non-lead paint. An extension may be granted as a severe weather related item as defined below.
- C. Adequate heat shall be considered to be 65 degrees.
- D. In units where the tenant must pay for utilities, each unit must have separate metering device(s) for measuring utility consumption.
- E. A ¾" overflow pipe must be present on the hot water heater safety valves and installed down to within 6 inches of the floor.
- F. If a light fixture is designed to have a light globe, it must have a light globe attached.

## **12.7 TIME FRAMES AND CORRECTIONS OF HQS FAIL ITEMS**

### **Inspection Results and Reinspections**

If any HQS violations are identified, the owner will be notified of the deficiencies and be given a time frame to correct them. If requested by the owner, the time frame for correcting the deficiencies may be extended by the MCHA for good cause. The MCHA will reinspect the unit within 5 business days of the date the owner notifies the MCHA that the required corrections have been made.

If the time period for correcting the deficiencies (or any MCHA-approved extension) has elapsed, or the unit fails HQS at the time of the reinspection, the MCHA will notify the owner and the family that the unit has been rejected and that the family must search for another unit. The MCHA may agree to conduct a second reinspection, for good cause, at the request of the family and owner.

Following a failed reinspection, the family may submit a new Request for Tenancy Approval for the unit if the family has not found another unit by the time the owner completes all repairs and the family continues to wish to live in the unit.

### **A. Correcting Initial HQS Fail Items**

The Michigan City Housing Authority will schedule a timely inspection of the unit on the date the owner indicates that the unit will be ready for inspection, or as soon

as possible thereafter (within 5 working days) upon receipt of a Request for Tenancy Approval. The owner and participant will be notified in writing of the results of the inspection. If the unit fails HQS again, the owner and the participant will be advised to notify the Michigan City Housing Authority to reschedule a re-inspection when the repairs have been properly completed.

On an initial inspection, the owner will be given up to 30 days to correct the items noted as failed, depending on the extent of the repairs that are required to be made. No unit will be placed in the program until the unit meets the HQS requirements.

**B. HQS Fail Items for Units under Contract**

The owner or participant will be given time to correct the failed items cited on the inspection report for a unit already under contract. If the failed items endanger the family's health or safety (using the emergency item list below), the owner or participant will be given 24 hours to correct the violations. For less serious failures, the owner or participant will be given up to 30 days to correct the failed item(s).

If the owner fails to correct the HQS failed items after proper notification has been given, the Michigan City Housing Authority will abate payment and terminate the contract in accordance with Sections 12.7 and 17.0(B)(3).

If the participant fails to correct the HQS failed items that are family-caused after proper notification has been given, the Michigan City Housing Authority will terminate assistance for the family in accordance with Sections 12.2(B) and 17.0(B)(3).

**C. Time Frames for Corrections [24 CFR 982,404(3)]**

1. Emergency repair items must be abated within 24 hours.
2. Repair of refrigerators, range and oven, or a major plumbing fixture supplied by the owner must be abated within 72 hours.
3. For major repairs, the owner will have up to 30 days to complete.

**D. Extensions**

At the sole discretion of the Michigan City Housing Authority, extensions of up to 30 days may be granted to permit an owner to complete repairs if the owner has made a good faith effort to initiate repairs. If repairs are not completed within 60 days after the initial inspection date, the Michigan City Housing Authority will abate the rent and cancel the HAP contract for owner noncompliance. Appropriate extensions will be granted if a severe weather condition exists for such items as exterior painting and outside concrete work for porches, steps, and sidewalks.

## **12.8 EMERGENCY FAIL ITEMS**

The following items are to be considered examples of emergency items that need to be abated within 24 hours:

- A. No hot or cold water
- B. No electricity
- C. Inability to maintain adequate heat
- D. Major plumbing leak
- E. Natural gas leak
- F. Broken lock(s) on first floor doors or windows
- G. Broken windows that unduly allow weather elements into the unit
- H. Electrical outlet smoking or sparking
- I. Exposed electrical wires which could result in shock or fire
- J. Unusable toilet when only one toilet is present in the unit
- K. Security risks such as broken doors or windows that would allow intrusion
- L. Other conditions which pose an immediate threat to health or safety

If an owner fails to correct life threatening conditions as required by the PHA, the housing assistance payment will be abated and the HAP contract will be terminated.

If a family fails to correct a family caused life threatening condition as required by the PHA, the PHA may terminate the family's assistance.

The owner will be required to repair an inoperable smoke detector unless the PHA determines that the family has intentionally disconnected it (by removing batteries or other means). In this case, the family will be required to repair the smoke detector within 24 hours.

## **12.9 OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]**

### **Family Responsibilities**

The family is responsible for correcting the following HQS deficiencies:

- Tenant-paid utilities not in service
- Failure to provide or maintain family-supplied appliances
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear. "Normal wear and tear" is defined as items which could not be charged against the tenant's security deposit under state law or court practice.

#### **Owner Responsibilities**

The owner is responsible for all HQS violations not listed as a family responsibility above, even if the violation is caused by the family's living habits (e.g., vermin infestation). However, if the family's actions constitute a serious or repeated lease violation the owner may take legal action to evict the family.

**In addition to meeting HQS performance and acceptability standards, the unit must also meet the following specific HQS requirements adopted by the Housing Authority:**

- Doors cannot have double-key dead bolt locks.
- If window security bars or security screens are present on emergency exit windows, they must be equipped with a quick-release system. The owner is responsible for ensuring that the family is instructed on the use of the quick-release system.
- Swimming pools cannot be empty or create unsafe conditions for the family. The MCHA may request that a safety pool barrier be installed around or over swimming pools to ensure the safety of small children.

#### **12.10 ABATEMENT**

When a unit fails to meet HQS and the owner has been given an opportunity to correct the deficiencies, but has failed to do so within the required timeframe, the rent for the dwelling unit will be abated.

The initial abatement period will not exceed 7 days. If the corrections of deficiencies are not made within the 7-day timeframe, the abatement will continue until the HAP contract is terminated. When the deficiencies are corrected, the Michigan City Housing Authority will end the abatement the day the unit passes inspection. Rent will resume the following day and be paid the first day of the next month.

For tenant caused HQS deficiencies, the owner will not be held accountable and the rent will not be abated. The tenant is held to the same standard and timeframes for correction of deficiencies as owners. If repairs are not completed by the deadline, the Michigan City Housing Authority will send a notice of termination to both the tenant and the owner. The tenant will be given the opportunity to request an informal hearing.

During the abatement period, the family continues to be responsible for its share of the rent. The owner must not seek payment from the family for abated amounts and may use the abatement as cause for eviction.



## **OVERVIEW OF HUD HOUSING QUALITY STANDARDS**

Note: This document provides an overview of HQS. For more detailed information see the following documents:

- 24 CFR 982.401, Housing Quality Standards (HQS)
- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)

### **Sanitary Facilities**

The dwelling unit must include sanitary facilities within the unit. The sanitary facilities must be usable in privacy and must be in proper operating condition and adequate for personal cleanliness and disposal of human waste.

### **Food Preparation and Refuse Disposal**

The dwelling unit must have space and equipment suitable for the family to store, prepare, and serve food in a sanitary manner.

### **Space and Security**

The dwelling unit must provide adequate space and security for the family. This includes having at least one bedroom or living/sleeping room for each two persons.

### **Thermal Environment**

The unit must have a safe system for heating the dwelling unit. Air conditioning is not required but if provided must be in proper operating condition. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Portable electric room heaters or kitchen stoves with built-in heating units are not acceptable as a primary source of heat for units located in climatic areas where permanent heat systems are required.

### **Illumination and Electricity**

Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances. Minimum standards are set for different types of rooms. Once the minimum standards are met, the number, type and location of electrical sources are a matter of tenant preference.

### **Structure and Materials**

The dwelling unit must be structurally sound. Handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches or more off the ground. The elevator servicing the unit must be working [if there is one]. Manufactured homes must have proper tie-down devices capable of surviving wind loads common to the area.

### **Interior Air Quality**

The dwelling unit must be free of air pollutant levels that threaten the occupants' health. There must be adequate air circulation in the dwelling unit. Bathroom areas must have one openable window or other adequate ventilation. Any sleeping room must have at least one window. If a window was designed to be opened, it must be in proper working order.

### **Water Supply**

The dwelling unit must be served by an approved public or private water supply that is sanitary and free from contamination. Plumbing fixtures and pipes must be free of leaks and threats to health and safety.

### **Lead-Based Paint**

Lead-based paint requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children under six years of age, excluding zero bedroom dwellings. Owners must:

- Disclose known lead-based paint hazards to prospective tenants before the lease is signed,
- provide all prospective families with "Protect Your Family from Lead in Your Home",
- Stabilize deteriorated painted surfaces and conduct hazard reduction activities when identified by 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.

### **Access**

Use and maintenance of the unit must be possible without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire.

### **Site and Neighborhood**

The site and neighborhood must be reasonably free from disturbing noises and reverberations, excessive trash or vermin, or other dangers to the health, safety, and general welfare of the occupants.

### **Sanitary Condition**

The dwelling unit and its equipment must be in sanitary condition and free of vermin and rodent infestation. The unit must have adequate barriers to prevent infestation.

## Smoke Detectors

Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any person with a hearing impairment, smoke detectors must have an appropriate alarm system as specified in NFPA 74 (or successor standards).

## Hazards and Health/Safety

The unit, interior and exterior common areas accessible to the family, the site, and the surrounding neighborhood must be free of hazards to the family's health and safety.

### SUMMARY OF TENANT PREFERENCE AREAS RELATED TO HOUSING QUALITY

Note: This document provides an overview of unit and site characteristics and conditions for which the family determines acceptability. For more detailed information see the following documents:

- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)

Provided the minimum housing quality standards have been met, HUD permits the family to determine whether the unit is acceptable with regard to the following characteristics.

- *Sanitary Facilities.* The family may determine the adequacy of the cosmetic condition and quality of the sanitary facilities, including the size of the lavatory, tub, or shower; the location of the sanitary facilities within the unit; and the adequacy of the water heater.
- *Food Preparation and Refuse Disposal.* The family selects size and type of equipment it finds acceptable. When the family is responsible for supplying cooking appliances, the family may choose to use a microwave oven in place of a conventional oven, stove, or range. When the owner is responsible for providing cooking appliances, the owner may offer a microwave oven in place of an oven, stove, or range only if other subsidized and unsubsidized units on the premises are furnished with microwave ovens only. The adequacy of the amount and type of storage space, the cosmetic conditions of all equipment, and the size and location of the kitchen are all determined by the family.
- *Space and Security.* 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.
- *Energy conservation items.* The family may determine whether the amount of insulation, presence or absence of storm doors and windows and other energy conservation items are acceptable.
- *Illumination and Electricity.* The family may determine whether the location and the number of outlets and fixtures (over and above those required to meet HQS standards) are acceptable

or if the amount of electrical service is adequate for the use of appliances, computers, or stereo equipment.

- (6) *Structure and Materials*. Families may determine whether minor defects, such as lack of paint, or worn flooring or carpeting will affect the livability of the unit.
- (7) *Indoor Air*. Families may determine whether window and door screens, filters, fans, or other devices for proper ventilation are adequate to meet the family's needs. However, if screens are present they must be in good condition.
- (8) *Sanitary Conditions*. The family determines whether the sanitary conditions in the unit, including minor infestations, are acceptable.
- (9) *Neighborhood conditions*. Families may determine whether neighborhood conditions such as the presence of drug activity, commercial enterprises, and convenience to shopping will affect the livability of the unit.

Families have no discretion with respect to lead-based paint standards and smoke detectors.

## CHAPTER 13    OWNER INTRODUCTION

Owners play a central role in the HCV program by supplying decent, safe, and sanitary housing for participating families.

The term "owner" refers to any person or entity with the legal right to lease or sublease a unit to a participant in the HCV program [24 CFR 982.4(b)]. The term "owner" includes a principal or other interested party [24 CFR 982.453; 24 CFR 982.306(f)], such as a designated agent of the owner.

Owners have numerous responsibilities under the program, including screening and leasing to families, maintaining the dwelling unit, enforcing the lease, and complying with various contractual obligations. However, this chapter is not meant to be an overview of all aspects of owner participation in the HCV program.

The chapter is organized in three parts:

Part I: Owners in the HCV Program. This part discusses the role of an owner in the PHA's HCV program and highlights key owner rights and responsibilities.

Part II: HAP Contracts. This part explains provisions of the HAP contract and the relationship between the PHA and the owner as expressed in the HAP contract. For detailed information about HCV program responsibilities and processes, including PHA policies in key areas, owners will need to refer to several other chapters in this plan. Where appropriate, Chapter 13 will reference the other chapters

Part III Termination of Lease by Owner. Termination of an assisted tenancy is a matter between the owner and the family; the PHA is not directly involved. However, the owner is under some constraints when terminating an assisted tenancy, and the reasons for which a tenancy is terminated dictate whether assistance also will be terminated.

## **PART I. OWNERS IN THE HCV PROGRAM**

### ***13.1 OWNER RECRUITMENT AND RETENTION***

#### **Recruitment**

The Michigan City Housing Authority (MCHA) will conduct owner outreach to ensure that owners are familiar with the program and its advantages. The MCHA will actively recruit property owners with property located outside areas of poverty and minority concentration. These outreach strategies will include:

- Distributing printed material about the program to property owners and managers
- Contacting property owners and managers by phone or in-person
- Holding owner recruitment/information meetings at least once a year
- Participating in community based organizations comprised of private property and apartment owners and managers
- Developing working relationships with owners and real estate brokers associations
- Outreach strategies will be monitored for effectiveness, and adapted accordingly.

#### **Retention**

All MCHA activities that may affect an owner's ability to lease a unit will be processed as rapidly as possible, in order to minimize vacancy losses for owners.

The MCHA will provide owners with a handbook that explains the program, including HUD and MCHA policies and procedures, in easy-to-understand language.

The MCHA will give special attention to helping new owners succeed through activities such as:

- Providing the owner with a designated MCHA contact person.
- Coordinating inspection and leasing activities between the MCHA, the owner, and the family.
- Initiating telephone contact with the owner to explain the inspection process, and providing an inspection booklet and other resource materials about HUD housing quality standards.
- Providing other written information about how the program operates, including answers to frequently asked questions.

Additional services may be undertaken on an as-needed basis, and as resources permit.

### *13.2 BASIC HCV PROGRAM REQUIREMENTS*

Owners that wish to indicate their willingness to lease a unit to an eligible HCV family or to help the HCV family find a unit must notify the MCHA. The MCHA will maintain a listing of such owners and provide this listing to the HCV family as part of the informational briefing packet. When a family approaches an owner to apply for tenancy, the owner is responsible for screening the family and deciding whether to lease to the family, just as the owner would with any potential tenant. The MCHA has no liability or responsibility to the owner or other persons for the family's behavior or suitability for tenancy.

If the owner is willing, the family and the owner must jointly complete a Request for Tenancy Approval (RFTA, Form HUD 52517), which constitutes the family's request for assistance in the specified unit, and which documents the owner's willingness to lease to the family and to follow the program's requirements. When submitted to MCHA, this document is the first step in the process of obtaining approval for the family to receive the financial assistance it will need in order to occupy the unit. Also submitted with the RFTA is a copy of the owner's proposed dwelling lease, including the HUD-required Tenancy Addendum (Form HUD-52641-A). HUD regulations stipulate that an assisted tenancy can be approved only under certain conditions.

The owner must be qualified to participate in the program [24 CFR 982.306]. Some owners are precluded from participating in the program, or from renting to a particular family, either because of their past history with this or another federal housing program, or because of certain conflicts of interest. Owner qualifications are discussed later in this chapter. The selected unit must be of a type that is eligible for the program [24 CFR 982.305(a)]. Certain types of dwelling units cannot be assisted under the HCV program. Other types may be assisted under certain conditions. In addition, the owner must document legal ownership of the specified unit.

The selected unit must meet HUD's Housing Quality Standards (HQS) and/or equivalent state or local standards approved by HUD [24 CFR 982.305(a)]. The PHA will inspect the owner's dwelling unit at various stages of HCV program participation, to ensure that the unit continues to meet HQS requirements. See chapter 8 for a discussion of the HQS standards, as well as the process for HQS inspections at initial lease-up and throughout the family's tenancy.

The MCHA must determine that the cost of the unit is reasonable [24 CFR 982.305(a)]. The rent must be reasonable in relation to comparable unassisted units in the area and must not be in excess of rents charged by the owner for comparable, unassisted units on the premises. At initial lease-up of a unit, the MCHA must determine that the share of rent to be paid by the family does not exceed 40 percent of the family's monthly adjusted income [24 CFR 982.305(a)]. See chapter 6 for a discussion of the calculation of family income, family share of rent and HAP.

The dwelling lease must comply with all program requirements [24 CFR 982.308]. Owners are encouraged to use their standard leases when renting to an assisted family. However, the HCV program requires that the Tenancy Addendum, which helps standardize the tenancy requirements for all assisted families, be added word-for-word to that lease. See chapter 9 for a discussion of the dwelling lease and tenancy addendum, including lease terms and provisions. The MCHA and the owner enter into a formal contractual relationship by executing the Housing Assistance Payment (HAP) Contract (Form HUD-52641). The HAP contract format is prescribed by HUD.

### *13.3 OWNER RESPONSIBILITIES [24 CFR 982.452]*

The basic owner responsibilities in the HCV program are outlined in the regulations as follows:  
Performing all of the owner's obligations under the housing assistance payments (HAP) contract and the lease

Performing all management and rental functions for the assisted unit, including selecting a voucher-holder to lease the unit, and deciding if the family is suitable for tenancy of the unit

Maintaining the unit in accordance with the Housing Quality Standards (HQS), including performance of ordinary and extraordinary maintenance

Complying with equal opportunity requirements

Preparing and furnishing to the PHA information required under the HAP contract

Collecting from the family any security deposit, the tenant's contribution to rent (that part of rent to owner not covered by the housing assistance payment from the PHA), and any charges for unit damage by the family.

Enforcing tenant obligations under the dwelling lease

Paying for utilities and services (unless paid by the family under the lease)

Making modifications to a dwelling unit occupied or to be occupied by a disabled person

[24 CFR 100.203]

Complying with the Violence against Women Reauthorization Act of 2005 (VAWA) when screening prospective HCV tenants or terminating the tenancy of an HCV family (see 24 CFR Part 5, Subpart L; 24 CFR 982.310(h)(4); and 24 CFR 982.452(b)(1))

### **13.4 OWNER QUALIFICATIONS**

The MCHA does not formally approve an owner to participate in the HCV program. However, there are a number of criteria where the MCHA may deny approval of an assisted tenancy based on past owner behavior, conflict of interest, or other owner-related issues. No owner has a right to participate in the HCV program [24 CFR 982.306(e)].

#### **Owners Barred from Participation [24 CFR 982.306(a) and (b)]**

The MCHA must not approve the assisted tenancy if the PHA has been informed that the owner has been debarred, suspended, or subject to a limited denial of participation under 24 CFR part 24. HUD may direct the PHA not to approve a tenancy request if a court or administrative agency has determined that the owner violated the Fair Housing Act or other federal equal opportunity requirements, or if such an action is pending.

#### **Leasing to Relatives [24 CFR 982.306(d), HCV GB p. 11-2]**

The MCHA must not approve an RFTA if the owner is the parent, child, grandparent, grandchild, sister, or brother of any member of the family. The MCHA may make an exception as a reasonable accommodation for a family member with a disability. The owner is required to certify that no such relationship exists. This restriction applies at the time that the family receives assistance under the HCV program for occupancy of a particular unit. Current contracts on behalf of owners and families that are related may continue, but any new leases or contracts for these families may not be approved.

#### **Conflict of Interest [24 CFR 982.161; HCV GB p. 8-19]**

The MCHA must not approve a tenancy in which any of the following classes of persons has any interest, direct or indirect, during tenure or for one year thereafter:

Any present or former member or officer of the MCHA (except a participant commissioner)

Any employee of the MCHA, or any contractor, subcontractor or agent of the MCHA, who formulates policy or who influences decisions with respect to the programs

Any public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs

Any member of the Congress of the United States

In considering whether to request a conflict of interest waiver from HUD, the MCHA will consider factors the reasons for waiving the requirement; consistency with state and local laws; the existence of alternative housing available to families; the individual circumstances of a particular family; the specific duties of individuals whose positions present a possible conflict of interest; the nature of any financial investment in the property and plans for disclosure/divestiture; and the possible appearance of impropriety.

### **Owner Actions That May Result in Disapproval of a Tenancy Request [24 CFR 982.306(c)]**

The MCHA will refuse to approve a request for tenancy if the MCHA becomes aware that any of the following are true:

The owner has violated obligations under a HAP contract under Section 8 of the 1937 Act (42 U.S.C. 1437f);

The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;

The owner has engaged in any drug-related criminal activity or any violent criminal activity;

The owner has a history or practice of non-compliance with the HQS for units leased under the tenant-based programs, or with applicable housing standards for units leased with project-based Section 8 assistance or leased under any other federal housing program;

The owner has a history or practice of failing to terminate tenancy of tenants of units assisted under Section 8 or any other federally assisted housing program for activity engaged in by the tenant, any member of the household, a guest or another person under the control of any member of the household that: (i) Threatens the right to peaceful enjoyment of the premises by other residents; (ii) Threatens the health or safety of other residents, of employees of the PHA, or of owner employees or other persons engaged in management of the housing; (iii) Threatens the health or safety of, or the right to peaceful enjoyment of their residences, by persons residing in the immediate vicinity of the premises; or (iv) Is drug-related criminal activity or violent criminal activity;

The owner has a history or practice of renting units that fail to meet state or local housing codes; or the owner has not paid state or local real estate taxes, fines, or assessment.

In considering whether to disapprove owners for any of the discretionary reasons listed above, the MCHA will consider any mitigating factors. Such factors may include, but are not limited to, the seriousness of the violation in relation to program requirements, the impact on the ability of families to lease units under the program, health and safety of participating families, among others. Upon consideration of such circumstances, the MCHA may, on a case-by-case basis, choose to approve an owner.

## Legal Ownership of Unit

The MCHA will only enter into a contractual relationship with the legal owner of a qualified unit. No tenancy will be approved without acceptable documentation of legal ownership (e.g., deed of trust, proof of taxes for most recent year).

### *13.5 NON-DISCRIMINATION [HAP CONTRACT – FORM HUD-52641]*

The owner must not discriminate against any person because of race, color, religion, sex, national origin, age, familial status, or disability, in connection with any actions or responsibilities under the HCV program and the HAP contract with the MCHA.

The owner must cooperate with the MCHA and with HUD in conducting any equal opportunity compliance reviews and complaint investigations in connection with the HCV program and the HAP contract with the MCHA.

See Chapter 1 for a more thorough discussion of Fair Housing and Equal Opportunity requirements in the HCV program.

## PART II. HAP CONTRACTS

### 13.6. OVERVIEW

The HAP contract represents a written agreement between the MCHA and the owner of the dwelling unit occupied by a HCV assisted family. The contract spells out the owner's responsibilities under the program, as well as the MCHA's obligations. Under the HAP contract, the MCHA agrees to make housing assistance payments to the owner on behalf of a specific family occupying a specific unit.

The HAP contract is used for all HCV program tenancies except for assistance under the Section 8 homeownership program, and assistance to families that own a manufactured home and lease the space. See chapter 15 for a discussion of any special housing types included in the MCHA's HCV program.

If the MCHA has given approval for the family of the assisted tenancy, the owner and the MCHA execute the HAP contract.

### 13.7 HAP CONTRACT CONTENTS

The HAP contract format is required by HUD, specifically Housing Assistance Payment (HAP) Contract, Form HUD-52641.

The HAP contract contains three parts.

**Part A of the contract** includes basic **contract information** about the name of the tenant family, address of the contract unit, names of all household members, first and last dates of initial lease term, amount of initial monthly rent to owner, amount of initial housing assistance payment, utilities and appliances to be supplied by owner and tenant, signatures of MCHA and owner [HCV Guidebook, pp 11-10 and 11-11].

In general, the HAP contract cannot be modified. However, MCHAs do have the discretion to add language to Part A of the HAP contract which prohibits the owner from collecting a security deposit in excess of private market practices or in excess of amounts charged to unassisted tenants. MCHA policy on the amount of security deposit an owner may collect is found in chapter 9.

In addition, MCHAs have the discretion to add language to Part A of the HAP contract that defines when the housing assistance payment by the PHA is deemed received by the owner (e.g., upon mailing by the MCHA or actual receipt by the owner).

The MCHA has not adopted a policy that defines when the housing assistance payment by the MCHA is deemed received by the owner. Therefore, no modifications to the HAP contract will be necessary.

**Part B is the body of the contract.** It describes in detail program requirements affecting the owner and owner roles and responsibilities under the HCV program. Most of the requirements contained in Part B of the HAP contract are outlined elsewhere in this plan. Topics addressed in Part B include:

- Lease of Contract Unit
- Maintenance, Utilities, and Other Services
- Term of HAP Contract
- Provision and Payment of Utilities and Appliances
- Rent to Owner: Reasonable Rent
- PHA Payment to Owner
- Prohibition of Discrimination
- Owner's Breach of HAP Contract
- MCHA and HUD Access to Premises and Owner's Records
- Exclusion of Third Party Rights
- Conflict of Interest
- Assignment of the HAP Contract
- Written Notices
- Entire Agreement Interpretation

**Part C of the contract** includes the Tenancy Addendum (Form HUD-52641-A). The addendum sets forth the tenancy requirements for the program and the composition of the household, as approved by the MCHA. The owner must sign the HUD Tenancy Addendum with the prospective tenant, and the tenant has the right to enforce the Tenancy Addendum against the owner. The terms of the Tenancy Addendum prevail over any other provisions of the lease.

### **13.8 HAP CONTRACT PAYMENTS**

#### **General**

During the term of the HAP contract, and subject to the provisions of the HAP contract, the PHA must make monthly HAP payments to the owner on behalf of the family, at the beginning of each month. If a lease term begins after the first of the month, the HAP payment for the first month is prorated for a partial month.

The amount of the HAP payment is determined according to the policies described in Chapter 6, and is subject to change during the term of the HAP contract. The PHA must notify the owner and the family in writing of any changes in the HAP payment.

HAP payments can be made only during the lease term, and only while the family is residing in the unit.

The monthly HAP payment by the PHA is credited toward the monthly rent to owner under the family's lease. The total of the rent paid by the tenant, plus the PHA HAP payment, should be equal to the rent specified in the lease (the rent to owner).

The family is not responsible for payment of the HAP payment, and the PHA is not responsible for payment of the family share of rent.

The family's share of the rent cannot be more than the difference between the total rent to the owner and the HAP payment. The owner may not demand or accept any rent payment from the tenant in excess of this maximum [24 CFR 982.451(b)(4)]. The owner may not charge the tenant extra amounts for items customarily included in rent in the locality, or provided at no additional cost to unsubsidized tenants in the premises [24 CFR 982.510(c)]. See chapter 9 for a discussion of separate, non-lease agreements for services, appliances and other items that are not included in the lease.

If the owner receives any excess HAP from the PHA, the excess amount must be returned immediately. If the PHA determines that the owner is not entitled to all or a portion of the HAP, the PHA may deduct the amount of overpayment from any amounts due to the owner, including amounts due under any other Section 8 HCV contract. See Chapter 16 for additional detail on owner reimbursement of HAP overpayments.

#### **Owner Certification of Compliance**

Unless the owner complies with all provisions of the HAP contract, the owner is not entitled to receive housing assistance payments under the HAP contract [HAP Contract – Form HUD-52641].

By endorsing the monthly check from the MCHA, the owner certifies to compliance with the terms of the HAP contract. This includes certification that the owner is maintaining the unit and premises in accordance with HQS; that the contract unit is leased to the tenant family and, to the best of the owner's knowledge, the family resides in the unit as the family's only residence; the rent to owner does not exceed rents charged by the owner for comparable unassisted units on the premises; and that the owner does not receive (other than rent to owner) any additional payments or other consideration for rent of the contract unit during the HAP term.

### **Late HAP Payments [24 CFR 982.451(a)(5)]**

The MCHA is responsible for making HAP payments promptly when due to the owner, in accordance with the terms of the HAP contract. After the first two calendar months of the HAP contract term, the HAP contract provides for penalties if the MCHA fails to make the HAP payment on time.

Penalties for late HAP payments can only be imposed if 1) the penalties are in accordance with generally accepted local rental market practices and law governing penalties for late payment by tenants; 2) it is the owner's normal business practice to charge late payment penalties for both assisted and unassisted families; and 3) the owner charges the assisted family for late payment of the family's share of the rent.

The MCHA is not required to pay a late payment penalty if HUD determines that the payment is late for reasons beyond the PHA's control. In addition, late payment penalties are not required if the MCHA intentionally delays or denies payment as a remedy to an owner breach of the HAP contract [HCV Guidebook p. 11-7].

### **Termination of HAP Payments [24 CFR 982.311(b)]**

The MCHA must continue making housing assistance payments to the owner in accordance with the HAP contract as long as the tenant continues to occupy the unit and the HAP contract is not violated.

HAP payments terminate when the HAP contract terminates or when the tenancy is terminated in accordance with the terms of the lease.

If the owner has initiated eviction proceedings against the family and the family continues to reside in the unit, the PHA must continue to make housing assistance payments to the owner until the owner has obtained a court judgment or other process allowing the owner to evict the tenant.

The owner must inform the PHA when the owner has initiated eviction proceedings against the family and the family continues to reside in the unit.

The owner must inform the PHA when the owner has obtained a court judgment or other process allowing the owner to evict the tenant, and provide the PHA with a copy of such judgment or determination.

After the owner has obtained a court judgment or other process allowing the owner to evict the tenant, the PHA will continue to make HAP payments to the owner until the family actually moves from the unit or until the family is physically evicted from the unit, whichever is earlier.

The owner must inform the PHA of the date when the family actually moves from the unit or the family is physically evicted from the unit.

### *13.9 BREACH OF HAP CONTRACT [24 CFR 982.453]*

Any of the following actions by the owner constitutes a breach of the HAP contract:

If the owner violates any obligations under the HAP contract including failure to maintain the unit in accordance with HQS

If the owner has violated any obligation under any other HAP contract under Section 8

If the owner has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program

For projects with mortgages insured by HUD or loans made by HUD, if the owner has failed to comply with the regulations for the applicable program; or if the owner has committed fraud, bribery or any other corrupt or criminal act in connection with the mortgage or loan

If the owner has engaged in drug-related criminal activity

If the owner has committed any violent criminal activity

If the MCHA determines that a breach of the HAP contract has occurred, it may exercise any of its rights and remedies under the HAP contract.

The MCHA rights and remedies against the owner under the HAP contract include recovery of any HAP overpayment, suspension of housing assistance payments, abatement or reduction of the housing assistance payment, termination of the payment or termination the HAP contract.

The MCHA may also obtain additional relief by judicial order or action.

The MCHA must notify the owner of its determination and provide in writing the reasons for the determination. The notice may require the owner to take corrective action by an established deadline. The PHA must provide the owner with written notice of any reduction in housing assistance payments or the termination of the HAP contract.

Before the PHA invokes a remedy against an owner, the PHA will evaluate all information and documents available to determine if the contract has been breached.

If relevant, the PHA will conduct an audit of the owner's records pertaining to the tenancy or unit.

If it is determined that the owner has breached the contract, the MCHA will consider all of the relevant factors including the seriousness of the breach, the effect on the family, the owner's record of compliance and the number and seriousness of any prior HAP contract violations.

### **13.10 HAP CONTRACT TERM AND TERMINATIONS**

The term of the HAP contract runs concurrently with the term of the dwelling lease [24 CFR 982.451(a)(2)], beginning on the first day of the initial term of the lease and terminating on the last day of the term of the lease, including any lease term extensions.

The HAP contract and the housing assistance payments made under the HAP contract terminate if [HCV Guidebook pp.11-4 and 11-5, pg. 15-3]:

The owner or the family terminates the lease;

The lease expires;

The MCHA terminates the HAP contract;

The MCHA terminates assistance for the family;

The family moves from the assisted unit. In this situation, the owner is entitled to keep the housing assistance payment for the month when the family moves out of the unit.

180 calendar days have elapsed since the MCHA made the last housing assistance payment to the owner;

The family is absent from the unit for longer than the maximum period permitted by the MCHA;

The Annual Contributions Contract (ACC) between the MCHA and HUD expires

The MCHA elects to terminate the HAP contract.

The MCHA may elect to terminate the HAP contract in each of the following situations:

Available program funding is not sufficient to support continued assistance for families in the program [24 CFR 982.454];

The unit does not meet HQS size requirements due to change in family composition [24 CFR 982.403] – see chapter 8;

The unit does not meet HQS [24 CFR 982.404] – see chapter 8;

The family breaks up [HUD Form 52641] – see chapter 3;

The owner breaches the HAP contract [24 CFR 982.453(b)]

## **PART III: TERMINATION OF TENANCY BY THE OWNER**

### **13.11 OVERVIEW**

Termination of an assisted tenancy is a matter between the owner and the family; the PHA is not directly involved. However, the owner is under some constraints when terminating an assisted tenancy, and the reasons for which a tenancy is terminated dictate whether assistance also will be terminated.

#### **A. GROUNDS FOR OWNER TERMINATION OF TENANCY [24 CFR 982.310, 24 CFR 5.2005(c), and Form HUD-52641-A, Tenancy Addendum]**

During the term of the lease, the owner is not permitted to terminate the tenancy except for serious or repeated violations of the lease, certain violations of state or local law, or other good cause.

#### **Serious or Repeated Lease Violations**

The owner is permitted to terminate the family's tenancy for serious or repeated violations of the terms and conditions of the lease, except when the violations are related to incidents of actual or threatened domestic violence, dating violence, or stalking and the victim is protected from

eviction by the Violence against Women Act of 2005 (see section 12-II.E). A serious lease violation includes failure to pay rent or other amounts due under the lease. However, the PHA's failure to make a HAP payment to the owner is not a violation of the lease between the family and the owner.

#### **Violation of Federal, State, or Local Law**

The owner is permitted to terminate the tenancy if a family member violates federal, state, or local law that imposes obligations in connection with the occupancy or use of the premises.

#### **Criminal Activity or Alcohol Abuse**

The owner may terminate tenancy during the term of the lease if any *covered person*—meaning any member of the household, a guest, or another person under the tenant's control—commits any of the following types of criminal activity (for applicable definitions see 24 CFR 5.100):

- Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of the premises by, other residents (including property management staff residing on the premises)
- Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of their residences by, persons residing in the immediate vicinity of the premises
- Any violent criminal activity on or near the premises
- Any drug-related criminal activity on or near the premises

However, in the case of criminal activity directly related to domestic violence, dating violence, or stalking, if the tenant or an immediate member of the tenant's family is the victim, the criminal activity may not be construed as cause for terminating the victim's tenancy (see section 12-II.E).

If the MCHA terminates the HAP contract, the MCHA must give the owner and the family written notice. The notice must specify the reasons for the termination and the effective date of the termination. Once a HAP contract is terminated, no further HAP payments may be made under that contract [HCV Guidebook pg.15-4].

In all cases, the HAP contract terminates at the end of the calendar month that follows the calendar month in which the PHA gives written notice to the owner. The owner is not entitled to any housing assistance payment after this period, and must return to the PHA any housing assistance payment received after this period.

If the family moves from the assisted unit into a new unit, even if the new unit is in the same building or complex as the assisted unit, the HAP contract for the assisted unit terminates. A new HAP contract would be required [HCV GB, p. 11-17].

When the family moves from an assisted unit into a new unit, the term of the HAP contract for the new unit may begin in the same month in which the family moves out of its old unit. This is not considered a duplicative subsidy [HCV GB, p. 8-22].

***13.12 CHANGE IN OWNERSHIP / ASSIGNMENT OF THE HAP CONTRACT***  
***[HUD-52641]***

The HAP contract cannot be assigned to a new owner without the prior written consent of the MCHA.

An owner under a HAP contract must notify the MCHA in writing prior to a change in the legal ownership of the unit. The owner must supply all information as requested by the MCHA.

Prior to approval of assignment to a new owner, the new owner must agree to be bound by and comply with the HAP contract. The agreement between the new owner and the former owner must be in writing and in a form that the PHA finds acceptable. The new owner must provide the PHA with a copy of the executed agreement.

Assignment of the HAP contract will be approved only if the new owner is qualified to become an owner under the HCV program according to the policies in Section 13.4. of this chapter.

The MCHA must receive a signed, written request from the existing owner stating the name and address of the new HAP payee and the effective date of the assignment in order to change the HAP payee under an outstanding HAP contract.

Within 10 business days of receiving the owner's request, the MCHA will inform the current owner in writing whether the assignment may take place.

The new owner must provide a written certification to the PHA that includes:

A copy of the escrow statement or other document showing the transfer of title and recorded deed;

A copy of the owner's IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the social security number of the new owner;

The effective date of the HAP contract assignment;

A written agreement to comply with the terms of the HAP contract; and

Confirmation that the new owner is not a prohibited relative.

If the new owner does not agree to an assignment of the HAP contract, or fails to provide the necessary documents, the MCHA will terminate the HAP contract with the old owner. If the new owner wants to offer the family a new lease, and the family elects to stay with continued assistance, the MCHA will process the leasing in accordance with the policies in Chapter 6.5.

### ***13.13 FORECLOSURE [HUD-52641 AND NOTICE PIH 2010-49]***

Families receiving HCV assistance are entitled to certain protections set forth under the Protecting Tenants at Foreclosure Act (PTFA). Specifically, the HAP contract now contains language stating that in the case of any foreclosure, the immediate successor in interest in the property pursuant to the foreclosure will assume such interest subject to the lease between the prior owner and the tenant, and to the HAP contract between the prior owner and the PHA for the occupied unit. This provision of the HAP contract does not affect any state or local law that provides longer time periods or other additional protections for tenants.

If the MCHA learns that a property is in foreclosure, it must take the following actions:

Make all reasonable efforts to determine the status of the foreclosure and ownership of the property. (Further guidance on how to obtain this information can be found in Notice PIH 2010-49.)

Continue to make payments to the original owner until ownership legally transfers in accordance with the HAP contract.

Attempt to obtain a written acknowledgement of the assignment of the HAP contract from the successor in interest. The written agreement should include a request for owner information, such as a tax identification number, and payment instructions from the new owner. Even if the new owner does not acknowledge the assignment of the HAP contract in writing, the assignment is still effective by operation of law.

Inform the tenant that they must continue to pay rent in accordance with the lease, and if the successor in interest refuses to accept payment or cannot be identified, the tenant should pay rent into escrow. Failure to pay rent may constitute an independent ground for eviction.

Inform the tenant in the event that the MCHA is unable to make HAP payments to the successor in interest due an action or inaction by the successor that prevents such payments (e.g., rejection of payments or failure to maintain the property according to HQS), or due to an inability to identify the successor. The MCHA should also refer the tenant, as needed, to the local legal aid office in order to ensure adequate protection of the tenant's rights and enforcement of the successor in interest's performance under the HAP contract.

Make reasonable inquiries to determine whether the unit, in addition to having a tenant receiving HCV assistance, will be or has been assisted under the Neighborhood Stabilization Program (NSP). (For further guidance on cases in where the units have been assisted under the NSP, see Notice PIH 2010-49.)

MCHAs are also required to notify HCV applicants who have been issued a voucher, participant heads of household, and current and prospective owners of HCV-assisted housing of the protections afforded to tenants under the PTFA.

The MCHA will provide all HCV applicants that have been issued a voucher with information regarding the PTFA at admission and to participant heads of household at annual reexamination. The MCHA will provide information regarding the PTFA to prospective owners when they begin their participation in the HCV program, and to current HCV owners one time with the monthly HAP.

Note that the foreclosure provision of the HAP contract and additional tenant protections under the Protecting Tenants at Foreclosure Act will sunset December 31, 2014.

After the initial lease term, the owner may give the family notice at any time, in accordance with the terms of the lease.

Note that "other good cause" does **not** include vacating a property that has been foreclosed upon during the lease term prior to the sale of that property. However, the new owner of the property may terminate the tenancy effective on the date of transfer of the unit if the owner will occupy the unit as a primary residence and has provided the tenant a notice to vacate at least 90 days before the effective date of such notice [Notice PIH 2010-49].

## CHAPTER 14    GENERAL LEASING POLICY

### LEASE AND TENANCY ADDENDUM

The family and the owner must execute and enter into a written dwelling lease for the assisted unit. This written lease is a contract between the tenant family and the owner; the MCHA is not a party to this contract.

The tenant must have legal capacity to enter a lease under State and local law. 'Legal capacity' means that the tenant is bound by the terms of the lease and may enforce the terms of the lease against the owner [24 CFR 982.308(a)]

#### *14.1    LEASE FORM AND TENANCY ADDENDUM [24 CFR 982.308]*

If the owner uses a standard lease form for rental to unassisted tenants in the locality or the premises, the lease must be in such standard form. If the owner does not use a standard lease form for rental to unassisted tenants, the owner may use another form of lease. The HAP contract prescribed by HUD contains the owner's certification that if the owner uses a standard lease form for rental to unassisted tenants, the lease is in such standard form.

All provisions in the HUD-required Tenancy Addendum must also be added word-for-word to the owner's standard lease form, for use with the assisted family. The Tenancy Addendum includes the tenancy requirements for the program and the composition of the household as approved by the MCHA. As a part of the lease, the tenant shall have the right to enforce the Tenancy Addendum against the owner and the terms of the Tenancy Addendum shall prevail over any other provisions of the lease.

The MCHA does provide a model or standard dwelling lease for owners to use in the HCV program.

#### *14.2    LEASE INFORMATION [24 CFR 982.308(D)]*

The assisted dwelling lease must contain all of the required information as listed below:

- The names of the owner and the tenant:
- The unit rented (address, apartment number, and any other information needed to identify the contract unit)
- The term of the lease (initial term and any provisions for renewal)
- The amount of the monthly rent to owner
- A specification of what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the family

#### **14.3 TERM OF ASSISTED TENANCY**

The initial term of the assisted dwelling lease must be for at least one year [24 CFR 982.309]. The initial lease term is also stated in the HAP contract.

The HUD program regulations permit the MCHA to approve a shorter initial lease term if certain conditions are met.

The MCHA will not approve an initial lease term of less than one (1) year.

During the initial term of the lease, the owner may not raise the rent to owner [24 CFR 982.309].

Any provisions for renewal of the dwelling lease will be stated in the dwelling lease [HCV Guidebook, pg. 8-22]. There are no HUD requirements regarding any renewal extension terms, except that they must be in the dwelling lease if they exist.

The MCHA may execute the HAP contract even if there is less than one year remaining from the beginning of the initial lease term to the end of the last expiring funding increment under the consolidated ACC. [24 CFR 982.309(b)].

#### **14.4 SECURITY DEPOSIT [24 CFR 982.313 (A) AND (B)]**

The owner may collect a security deposit from the tenant. The MCHA prohibits security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted tenants [Form HUD-52641].

The MCHA will not allow the owner to collect any security deposit amount the owner determines is appropriate. Therefore, the HAP contract has not been modified.

#### **14.5 SEPARATE NON-LEASE AGREEMENTS BETWEEN OWNER AND TENANT**

Owners may not demand or accept any rent payment from the family in excess of the rent to the owner minus the MCHA's housing assistance payments to the owner [24 CFR 982.451(b)(4)].

The owner may not charge the tenant extra amounts for items customarily included in rent in the locality, or provided at no additional cost to unsubsidized tenants in the premises [24 CFR 982.510(c)].

The MCHA permits owners and families to execute separate, non-lease agreements for services, appliances (other than range and refrigerator) and other items that are not included in the lease.

Any items, appliances, or other services that are customarily provided to unassisted families as part of the dwelling lease with those families, or are permanently installed in the dwelling unit must be included in the dwelling lease for the assisted family. These items, appliances or services cannot be placed under a separate non-lease agreement between the owner and family. Side payments for additional rent, or for items, appliances or services customarily provided to unassisted families as part of the dwelling lease for those families, are prohibited.

Any items, appliances, or other services that are not customarily provided to unassisted families as part of the dwelling lease with those families, are not permanently installed in the dwelling unit and where the family has the sole option of not utilizing the item, appliance or service, may be included in a separate non-lease agreement between the owner and the family.

The family is not liable and cannot be held responsible under the terms of the assisted dwelling lease for any charges pursuant to a separate non-lease agreement between the owner and the family. Non-payment of any charges pursuant to a separate non-lease agreement between the owner and the family cannot be a cause for eviction or termination of tenancy under the terms of the assisted dwelling lease.

Separate non-lease agreements that involve additional items, appliances or other services may be considered amenities offered by the owner and may be taken into consideration when determining the reasonableness of the rent for the property.

#### 14.6 PHA REVIEW OF LEASE

The MCHA will review the dwelling lease for compliance with all applicable requirements.

If the dwelling lease is incomplete or incorrect, the MCHA will notify the family and the owner of the deficiencies. Missing and corrected lease information will only be accepted as hard copies, in-person, by mail, or by fax. The MCHA will not accept missing and corrected information over the phone

Because the initial leasing process is time-sensitive, the MCHA will attempt to communicate with the owner and family by phone, fax, or email. The MCHA will use mail when the parties can't be reached by phone, fax, or email.

The MCHA is permitted, but is not required, to review the lease to determine if the lease complies with State and local law and is permitted to decline to approve the tenancy if the PHA determines that the lease does not comply with State or local law [24 CFR 982.308(c)]

The MCHA will review the owner's lease for compliance with state/local law.

#### **14.7 TENANCY APPROVAL [24 CFR 982.305]**

After receiving the family's Request for Tenancy Approval, with proposed dwelling lease, the MCHA must promptly notify the family and owner whether the assisted tenancy is approved.

Prior to approving the assisted tenancy and execution of a HAP contract, the MCHA must ensure that all required actions and determinations, discussed in Part I of this chapter have been completed.

These actions include ensuring that the unit is eligible; the unit has been inspected by the MCHA and meets the Housing Quality Standards (HQS); the lease offered by the owner is approvable and includes the required Tenancy Addendum; the rent to be charged by the owner for the unit must be reasonable; where the family is initially leasing a unit and the gross rent of the unit exceeds the applicable payment standard for the family, the share of rent to be paid by the family does not exceed 40 percent of the family's monthly adjusted income [24 CFR 982.305(a)]; the owner is an eligible owner, not disapproved by the MCHA, with no conflicts of interest [24 CFR 982.306]; the family and the owner have executed the lease, including the Tenancy Addendum, and the lead-based paint disclosure information [24 CFR 982.305(b)].

The MCHA will complete its determination within 10 business days of receiving all required information.

If the terms of the RTA/proposed lease are changed for any reason, including but not limited to negotiation with the MCHA, the MCHA will obtain corrected copies of the RTA and proposed lease, signed by the family and the owner.

Corrections to the RTA/proposed lease will only be accepted as hard copies, in-person, by mail, or by fax. The MCHA will not accept corrections over the phone.

If the MCHA determines that the tenancy cannot be approved for any reason, the owner and the family will be notified in writing and given the opportunity to address any reasons for disapproval. The MCHA will instruct the owner and family of the steps that are necessary to approve the tenancy.

Where the tenancy is not approvable because the unit is not approvable, the family must continue to search for eligible housing within the timeframe of the issued voucher.

If the tenancy is not approvable due to rent affordability (including rent burden and rent reasonableness), the MCHA will attempt to negotiate the rent with the owner. If a new, approvable rent is negotiated, the tenancy will be approved. If the owner is not willing to negotiate an approvable rent, the family must continue to search for eligible housing within the timeframe of the issued voucher.

#### 14.8 HAP CONTRACT EXECUTION [24 CFR 982.305]

The HAP contract is a written agreement between the PHA and the owner of the dwelling unit occupied by a housing choice voucher assisted family. Under the HAP contract, the MCHA agrees to make housing assistance payments to the owner on behalf of a specific family occupying a specific unit and obliges the owner to comply with all program requirements.

The HAP contract format is prescribed by HUD.

If the MCHA has given approval for the family of the assisted tenancy, the owner and the MCHA execute the HAP contract.

The term of the HAP contract must be the same as the term of the lease [24 CFR 982.451(a)(2)].

The MCHA is permitted to execute a HAP contract even if the funding currently available does not extend for the full term of the HAP contract.

The MCHA must make a best effort to ensure that the HAP contract is executed before the beginning of the lease term. Regardless, the HAP contract must be executed no later than 60 calendar days from the beginning of the lease term.

The MCHA may not pay any housing assistance payment to the owner until the HAP contract has been executed. If the HAP contract is executed during the period of 60 calendar days from the beginning of the lease term, the MCHA will pay housing assistance payments after execution of the HAP contract (in accordance with the terms of the HAP contract), to cover the portion of the lease term before execution of the HAP contract (a maximum of 60 days).

Any HAP contract executed after the 60 day period is void, and the MCHA may not pay any housing assistance payment to the owner.

Owners who have not previously participated in the HCV program must attend a meeting with the MCHA in which the terms of the Tenancy Addendum and the HAP contract will be explained. The MCHA may waive this requirement on a case-by-case basis, if it determines that the owner is sufficiently familiar with the requirements and responsibilities under the HCV program.

The owner and the assisted family will execute the dwelling lease and the owner must provide a copy to the MCHA. The MCHA will ensure that both the owner and the assisted family receive copies of the dwelling lease.

The owner and the MCHA will execute the MCHA contract. The MCHA will not execute the HAP contract until the owner has submitted IRS form W-9. The MCHA will ensure that the owner receives a copy of the executed HAP contract.

#### 14.9 CHANGES IN LEASE OR RENT [24 CFR 982.308]

If the tenant and the owner agree to any changes in the lease, such changes must be in writing, and the owner must immediately give the MCHA a copy of such changes. The lease, including any changes, must remain in accordance with the requirements of this chapter.

Generally, MCHA approval of tenancy and execution of a new HAP contract are not required for changes in the lease. However, under certain circumstances, voucher assistance in the unit shall not be continued unless the MCHA has approved a new tenancy in accordance with program requirements and has executed a new HAP contract with the owner. These circumstances include:

- Changes in lease requirements governing tenant or owner responsibilities for utilities or appliances
- Changes in lease provisions governing the term of the lease
- The family moves to a new unit, even if the unit is in the same building or complex

In these cases, if the HCV assistance is to continue, the family must submit a new Request for Tenancy Approval (RTA) along with a new dwelling lease containing the altered terms. A new tenancy must then be approved in accordance with this chapter.

Where the owner is changing the amount of rent, the owner must notify the MCHA of any changes in the amount of the rent to owner at least 60 days before any such changes go into effect [24 CFR 982.308(g)(4)]. The MCHA will agree to such an increase only if the amount of the rent to owner is considered reasonable according to the rent reasonableness standards discussed in Chapter 11. If the requested rent is not found to be reasonable, the owner must either reduce the requested rent increase, or give the family notice in accordance with the terms of the lease.

No rent increase is permitted during the initial term of the lease [24 CFR 982.309(a)(3)].

Where the owner is requesting a rent increase, the MCHA will determine whether the requested increase is reasonable within 10 business days of receiving the request from the owner. The owner will be notified of the determination in writing.

Rent increases will go into effect on the first of the month following the 60 day period after the owner notifies the MCHA of the rent change or on the date specified by the owner, whichever is later.

No rent increase is permitted during the initial term of the lease

Where the owner is requesting a rent increase, the PHA will determine whether the requested increase is reasonable within 10 business days of receiving the request from the owner. The owner will be notified of the determination in writing.

Rent increases will go into effect on the first of the month following the 60 day period after the owner notifies the PHA of the rent change or on the date specified by the owner, whichever is later.

## **CHAPTER 15     ANNUAL REEXAMINATION**

At least annually the Michigan City Housing Authority will conduct a reexamination of family income and circumstances. The results of the reexamination determine (1) the rent the family will pay, and (2) whether the family subsidy is correct based on the family unit size.

The Michigan City Housing Authority will send a notification letter to the family letting them know that it is time for their annual reexamination and scheduling an appointment. The letter includes forms for the family to complete in preparation for the interview. The letter includes instructions permitting the family to reschedule the interview if necessary. The letter tells families who may need to make alternate arrangements due to a disability that they may contact staff to request an accommodation of their needs.

During the interview, the family will provide all information regarding income, assets, expenses, and other information necessary to determine the family's share of rent. The family will sign the HUD consent form and other consent forms that later will be mailed to the sources that will verify the family circumstances.

Upon receipt of verification, the Michigan City Housing Authority will determine the family's annual income and will calculate their family share.

### **15.1     Effective Date of Rent Changes for Annual Reexaminations**

The new family share will generally be effective upon the anniversary date with 30 days notice of any rent increase to the family.

If the rent determination is delayed due to a reason beyond the control of the family, then any rent increase will be effective the first of the month after the month in which the family receives a 30 day notice of the amount. If the new rent is a reduction and the delay is beyond the control of the family, the reduction will be effective as scheduled on the anniversary date.

If the family caused the delay, then any increase will be effective on the anniversary date. Any reduction will be effective the first of the month after the rent amount is determined.

### **15.3     Missed Appointments**

If the family fails to respond to the letter and fails to attend the interview, a second letter will be mailed. The second letter will advise of a new time and date for the interview, allowing for the same considerations for rescheduling and accommodation as above. The letter will also advise that failure by the family to attend the second scheduled interview will result in the Michigan City Housing Authority taking action to terminate the family's assistance.

#### 15.4 Interim Reexaminations

During an interim reexamination only the information affected by the changes being reported will be reviewed and verified.

Families will not be required to report any increase in income or decreases in allowable expenses between annual reexaminations.

Families are required to report the following changes to the Michigan City Housing Authority between regular reexaminations. These changes will trigger an interim reexamination.

- A. A member has been added to the family through birth or adoption or court-awarded custody.
- B. A household member is leaving or has left the family unit.
- C. Family break-up

In circumstances of a family break-up, the Michigan City Housing Authority will make a determination of which family member will retain the certificate or voucher, taking into consideration the following factors:

1. To whom the certificate or voucher was issued.
2. The interest of minor children or of ill, elderly, or disabled family members.
3. Whether the assistance should remain with the family members remaining in the unit.
4. Whether family members were forced to leave the unit as a result of actual or threatened physical violence by a spouse or other member(s) of the household.

If a court determines the disposition of property between members of the assisted family in a divorce or separation under a settlement of judicial decree, the Michigan City Housing Authority will be bound by the court's determination of which family members continue to receive assistance in the program.

Because of the number of possible different circumstances in which a determination will have to be made, the Michigan City Housing Authority will make determinations on a case by case basis.

The Michigan City Housing Authority will issue a determination within 10 business days of the request for a determination. The family member requesting the determination may request an informal hearing in compliance with the informal hearings in Section 16.3.

In order to add a household member other than through birth or adoption (including a live-in aide) the family must request that the new member be added to the lease. Before adding the new member to the lease, the individual must complete an application form stating their income, assets, and all other information required of an applicant. The individual must provide their Social Security Number if they have one, and must verify their citizenship/eligible immigrant status (Their housing will not be delayed due to delays in verifying eligible immigrant status other than delays caused by the family). The new family member will go through the screening process similar to the process for applicants. The Michigan City Housing Authority will determine the eligibility of the individual before allowing them to be added to the lease. If the individual is found to be ineligible or does not pass the screening criteria, they will be advised in writing and given the opportunity for an informal review. If they are found to be eligible and do pass the screening criteria, the Michigan City Housing Authority will grant approval to add their name to the lease. At the same time, the family's annual income will be recalculated taking into account the income and circumstances of the new family member. The effective date of the new rent will be in accordance with paragraph below 14.2.2.

Families are not required to, but may at any time, request an interim reexamination based on a decrease in income, an increase in allowable expenses, or other changes in family circumstances. Upon such request, the Michigan City Housing Authority will take timely action to process the interim reexamination and recalculate the family share.

### **15.5 Special Reexaminations**

If a family's income is too unstable to project for 12 months, including families that temporarily have no income or have a temporary decrease in income, the Michigan City Housing Authority may schedule special reexaminations every 60 days until the income stabilizes and an annual income can be determined.

### **15.6 Effective Date of Rent Changes Due to Interim or Special Reexaminations**

Unless there is a delay in reexamination processing caused by the family, any rent increase will be effective the first of the second month after the month in which the family receives notice of the new rent amount. If the family causes a delay, then the rent increase will be effective on the date it would have been effective had the process not been delayed (even if this means a retroactive increase).

If the new rent is a reduction and any delay is beyond the control of the family, the reduction will be effective the first of the month after the interim reexamination should have been completed.

If the new rent is a reduction and the family caused the delay or did not report the change in a timely manner, the change will be effective the first of the month after the rent amount

is determined.

## **CHAPTER 16    TERMINATION OF ASSISTANCE TO THE FAMILY BY THE MICHIGAN CITY HOUSING AUTHORITY**

The Housing Authority may at any time terminate program assistance for a participant, because of any of the actions or inaction by the household:

- A.    If the family violates any family obligations under the program.
- B.    If a family member fails to sign and submit consent forms.
- C.    If a family fails to establish citizenship or eligible immigrant status and is not eligible for or does not elect continuation of assistance, pro-ration of assistance, or temporary deferral of assistance. If the Michigan City Housing Authority determines that a family member has knowingly permitted an ineligible noncitizen (other than any ineligible noncitizens listed on the lease) to permanently reside in their Section 8 unit, the family's assistance will be terminated. Such family will not be eligible to be readmitted to Section 8 for a period of 24 months from the date of termination.
- D.    If any member of the family has ever been evicted from public housing.
- E.    If the Housing Authority has ever terminated assistance under the Certificate or Voucher Program for any member of the family.
- F.    If any member of the family commits drug-related criminal activity, or violent criminal activity.
- G.    If any member of the family commits fraud, bribery or any other corrupt or criminal act in connection with any Federal housing program.
- H.    If the family currently owes rent or other amounts to the Housing Authority or to another Housing Authority in connection with Section 8 or public housing assistance under the 1937 Act.
- I.    If the family has not reimbursed any Housing Authority for amounts paid to an owner under a HAP contract for rent, damages to the unit, or other amounts owed by the family under the lease.
- J.    If the family breaches an agreement with the Housing Authority to pay amounts owed to a Housing Authority, or amounts paid to an owner by a Housing Authority. (The Housing Authority, at its discretion, may offer a family the opportunity to enter an agreement to pay amounts owed to a Housing Authority or amounts paid to an owner by a Housing Authority. The Housing Authority may prescribe the terms of the agreement.)

- K. If a family participating in the FSS program fails to comply, without good cause, with the family's FSS contract of participation.
- L. If the family has engaged in or threatened abusive or violent behavior toward Housing Authority personnel.
- M. If any household member is subject to a lifetime registration requirement under a State sex offender registration program.
- N. If a household member's illegal use (or pattern of illegal use) of a controlled substance, or whose abuse (or pattern of abuse) of alcohol, is determined by the Michigan City Housing Authority to interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

## 16.1 INFORMAL REVIEWS AND HEARINGS

### OVERVIEW

When the Michigan City Housing Authority makes a decision that has a negative impact on a family, the family is often entitled to appeal the decision. For applicants, the appeal takes the form of an informal review; for participants, or for applicants denied admission because of citizenship issues, the appeal takes the form of an informal hearing.

MCHA is required to include in their administrative plans, informal review procedures for applicants, and informal hearing procedures for participants [24 CFR 982.54(d)(12) and (13)].

### A. INFORMAL REVIEWS

Informal reviews are provided for program applicants. An applicant is someone who has applied for admission to the program, but is not yet a participant in the program. Informal reviews are intended to provide a "minimum hearing requirement" [24 CFR 982.554], and need not be as elaborate as the informal hearing requirements [*Federal Register* 60, no. 127 (3 July 1995): 34690].

#### Decisions Subject to Informal Review

The PHA must give an applicant the opportunity for an informal review of a decision denying assistance [24 CFR 982.554(a)]. Denial of assistance may include any or all of the following [24 CFR 982.552(a)(2)]:

Denying listing on the PHA waiting list

Denying or withdrawing a voucher

Refusing to enter into a HAP contract or approve a lease

Refusing to process or provide assistance under portability procedures

Informal reviews are *not* required for the following reasons [24 CFR 982.554(c)]:

Discretionary administrative determinations by the PHA

General policy issues or class grievances

A determination of the family unit size under the PHA subsidy standards

A PHA determination not to approve an extension or suspension of a voucher term

A PHA determination not to grant approval of the tenancy

A PHA determination that the unit is not in compliance with the HQS

A PHA determination that the unit is not in accordance with the HQS due to family size or composition

The MCHA will only offer an informal review to applicants for whom assistance is being denied. Denial of assistance includes: denying listing on the MCHA waiting list; denying or withdrawing a voucher; refusing to enter into a HAP contract or approve a lease; refusing to process or provide assistance under portability procedures.

#### **Notice to the Applicant [24 CFR 982.554(a)]**

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

#### **Scheduling an Informal Review**

A request for an informal review must be made in writing and delivered to the MCHA either in person or by first class mail, by the close of the business day, no later than 10 business days from the date of the MCHA's denial of assistance.

The MCHA must schedule and send written notice of the informal review within 10 business days of the family's request.

#### **Informal Review Procedures [24 CFR 982.554(b)]**

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

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

## *16.2 INFORMAL REVIEW DECISION [24 CFR 982.554(B)]*

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

In rendering a decision, the MCHA will evaluate the following matters:

Whether or not the grounds for denial were stated factually in the Notice.

The validity of grounds for denial of assistance. If the grounds for denial are not specified in the regulations, then the decision to deny assistance will be overturned.

The validity of the evidence. The MCHA will evaluate whether the facts presented prove the grounds for denial of assistance. If the facts prove that there are grounds for denial, and the denial is required by HUD, the MCHA will uphold the decision to deny assistance.

If the facts prove the grounds for denial, and the denial is discretionary, the MCHA will consider the recommendation of the person conducting the informal review in making the final decision whether to deny assistance.

The MCHA will notify the applicant of the final decision, including a statement explaining the reason(s) for the decision. The notice will be mailed within 10 business days of the informal review, to the applicant and his or her representative, if any, along with proof of mailing.

If the decision to deny is overturned as a result of the informal review, processing for admission will resume.

If the family fails to appear for their informal review, the denial of admission will stand and the family will be so notified.

### **INFORMAL HEARINGS FOR PARTICIPANTS [24 CFR 982.555]**

MCHAs must offer an informal hearing for certain MCHA determinations relating to the individual circumstances of a participant family. A participant is defined as a family that has been admitted to the MCHA's HCV program and is currently assisted in the program. The purpose of the informal hearing is to consider whether the MCHA's decisions related to the family's circumstances are in accordance with the law, HUD regulations and MCHA policies. The MCHA is not permitted to terminate a family's assistance until the time allowed for the family to request an informal hearing has elapsed, and any requested hearing has been completed. Termination of assistance for a participant may include any or all of the following:

Refusing to enter into a HAP contract or approve a lease

Terminating housing assistance payments under an outstanding HAP contract

Refusing to process or provide assistance under portability procedures

#### **Decisions Subject to Informal Hearing**

Circumstances for which the MCHA must give a participant family an opportunity for an informal hearing are as follows:

A determination of the family's annual or adjusted income, and the use of such income to compute the housing assistance payment

A determination of the appropriate utility allowance (if any) for tenant-paid utilities from the MCHA utility allowance schedule

A determination of the family unit size under the MCHA's subsidy standards

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

A determination to terminate assistance for a participant family because of the family's actions or failure to act

A determination to terminate assistance because the participant has been absent from the assisted unit for longer than the maximum period permitted under MCHA policy and HUD rules

A determination to terminate a family's Family Self Sufficiency contract, withhold supportive services, or propose forfeiture of the family's escrow account [24 CFR 984.303(i)]

Circumstances for which an informal hearing is not required are as follows:

Discretionary administrative determinations by the MCHA

General policy issues or class grievances

Establishment of the MCHA schedule of utility allowances for families in the program

A MCHA determination not to approve an extension or suspension of a voucher term

A MCHA determination not to approve a unit or tenancy

A MCHA determination that a unit selected by the applicant is not in compliance with the HQS

A MCHA determination that the unit is not in accordance with HQS because of family size

A determination by the MCHA to exercise or not to exercise any right or remedy against an owner under a HAP contract

The MCHA will only offer participants the opportunity for an informal hearing when required to by the regulations.

## **Informal Hearing Procedures**

### ***Notice to the Family [24 CFR 982.555(c)]***

When the MCHA makes a decision that is subject to informal hearing procedures, the MCHA must inform the family of its right to an informal hearing at the same time that it informs the family of the decision.

For decisions related to the family's annual or adjusted income, the determination of the appropriate utility allowance, and the determination of the family unit size, the MCHA must notify the family that they may ask for an explanation of the basis of the determination, and that if they do not agree with the decision, they may request an informal hearing on the decision. For decisions related to the termination of the family's assistance, or the denial of a family's request for an exception to the MCHA's subsidy standards, the notice must contain a brief statement of the reasons for the decision, a statement that if the family does not agree with the decision, the family may request an informal hearing on the decision, and a statement of the deadline for the family to request an informal hearing.

In cases where the MCHA makes a decision for which an informal hearing must be offered, the notice to the family will include all of the following:

The proposed action or decision of the MCHA.

A brief statement of the reasons for the decision including the regulatory reference.

The date the proposed action will take place.

A statement of the family's right to an explanation of the basis for the MCHA's decision.

A statement that if the family does not agree with the decision the family may request an informal hearing of the decision.

A deadline for the family to request the informal hearing.

To whom the hearing request should be addressed.

A copy of the MCHA's hearing procedures.

*Scheduling an Informal Hearing [24 CFR 982.555(d)]*

When an informal hearing is required, the MCHA must proceed with the hearing in a reasonably expeditious manner upon the request of the family.

A request for an informal hearing must be made in writing and delivered to the MCHA either in person or by first class mail, by the close of the business day, no later than 10 business days from the date of the MCHA's decision or notice to terminate assistance.

The MCHA must schedule and send written notice of the informal hearing to the family within 10 business days of the family's request.

The family may request to reschedule a hearing for good cause, or if it is needed as a reasonable accommodation for a person with disabilities. Good cause is defined as an unavoidable conflict which seriously affects the health, safety or welfare of the family. Requests to reschedule a hearing must be made orally or in writing prior to the hearing date. At its discretion, the MCHA may request documentation of the "good cause" prior to rescheduling the hearing.

If the family does not appear at the scheduled time, and was unable to reschedule the hearing in advance due to the nature of the conflict, the family must contact the MCHA within 24 hours of the scheduled hearing date, excluding weekends and holidays. The MCHA will reschedule the hearing only if the family can show good cause for the failure to appear, or if it is needed as a reasonable accommodation for a person with disabilities.

***Pre-Hearing Right to Discovery [24 CFR 982.555(e)]***

Participants and the MCHA are permitted pre-hearing discovery rights. The family must be given the opportunity to examine before the hearing any MCHA documents that are directly relevant to the hearing. The family must be allowed to copy any such documents at their own expense. If the MCHA does not make the document available for examination on request of the family, the MCHA may not rely on the document at the hearing.

The MCHA hearing procedures may provide that the MCHA must be given the opportunity to examine at the MCHA offices before the hearing, any family documents that are directly relevant to the hearing. The MCHA must be allowed to copy any such document at the MCHA's expense. If the family does not make the document available for examination on request of the MCHA, the family may not rely on the document at the hearing.

For the purpose of informal hearings, *documents* include records and regulations.

The family will be allowed to copy any documents related to the hearing at no cost per. The family must request discovery of MCHA documents no later than 12:00 p.m. on the business day prior to the scheduled hearing date.

The MCHA must be given an opportunity to examine at the MCHA offices before the hearing any family documents that are directly relevant to the hearing. Whenever a participant requests an informal hearing, the MCHA will automatically mail a letter to the participant requesting a copy of all documents that the participant intends to present or utilize at the hearing. The participant must make the documents available no later than 12:00 pm on the business day prior to the scheduled hearing date.

***Participant's Right to Bring Counsel [24 CFR 982.555(e)(3)]***

At its own expense, the family may be represented by a lawyer or other representative at the informal hearing.

***Informal Hearing Officer [24 CFR 982.555(e)(4)]***

Informal hearings will be conducted by a person or persons approved by the MCHA, other than the person who made or approved the decision or a subordinate of the person who made or approved the decision.

The MCHA has designated the following to serve as hearing officers:

***Two members from the current Board of Commissioners for the Michigan City Housing Authority***

*Attendance at the Informal Hearing*

Hearings may be attended by a hearing officer and the following applicable persons:

A MCHA representative(s) and any witnesses for the MCHA

The participant and any witnesses for the participant

The participant's counsel or other representative

Any other person approved by the MCHA as a reasonable accommodation for a person with a disability

*Conduct at Hearings*

The person who conducts the hearing may regulate the conduct of the hearing in accordance with the MCHA's hearing procedures [24 CFR 982.555(4)(ii)].

The hearing officer is responsible to manage the order of business and to ensure that hearings are conducted in a professional and businesslike manner. Attendees are expected to comply with all hearing procedures established by the hearing officer and guidelines for conduct. Any person demonstrating disruptive, abusive or otherwise inappropriate behavior will be excused from the hearing at the discretion of the hearing officer.

***Evidence [24 CFR 982.555(e)(5)]***

The MCHA and the family must be given the opportunity to present evidence and question any witnesses. In general, all evidence is admissible at an informal hearing. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

Any evidence to be considered by the hearing officer must be presented at the time of the hearing. There are four categories of evidence.

**Oral evidence:** the testimony of witnesses

**Documentary evidence:** a writing which is relevant to the case, for example, a letter written to the MCHA. Writings include all forms of recorded communication or representation, including letters, words, pictures, sounds, videotapes or symbols or combinations thereof.

**Demonstrative evidence:** Evidence created specifically for the hearing and presented as an illustrative aid to assist the hearing officer, such as a model, a chart or other diagram.

**Real evidence:** A tangible item relating directly to the case.

**Hearsay Evidence** is evidence of a statement that was made other than by a witness while testifying at the hearing and that is offered to prove the truth of the matter. Even though evidence, including hearsay, is generally admissible, hearsay evidence alone cannot be used as the sole basis for the hearing officer's decision.

If either the MCHA or the family fail to comply with the discovery requirements described above, the hearing officer will refuse to admit such evidence.

Other than the failure of a party to comply with discovery, the hearing officer has the authority to overrule any objections to evidence.

***Hearing Officer's Decision [24 CFR 982.555(e)(6)]***

The person who conducts the hearing must issue a written decision, stating briefly the reasons for the decision. Factual determinations relating to the individual circumstances of the family must be based on a preponderance of evidence presented at the hearing. A copy of the hearing must be furnished promptly to the family.

In rendering a decision, the hearing officer will consider the following matters:

**MCHA Notice to the Family:** The hearing officer will determine if the reasons for the PHA's decision are factually stated in the Notice.

**Discovery:** The hearing officer will determine if the PHA and the family were given the opportunity to examine any relevant documents in accordance with PHA policy.

**MCHA Evidence to Support the MCHA Decision:** The evidence consists of the facts presented. Evidence is not conclusion and it is not argument. The hearing officer will evaluate the facts to determine if they support the PHA's conclusion.

**Validity of Grounds for Termination of Assistance (when applicable):** The hearing officer will determine if the termination of assistance is for one of the grounds specified in the HUD regulations and MCHA policies. If the grounds for termination are not specified in the regulations or in compliance with MCHA policies, then the decision of the MCHA will be overturned.

The hearing officer will issue a written decision to the family and the PHA no later than 10 business days after the hearing. The report will contain the following information:

**Hearing information:**

Name of the participant;

Date, time and place of the hearing;

Name of the hearing officer;

Name of the MCHA representative; and  
Name of family representative (if any).

**Background:** A brief, impartial statement of the reason for the hearing.

**Summary of the Evidence:** The hearing officer will summarize the testimony of each witness and identify any documents that a witness produced in support of his/her testimony and that are admitted into evidence.

**Findings of Fact:** The hearing officer will include all findings of fact, based on a preponderance of the evidence. *Preponderance of the evidence* is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not. Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

**Conclusions:** The hearing officer will render a conclusion derived from the facts that were found to be true by a preponderance of the evidence. The conclusion will result in a determination of whether these facts uphold the MCHA's decision.

**Order:** The hearing report will include a statement of whether the MCHA's decision is upheld or overturned. If it is overturned, the hearing officer will instruct the MCHA to change the decision in accordance with the hearing officer's determination. In the case of termination of assistance, the hearing officer will instruct the MCHA to restore the participant's program status.

### *Procedures for Rehearing or Further Hearing*

The hearing officer may ask the family for additional information and/or might adjourn the hearing in order to reconvene at a later date, before reaching a decision. If the family misses an appointment or deadline ordered by the hearing officer, the action of the MCHA will take effect and another hearing will not be granted.

In addition, within 10 business days after the date the hearing officer's report is mailed to the MCHA and the participant, the MCHA or the participant may request a rehearing or a further hearing. Such request must be made in writing and postmarked or hand-delivered to the hearing officer and to the other party within the 10 business day period. The request must demonstrate cause, supported by specific references to the hearing officer's report, why the request should be granted.

A rehearing or a further hearing may be requested for the purpose of rectifying any obvious mistake of law made during the hearing or any obvious injustice not known at the time of the hearing.

It shall be within the sole discretion of the MCHA to grant or deny the request for further hearing or rehearing. A further hearing may be limited to written submissions by the parties, in the manner specified by the hearing officer.

### *PHA Notice of Final Decision [24 CFR 982.555(f)]*

The MCHA is not bound by the decision of the hearing officer for matters in which the MCHA is not required to provide an opportunity for a hearing, decisions that exceed the authority of the hearing officer, decisions that conflict with or contradict HUD regulations, requirements, or are otherwise contrary to Federal, State or local laws.

If the MCHA determines it is not bound by the hearing officer's decision in accordance with HUD regulations, the MCHA must promptly notify the family of the determination and the reason for the determination.

The MCHA will mail a "Notice of Final Decision" including the hearing officer's report, to the participant and their representative. This Notice will be sent by first-class mail, postage pre-paid with an affidavit of mailing enclosed. The participant will be mailed the original "Notice of Final Decision" and a copy of the proof of mailing. A copy of the "Notice of Final Decision" along with the original proof mailing will be maintained in the MCHA's file.

## HEARING AND APPEAL PROVISIONS FOR NONCITIZENS [24 CFR 5.514]

Denial or termination of assistance based on immigration status is subject to special hearing and notice rules. Applicants who are denied assistance due to immigration status are entitled to an informal hearing, not an informal review.

Assistance to a family may not be delayed, denied, or terminated on the basis of immigration status at any time prior to a decision under the United States Citizenship and Immigration Services (USCIS) appeal process. Assistance to a family may not be terminated or denied while the PHA hearing is pending, but assistance to an applicant may be delayed pending the completion of the informal hearing.

A decision against a family member, issued in accordance with the USCIS appeal process or the MCHA informal hearing process, does not preclude the family from exercising the right, that may otherwise be available, to seek redress directly through judicial procedures.

### Notice of Denial or Termination of Assistance [24 CFR 5.514(d)]

The notice of denial or termination of assistance for noncitizens must advise the family: That financial assistance will be denied or terminated, and provide a brief explanation of the reasons for the proposed denial or termination of assistance.

The family may be eligible for proration of assistance.

In the case of a participant, the criteria and procedures for obtaining relief under the provisions for preservation of families [24 CFR 5.514 and 5.518].

That the family has a right to request an appeal to the USCIS of the results of secondary verification of immigration status and to submit additional documentation or explanation in support of the appeal.

That the family has a right to request an informal hearing with the PHA either upon completion of the USCIS appeal or in lieu of the USCIS appeal.

For applicants, assistance may not be delayed until the conclusion of the USCIS appeal process, but assistance may be delayed during the period of the informal hearing process.

**USCIS Appeal Process [24 CFR 5.514(e)]**

When the MCHA receives notification that the USCIS secondary verification failed to confirm eligible immigration status, the MCHA must notify the family of the results of the USCIS verification. The family will have 30 days from the date of the notification to request an appeal of the USCIS results. The request for appeal must be made by the family in writing directly to the USCIS. The family must provide the MCHA with a copy of the written request for appeal and the proof of mailing.

The MCHA will notify the family in writing of the results of the USCIS secondary verification within 10 business days of receiving the results.

The family must provide the MCHA with a copy of the written request for appeal and proof of mailing within 10 business days of sending the request to the USCIS.

The family must forward to the designated USCIS office any additional documentation or written explanation in support of the appeal. This material must include a copy of the USCIS document verification request (used to process the secondary request) or such other form specified by the USCIS, and a letter indicating that the family is requesting an appeal of the USCIS immigration status verification results.

The USCIS will notify the family, with a copy to the MCHA, of its decision. When the USCIS notifies the MCHA of the decision, the MCHA must notify the family of its right to request an informal hearing.

The MCHA will send written notice to the family of its right to request an informal hearing within 10 business days of receiving notice of the USCIS decision regarding the family's immigration status.

**Informal Hearing Procedures for Applicants [24 CFR 5.514(f)]**

After notification of the USCIS decision on appeal, or in lieu of an appeal to the USCIS, the family may request that the MCHA provide a hearing. The request for a hearing must be made either within 30 days of receipt of the MCHA notice of denial, or within 30 days of receipt of the USCIS appeal decision.

The informal hearing procedures for applicant families are described below.

***Informal Hearing Officer***

The MCHA must provide an informal hearing before an impartial individual, other than a person who made or approved the decision under review, and other than a person who is a subordinate of the person who made or approved the decision. See Page 16-10 for a listing of positions that serve as informal hearing officers.

### *Evidence*

The family must be provided the opportunity to examine and copy at the family's expense, at a reasonable time in advance of the hearing, any documents in the possession of the PHA pertaining to the family's eligibility status, or in the possession of the USCIS (as permitted by USCIS requirements), including any records and regulations that may be relevant to the hearing. The family will be allowed to copy any documents related to the hearing at no cost. The family must request discovery of MCHA documents no later than 12:00 p.m. on the business day prior to the hearing.

The family must be provided the opportunity to present evidence and arguments in support of eligible status. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

The family must also be provided the opportunity to refute evidence relied upon by the MCHA, and to confront and cross-examine all witnesses on whose testimony or information the MCHA relies.

### *Representation and Interpretive Services*

The family is entitled to be represented by an attorney or other designee, at the family's expense, and to have such person make statements on the family's behalf.

The family is entitled to arrange for an interpreter to attend the hearing, at the expense of the family, or the MCHA, as may be agreed upon by the two parties.

### *Recording of the Hearing*

The family is entitled to have the hearing recorded by audiotape. The MCHA may, but is not required to provide a transcript of the hearing.

The MCHA will not provide a transcript of an audio taped hearing.

### *Hearing Decision*

The MCHA must provide the family with a written final decision, based solely on the facts presented at the hearing, within 14 calendar days of the date of the informal hearing. The decision must state the basis for the decision.

### **Informal Hearing Procedures for Residents [24 CFR 5.514(f)]**

After notification of the USCIS decision on appeal, or in lieu of an appeal to the USCIS, the family may request that the MCHA provide a hearing. The request for a hearing must be made either within 30 days of receipt of the MCHA notice of termination, or within 30 days of receipt of the USCIS appeal decision.

For the informal hearing procedures that apply to participant families whose assistance is being terminated based on immigration status, see Section 16-III.C.

### **Retention of Documents [24 CFR 5.514(h)]**

The MCHA must retain for a minimum of 5 years the following documents that may have been submitted to the MCHA by the family, or provided to the MCHA as part of the USCIS appeal or the MCHA informal hearing process:

The application for assistance

The form completed by the family for income reexamination

Photocopies of any original documents, including original USCIS documents

The signed verification consent form

The USCIS verification results

The request for a USCIS appeal

The final USCIS determination

The request for an informal hearing

The final informal hearing decision

### *16.3 OWNER OR FAMILY DEBTS TO THE PHA*

#### **OVERVIEW**

MCHA is required to include in the administrative plan, policies concerning repayment by a family of amounts owed to the MCHA [24 CFR 982.54]. This part describes the MCHA's policies for recovery of monies owed to the MCHA by families or owners.

When an action or inaction of an owner or participant results in the overpayment of housing assistance, the MCHA holds the owner or participant liable to return any overpayments to the MCHA.

The MCHA will enter into repayment agreements in accordance with the policies contained in this part as a means to recover overpayments.

When an owner or participant refuses to repay monies owed to the MCHA, the MCHA will utilize other available collection alternatives including, but not limited to, the following:

- Collection agencies
- Small claims court
- Civil law suit
- State income tax set-off program

## 16.3 REPAYMENT POLICY

### Owner Debts to the PHA

Any amount due to the MCHA by an owner must be repaid by the owner within 30 days of the MCHA determination of the debt.

If the owner fails to repay the debt within the required time frame and is entitled to future HAP payments, the MCHA will reduce the future HAP payments by the amount owed until the debt is paid in full.

If the owner is not entitled to future HAP payments the MCHA may, in its sole discretion, offer to enter into a repayment agreement on terms prescribed by the MCHA.

If the owner refuses to repay the debt, does not enter into a repayment agreement, or breaches a repayment agreement, the MCHA will ban the owner from future participation in the program and pursue other modes of collection.

### Family Debts to the MCHA

Any amount owed to the MCHA by an HCV family must be repaid by the family. If the family is unable to repay the debt within 30 days, the MCHA will offer to enter into a repayment agreement in accordance with the policies below.

If the family refuses to repay the debt, does not enter into a repayment agreement, or breaches a repayment agreement, the MCHA will terminate assistance in accordance with the policies and pursue other modes of collection.

### Repayment Agreement [24 CFR 792.103]

The term *repayment agreement* refers to a formal written document signed by a tenant or owner and provided to the MCHA in which a tenant or owner acknowledges a debt in a specific amount and agrees to repay the amount due at specific time periods.

### General Repayment Agreement Guidelines for Families

#### *Down Payment Requirement*

Before executing a repayment agreement with a family, the PHA will generally require a down payment of 10 percent of the total amount owed. If the family can provide evidence satisfactory to the PHA that a down payment of 10 percent would impose an undue hardship, the PHA may, in its sole discretion, require a lesser percentage or waive the requirement.

### *Payment Thresholds*

Notice PIH 2010-19 recommends that the total amount that a family must pay each month—the family's monthly share of rent plus the monthly debt repayment amount—should not exceed 40 percent of the family's monthly adjusted income. However, a family may already be paying 40 per cent or more of its monthly adjusted income in rent. Moreover, Notice PIH 2010-19 acknowledges that PHAs have the discretion to establish "thresholds and policies" for repayment agreements with families [24 CFR 982.552(c)(1)(vii)].

The MCHA has established the following thresholds for repayment of debts:

Amounts between \$3,000 and the federal or state threshold for criminal prosecution must be repaid within 36 months.

Amounts between \$2,000 and \$2,999 must be repaid within 30 months.

Amounts between \$1,000 and \$1,999 must be repaid within 24 months.

Amounts under \$1,000 must be repaid within 12 months.

If a family can provide evidence satisfactory to the MCHA that the threshold applicable to the family's debt would impose an undue hardship, the MCHA may, in its sole discretion, determine that a lower monthly payment amount is reasonable. In making its determination, the MCHA will consider all relevant information, including the following:

The amount owed by the family to the MCHA

The reason for the debt, including whether the debt was the result of family action/inaction or circumstances beyond the family's control

The family's current and potential income and expenses

The family's current family share, as calculated under 24 CFR 982.515

The family's history of meeting its financial responsibilities

### *Execution of the Agreement*

Any repayment agreement between the MCHA and a family must be signed and dated by the MCHA and by the head of household and spouse/cohead (if applicable).

### *Due Dates*

All payments are due by the close of business on the 15<sup>th</sup> day of the month. If the 15<sup>th</sup> does not fall on a business day, the due date is the close of business on the first business day after the 15<sup>th</sup>.

### *Late or Missed Payments*

If a payment is not received by the end of the business day on the date due, and prior approval for the missed payment has not been given by the MCHA, the MCHA will send the family a delinquency notice giving the family 10 business days to make the late payment. If the payment is not received by the due date of the delinquency notice, it will be considered a breach of the agreement and the MCHA will terminate assistance in accordance with the policies.

If a family receives three delinquency notices for unexcused late payments in a 12-month period, the repayment agreement will be considered in default, and the MCHA will terminate assistance in accordance with the policies.

### *No Offer of Repayment Agreement*

The MCHA generally will not enter into a repayment agreement with a family if there is already a repayment agreement in place with the family or if the amount owed by the family exceeds the federal or state threshold for criminal prosecution.

### **Repayment Agreements Involving Improper Payments**

Notice PIH 2010-19 requires certain provisions to be included in any repayment agreement involving amounts owed by a family because it underreported or failed to report income:

A reference to the items in the family briefing packet that state the family's obligation to provide true and complete information at every reexamination and the grounds on which the MCHA may terminate assistance because of a family's action or failure to act

A statement clarifying that each month the family not only must pay to the MCHA the monthly payment amount specified in the agreement but must also pay to the owner the family's monthly share of the rent to owner

A statement that the terms of the repayment agreement may be renegotiated if the family's income decreases or increases

A statement that late or missed payments constitute default of the repayment agreement and may result in termination of assistance

## CHAPTER 17 COMPLAINTS, INFORMAL REVIEWS FOR APPLICANTS, INFORMAL HEARINGS FOR PARTICIPANTS

### 17.1 COMPLAINTS

The Michigan City Housing Authority will investigate and respond to complaints by participant families, owners, and the general public. The Michigan City Housing Authority may require that complaints other than HQS violations be put in writing. Anonymous complaints are investigated whenever possible.

### 17.2 INFORMAL REVIEW FOR THE APPLICANT

#### A. Informal Review for the Applicant

The Michigan City Housing Authority will give an applicant for participation in the Section 8 Existing Program prompt notice of a decision denying assistance to the applicant. The notice will contain a brief statement of the reasons for the Michigan City Housing Authority decision. The notice will state that the applicant may request an informal review within 10 business days of the denial and will describe how to obtain the informal review.

#### B. When an Informal Review is not Required

The Michigan City Housing Authority will not provide the applicant an opportunity for an informal review for any of the following reasons:

1. A determination of the family unit size under the Michigan City Housing Authority subsidy standards.
2. A Michigan City Housing Authority determination not to approve an extension or suspension of a certificate or voucher term.
3. A Michigan City Housing Authority determination not to grant approval to lease a unit under the program or to approve a proposed lease.
4. A Michigan City Housing Authority determination that a unit selected by the applicant is not in compliance with HQS.
5. A Michigan City Housing Authority determination that the unit is not in accordance with HQS because of family size or composition.
6. General policy issues or class grievances.

7. Discretionary administrative determinations by the Michigan City Housing Authority.

C. Informal Review Process

The Michigan City Housing Authority will give an applicant an opportunity for an informal review of the Michigan City Housing Authority decision denying assistance to the applicant. The procedure is as follows:

1. The review will be conducted by any person or persons designated by the Michigan City Housing Authority other than the person who made or approved the decision under review or a subordinate of this person.
2. The applicant will be given an opportunity to present written or oral objections to the Michigan City Housing Authority decision.
3. The Michigan City Housing Authority will notify the applicant of the Michigan City Housing Authority decision after the informal review within 14 calendar days. The notification will include a brief statement of the reasons for the final decision.

D. Considering Circumstances

In deciding whether to terminate assistance because of action or inaction by members of the family, the Housing Authority may consider all of the circumstances in each case, including the seriousness of the case, the extent of participation or culpability of individual family members, and the effects of denial or termination of assistance on other family members who were not involved in the action or failure.

The Housing Authority may impose, as a condition of continued assistance for other family members, a requirement that family members who participated in or were culpable for the action or failure will not reside in the unit. The Housing Authority may permit the other members of a participant family to continue receiving assistance.

If the Housing Authority seeks to terminate assistance because of illegal use, or possession for personal use, of a controlled substance, or pattern of abuse of alcohol, such use or possession or pattern of abuse must have occurred within one year before the date that the Housing Authority provides notice to the family of the Housing Authority determination to deny or terminate assistance. In determining whether to terminate assistance for these reasons the Michigan City Housing Authority will consider evidence of whether the household member:

1. Has successfully completed a supervised drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol;
2. Has otherwise been rehabilitated successfully and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol; or
3. Is participating in a supervised drug or alcohol rehabilitation program and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol.

E. Informal Review Procedures for Denial of Assistance on the Basis of Ineligible Immigration Status

The applicant family may request that the Michigan City Housing Authority provide for an informal review after the family has notification of the INS decision on appeal, or in lieu of request of appeal to the INS. This request must be made by the applicant family within 30 days of receipt of the *Notice of Denial or Termination of Assistance*, or within 30 days of receipt of the INS appeal decision.

For applicant families, the Informal Review Process above will be utilized with the exception that the applicant family will have up to 30 days of receipt of the *Notice of Denial or Termination of Assistance*, or of the INS appeal decision to request the review.

### 17.3 INFORMAL HEARINGS FOR PARTICIPANTS

A. When a Hearing is Required

1. The Michigan City Housing Authority will give a participant family an opportunity for an informal hearing to consider whether the following Michigan City Housing Authority decisions relating to the individual circumstances of a participant family are in accordance with the law, HUD regulations, and Michigan City Housing Authority policies:
  - a. A determination of the family's annual or adjusted income, and the use of such income to compute the housing assistance payment.
  - b. A determination of the appropriate utility allowance (if any) for tenant-paid utilities from the Michigan City Housing Authority utility allowance schedule.
  - c. A determination of the family unit size under the Michigan City Housing Authority subsidy standards.

- d. A determination that a Certificate Program family is residing in a unit with a larger number of bedrooms than appropriate for the family unit size under the Michigan City Housing Authority subsidy standards, or the Michigan City Housing Authority determination to deny the family's request for an exception from the standards.
  - e. A determination to terminate assistance for a participant family because of the family's action or failure to act.
  - f. A determination to terminate assistance because the participant family has been absent from the assisted unit for longer than the maximum period permitted under the Michigan City Housing Authority policy and HUD rules.
2. In cases described in paragraphs 16.3(A)(1)(d), (e), and (f), of this Section, the Michigan City Housing Authority will give the opportunity for an informal hearing before the Michigan City Housing Authority terminates housing assistance payments for the family under an outstanding HAP contract.

B. When a Hearing is not Required

The Michigan City Housing Authority will not provide a participant family an opportunity for an informal hearing for any of the following reasons:

1. Discretionary administrative determinations by the Michigan City Housing Authority.
2. General policy issues or class grievances.
3. Establishment of the Michigan City Housing Authority schedule of utility allowances for families in the program.
4. A Michigan City Housing Authority determination not to approve an extension or suspension of a certificate or voucher term.
5. A Michigan City Housing Authority determination not to approve a unit or lease.
6. A Michigan City Housing Authority determination that an assisted unit is not in compliance with HQS. (However, the Michigan City Housing Authority will provide the opportunity for an informal hearing for a decision to terminate assistance for a breach of the HQS caused by the family.)
7. A Michigan City Housing Authority determination that the unit is not in accordance with HQS because of the family size.

8. A determination by the Michigan City Housing Authority to exercise or not exercise any right or remedy against the owner under a HAP contract.

C. Notice to the Family

1. In the cases described in paragraphs 16.3(A)(1)(a), (b), and (c), of this Section, the Michigan City Housing Authority will notify the family that the family may ask for an explanation of the basis of the Michigan City Housing Authority's determination, and that if the family does not agree with the determination, the family may request an informal hearing on the decision.
2. In the cases described in paragraphs 16.3(A)(1)(d), (e), and (f), of this Section, the Michigan City Housing Authority will give the family prompt written notice that the family may request a hearing within 10 business days of the notification. The notice will:
  - a. Contain a brief statement of the reasons for the decision; and
  - b. State this if the family does not agree with the decision, the family may request an informal hearing on the decision within 10 business days of the notification.

D. Hearing Procedures

The Michigan City Housing Authority and participants will adhere to the following procedures:

1. Discovery
  - a. The family will be given the opportunity to examine before the hearing any Michigan City Housing Authority documents that are directly relevant to the hearing. The family will be allowed to copy any such document at the family's expense. If the Michigan City Housing Authority does not make the document(s) available for examination on request of the family, the Michigan City Housing Authority may not rely on the document at the hearing.
  - b. The Michigan City Housing Authority will be given the opportunity to examine, at the Michigan City Housing Authority's offices before the hearing, any family documents that are directly relevant to the hearing. The Michigan City Housing Authority will be allowed to copy any such document at the Michigan City Housing Authority's expense. If the family does not make the document(s) available for

examination on request of the Michigan City Housing Authority, the family may not rely on the document at the hearing.

Note: The term **document** includes records and regulations.

2. Representation of the Family

At its own expense, a lawyer or other representative may represent the family.

3. Hearing Officer

- a. The hearing will be conducted by any person or persons designated by the Michigan City Housing Authority, other than a person who made or approved the decision under review or a subordinate of this person.
- b. The person who conducts the hearing will regulate the conduct of the hearing in accordance with the Michigan City Housing Authority hearing procedures.

4. Evidence

The Michigan City Housing Authority and the family must have the opportunity to present evidence and may question any witnesses. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

5. Issuance of Decision

The person who conducts the hearing must issue a written decision within 14 calendar days from the date of the hearing, stating briefly the reasons for the decision. Factual determinations relating to the individual circumstances of the family shall be based on a preponderance of the evidence presented at the hearing.

6. Effect of the Decision

The Michigan City Housing Authority is not bound by a hearing decision:

- a. Concerning a matter for which the Michigan City Housing Authority is not required to provide an opportunity for an informal hearing under this Section, or that otherwise exceeds the authority of the person conducting the hearing under the Michigan City Housing Authority hearing procedures.

- b. Contrary to HUD regulations or requirements, or otherwise contrary to Federal, State, or local law.
- c. If the Michigan City Housing Authority determines that it is not bound by a hearing decision, the Michigan City Housing Authority will notify the family within 14 calendar days of the determination, and of the reasons for the determination.

E. Considering Circumstances

In deciding whether to terminate assistance because of action or inaction by members of the family, the Housing Authority may consider all of the circumstances in each case, including the seriousness of the case, the extent of participation or culpability of individual family members, and the effects of denial or termination of assistance on other family members who were not involved in the action or failure.

The Housing Authority may impose, as a condition of continued assistance for other family members, a requirement that family members who participated in or were culpable for the action or failure will not reside in the unit. The Housing Authority may permit the other members of a participant family to continue receiving assistance.

If the Housing Authority seeks to terminate assistance because of illegal use, or possession for personal use, of a controlled substance, or pattern of abuse of alcohol, such use or possession or pattern of abuse must have occurred within one year before the date that the Housing Authority provides notice to the family of the Housing Authority determination to deny or terminate assistance. In determining whether to terminate assistance for these reasons the Michigan City Housing Authority will consider evidence of whether the household member:

1. Has successfully completed a supervised drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol;
2. Has otherwise been rehabilitated successfully and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol; or
3. Is participating in a supervised drug or alcohol rehabilitation program and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol.

F. Informal Hearing Procedures for Denial of Assistance on the Basis of Ineligible Immigration Status

The participant family may request that the Michigan City Housing Authority provide for an informal hearing after the family has notification of the INS decision on appeal, or in lieu of request of appeal to the INS. This request must be made by the participant family within 30 days of receipt of the *Notice of Denial or Termination of Assistance*, or within 30 days of receipt of the INS appeal decision.

For the participant families, the Informal Hearing Process above will be utilized with the exception that the participant family will have up to 30 days of receipt of the *Notice of Denial or Termination of Assistance*, or of the INS appeal decision.

## CHAPTER 18      TERMINATION OF THE LEASE AND CONTRACT

The term of the lease and the term of the HAP contract are the same. They begin on the same date and they end on the same date. The lease may be terminated by the owner, by the tenant, or by the mutual agreement of both. The owner may only terminate the contract by terminating the lease. The HAP contract may be terminated by the Michigan City Housing Authority. Under some circumstances the contract automatically terminates.

### A.      Termination of the lease

#### 1.      By the family

The family may terminate the lease without cause upon proper notice to the owner and to the Michigan City Housing Authority after the first year of the lease. The length of the notice that is required is stated in the lease (generally 30 days).

#### 2.      By the owner.

##### a.      The owner may terminate the lease during its term on the following grounds:

- i.      Serious or repeated violations of the terms or conditions of the lease;
- ii.     Violation of Federal, State, or local law that impose obligations on the tenant in connection with the occupancy or use of the unit and its premises;
- iii.    Criminal activity by the household, a guest, or another person under the control of the household that threatens the health, safety, or right to peaceful enjoyment of the premises by other persons residing in the immediate vicinity of the premises;
- iv.     Any drug-related criminal activity on or near the premises;
- v.      Other good cause. Other good cause may include, but is not limited to:
  - (1)    Failure by the family to accept the offer of a new lease;

- (2) Family history of disturbances of neighbors or destruction of property, or living or housekeeping habits resulting in damage to the property or unit;
    - (3) The owner's desire to utilize the unit for personal or family use or for a purpose other than use as a residential rental unit;
    - (4) A business or economic reason such as sale of the property, renovation of the unit, desire to rent at a higher rental amount.
  - b. During the first year the owner may not terminate tenancy for other good cause unless the reason is because of something the household did or failed to do.
  - c. The owner may only evict the tenant by instituting court action. The owner must give the Michigan City Housing Authority a copy of any owner eviction notice to the tenant at the same time that the owner gives the notice to the tenant.
  - d. The owner may terminate the contract at the end of the initial lease term or any extension of the lease term without cause by providing notice to the family that the lease term will not be renewed.
3. Termination of the Lease by mutual agreement

The family and the owner may at any time mutually agree to terminate the lease.

## B. Termination of the Contract

1. Automatic termination of the Contract
  - a. If the Michigan City Housing Authority terminates assistance to the family, the contract terminates automatically.
  - b. If the family moves out of the unit, the contract terminates automatically.
  - c. The contract terminates automatically 180 calendar days after the last housing assistance payment to the owner.
2. Termination of the contract by the owner

The owner may only terminate tenancy in accordance with lease and State and local law.

3. Termination of the HAP contract by the Michigan City Housing Authority

The Housing Authority may terminate the HAP contract because:

- a. The Housing Authority has terminated assistance to the family.
- b. The unit does not meet HQS space standards because of an increase in family size or change in family composition.
- c. The unit is larger than appropriate for the family size or composition under the regular Certificate Program.
- d. When the family breaks up and the Michigan City Housing Authority determines that the family members who move from the unit will continue to receive the assistance.
- e. The Michigan City Housing Authority determines that there is insufficient funding in their contract with HUD to support continued assistance for families in the program.
- f. The owner has breached the contract in any of the following ways:
  - i. If the owner has violated any obligation under the HAP contract for the dwelling unit, including the owner's obligation to maintain the unit in accordance with the HQS.
  - ii. If the owner has violated any obligation under any other housing assistance payments contract under Section 8 of the 1937.
  - iii. If the owner has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program.
  - iv. For projects with mortgages insured by HUD or loans made by HUD, if the owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement;
  - v. If the owner has engaged in drug trafficking.

4. Final HAP payment to owner

The HAP payment stops when the lease terminates. The owner may keep the payment for the month in which the family moves out. If the owner has begun eviction proceedings and the family continues to occupy the unit, the Housing Authority will continue to make payments until the owner obtains a judgment or the family moves out.

## **CHAPTER 19     CHARGES AGAINST THE SECTION 8 ADMINISTRATIVE FEE RESERVE**

Occasionally, it is necessary for the Michigan City Housing Authority to spend money of its Section 8 Administrative Fee Reserve to meet unseen or extraordinary expenditures or for its other housing related purposes consistent with State law.

The Michigan City Housing Authority Board of Commissioners authorizes the Executive Director to expend without prior Board approval up to **\$5,000.00** for authorized expenditures.

Any item(s) exceeding **\$5000.00** will require prior Board of Commissioner approval before any charge is made against the Section 8 Administrative Fee Reserve.

## CHAPTER 20 INTELLECTUAL PROPERTY RIGHTS

No program receipts may be used to indemnify contractors or subcontractors of the Michigan City Housing Authority against costs associated with any judgement of infringement of intellectual property rights.

## **CHAPTER 21    MICHIGAN CITY HOUSING AUTHORITY OWNED HOUSING**

Units owned by the Michigan City Housing Authority and not receiving subsidy under any other program are eligible housing units for Housing Choice Voucher holders. In order to comply with federal regulation, the Michigan City Housing Authority will do the following:

- A.    The Michigan City Housing Authority will make available through the briefing process both orally and in writing the availability of Michigan City Housing Authority owned units (notification will also include other properties owned/managed by the private sector available to Housing Choice Voucher holders).
- B.    The Michigan City Housing Authority will obtain the services of an independent entity to perform the following Michigan City Housing Authority functions:
  - 1.    Determine rent reasonableness for the unit. The independent entity will communicate the rent reasonableness determination to the family and the Michigan City Housing Authority.
  - 2.    To assist the family in negotiating the rent.
  - 3.    To inspect the unit for compliance with HQS.
- C.    The Michigan City Housing Authority will gain HUD approval for the independent agency/agencies utilized to perform the above functions
- D.    The Michigan City Housing Authority will compensate the independent agency/agencies from our ongoing administrative fee income.
- E.    The Michigan City Housing Authority, or the independent agency/agencies will not charge the family any fee or charge for the services provided by the independent agency.

## **SECTION 8 ADMINISTRATIVE PLAN**

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### **CHAPTER 22 HOMEOWNERSHIP ADDENDUM (ADMINISTRATIVE PLAN)**

#### **Section 8 Homeownership Option**

The Michigan City Housing Authority (MCHA) wishes to provide opportunities for individuals and families to become more economically empowered and secure through building family stability and wealth with homeownership options. Long viewed as one of the best ways for American families to create and pass on wealth, homeownership also offers many other valuable advantages. Recent studies have revealed, for example, that positive outcomes for children are dramatically increased through the stability of living in a family-owned home.

In offering the Section 8 Housing Choice Voucher Homeownership Option and ROSS Public Housing Homeownership Supportive Services Option, we seek to extend these and other benefits to participants to the individuals and families that we serve through the MCHA Housing Choice Voucher Program. The Michigan City Housing Authority (MCHA) will offer the homeownership option to all participants who meet the following eligibility requirements:

- ☐ The participant family is currently enrolled in the Family Self-Sufficiency (FSS) Program and in compliance with the FSS contract; or
- ☐ The participant family is a graduate of the MCHA Family Self-Sufficiency (FSS) Program (or other Housing Authority's FSS Program, approved by MCHA)

The Michigan City Housing Authority will not offer the Section 8 Homeownership option to applicant families who are not currently participating in the Section 8 program.

The Michigan City Housing Authority will offer vouchers to Public Housing families.

Applicants must have no more than (1) late rental payment in the last 12 months. Applicants must be eligible to receive a Housing Choice Voucher. Approved applicants may receive a Housing Choice Voucher by way of Special Admission. (CFR982.203)

The Michigan City Housing Authority will provide homeownership program opportunities up to 25 families at any given time.

#### **Initial Homeownership Program Eligibility Requirements [24 CFR 982.627]**

The family must meet all of the requirements listed below before the commencement of homeownership assistance. The family must be eligible for the Housing Choice Voucher program. The family must qualify as a first-time homeowner, or may be a co-operative member. The family must meet the Federal minimum income requirement. The family must have a gross

annual income equal to the Federal minimum wage multiplied by 2000 hours, based on the income of adult family members who will own the home. Unless the family is elderly or disabled, in which case the minimum income is equal to the amount of a monthly SSI payment for a single person without dependents, multiplied by 12, unless the elderly or disabled, income from welfare assistance will not be counted toward this requirement. The family must meet the Federal minimum employment requirement. At least one adult family member who will own the home must be currently employed full time and must have been continuously employed for one year prior to homeownership assistance. HUD regulations define "full time employment" as not less than an average of 30 hours per week. A family member will be considered to have been continuously employed even if that family member has experienced a gap in employment, provided that the gap in employment:

Did not exceed 30 calendar days; and The gap in employment did not occur within the 3 month period immediately prior to the family's request to utilize the homeownership option; and

There has been no more than one (1) gap in employment within the past 12 calendar months.

The Federal minimum employment requirement does not apply to elderly or disabled families.

Any family member who has previously defaulted on a mortgage obtained through the homeownership option is barred from receiving future homeownership assistance.

The Michigan City Housing Authority will impose the following additional initial requirements:

The family may not owe money to the Michigan City Housing Authority or any other Housing Authority.

The family may not have committed any serious or repeated violations of a PHA-assisted lease within the past 12-month period.

### **Homeownership Counseling Requirements [24 CFR 982.630]**

When the family has been determined eligible, they must attend and complete homeownership counseling sessions. Families will have the option of attending homeownership counseling, at their own expense, through approved not for-profit organizations. The following topics will be included in the homeownership counseling sessions:

- Responsible homeownership
- Home maintenance (including care of the grounds);
- Budgeting and money management;
- Credit counseling;
- How to negotiate the purchase price of a home;
- How to obtain homeownership financing and loan pre-approvals, including a description of types of financing that may be available, and the pros and cons of different types of financing;

How to find a home, including information about homeownership opportunities, schools, and transportation in the PHA jurisdiction;  
Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to find homes in such areas;  
Information about Real Estate Settlement Procedures Act (RESPA), state and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions;

#### **Eligible Units [24 CFR 982.628]**

The unit must meet all of the following requirements: The unit must meet HUD's "Eligible Housing" requirements. The unit may not be any of the following:

- A public housing or Indian housing unit;
- A unit receiving Section 8 project-based assistance;
- A nursing home, board and care home, or facility providing continual psychiatric, medical or nursing services;
- A college or other school dormitory;
- On the grounds of penal, reformatory, medical, mental, or similar public or private institutions.

The unit must be a unit already existing or under construction at the time the family signs the contract of sale to purchase the home. The unit is a one-unit property, duplex, town/row house or a single dwelling unit in a cooperative or condominium or a home in a planned use development, a loft or live/work unit, or a manufactured home to be situated on a privately owned lot or a leased pad in a mobile home park.

The unit has been inspected by the Michigan City Housing Authority and by a qualified independent inspector designated by the family.

The unit meets HUD's Housing Quality Standards and all requirements defined in this Administrative Plan.

The Michigan City Housing Authority will not approve the seller of the unit if it has been informed that the seller is debarred, suspended, or subject to a limited denial of participation.

#### **PHA Search and Purchase Requirements [24 CFR 982.629]**

The Section 8 rental assistance will continue under the terms of the participant's rental agreement until a home is found to purchase. As required by HUD, the Michigan City Housing Authority has established the maximum time that will be allowed for a family to locate and purchase a home. The family's deadline date for locating a home to purchase will be 180 calendar days from the date the family's eligibility for a home loan is approved. The family must purchase the home within 90 calendar days of locating a home to purchase. These time limits do not apply to disabled or elderly participants.

### **Inspection and Contract [24 CFR 982.631]**

The unit must meet Housing Quality Standards, and must also be inspected by an independent professional inspector selected and paid by the family.

The independent inspection must cover major building systems and components. The inspector must be qualified to identify physical defects and report on property conditions, including major building systems and components. These systems and components include, but are not limited to:

- Foundation and structure;
- Housing interior and exterior;
- Roofing;
- Plumbing, electrical and heating systems.

The independent inspector must not be a Michigan City Housing Authority employee or contractor. The Michigan City Housing Authority will not require the family to use an independent inspector selected by the Michigan City Housing Authority. The Michigan City Housing Authority requires that the inspector is used in the private market by private Homebuyers certified to conduct residential home inspections.

Copies of the independent inspection report will be provided to the family and the Michigan City Housing Authority. Based on the information in this report, the family and the Michigan City Housing Authority will determine whether any pre-purchase repairs are necessary.

The family must enter into a contract of sale with the seller of the unit. A copy of the contract must be given to the Michigan City Housing Authority. The contract of sale must specify the price and terms of sale, and provide that the purchaser will arrange for a pre-purchase independent inspection of the home. The contract must also:

- Provide that the purchaser is not obligated to buy the unit unless the inspection is satisfactory;
- Provide that the purchaser is not obligated to pay for necessary repairs; and
- Contain the seller's certification that he or she has not been debarred, suspended or subject to a limited denial of participation.

### **Financing [24 CFR 982.632]**

The family is responsible for securing financing. The Michigan City Housing Authority has established financing requirements, listed below, and may disapprove proposed financing if it is determined that the debt is unaffordable.

The Michigan City Housing Authority will prohibit the following forms of financing:

- ☐ Balloon Payment Mortgages
- ☐ Seller Financing
- ☐ Land Contracts
- ☐ Package Loans
- ☐ Wrap-Around Loans

### **Continued Assistance [24 CFR 982.633]**

Homeownership assistance may only be paid while the family is residing in the home. The family or lender is not required to refund homeownership assistance for the month the family moves out. The family must comply with the following obligations in order to continue to receive homeownership assistance:

The family must comply with the terms of the mortgage securing debt incurred to purchase the home, or any refinancing of such debt.

The family may not convey or transfer ownership of the home, except for purposes of financing, refinancing, or pending settlement of the estate of a deceased family member. Use and occupancy of the home are subject to CFR 982.551 (h) and (i).

The family must supply information to the Michigan City Housing Authority or HUD as specified in CFR 982.551(b). The family must further supply any information required by the Michigan City Housing Authority or HUD concerning mortgage financing or refinancing, sale or transfer of any interest in the home, or homeownership expenses.

The family must notify the Michigan City Housing Authority before moving out of the home. The family must notify the Michigan City Housing Authority if the family defaults on the mortgage used to purchase the home. No family member may have any ownership interest in any other residential property. The family must attend and complete ongoing homeownership counseling. Before commencement of homeownership assistance, the family must execute a statement in which the family agrees to comply with all family obligations under the homeownership option.

### **Maximum Term of Homeownership Assistance [24 CFR 982.634]**

Except in the case of elderly or disabled families, the maximum term of homeownership assistance is:

15 years, if the initial mortgage term is 20 years or longer, or  
10 years in all other cases.

The elderly exception only applies if the family qualified as elderly at the start of homeownership assistance. The disabled exception applies if, at any time during receipt of homeownership assistance, the family qualifies as disabled.

If the family ceases to qualify as elderly or disabled during the course of homeownership assistance, the maximum term becomes applicable from the date assistance commenced. However, such a family must be afforded at least 6 months of homeownership assistance after the maximum term becomes applicable.

## **Homeownership Assistance Payments and Homeownership Expenses [24 CFR 982.635]**

The monthly homeownership assistance payment is the lower of the voucher payment standard minus the total tenant payment, or the monthly homeownership expenses minus the total tenant payment. In determining the amount of the homeownership assistance payment, the Michigan City Housing Authority will use the same payment standard schedule, payment standard amounts, and subsidy standards as those described in this plan or the Housing Choice Voucher Program. The only exception shall be that of unit size, which is established at time of home purchase, and will not alter during the time of homeownership assistance.

The Michigan City Housing Authority will pay the homeownership assistance payment to the lender via electronic payment transfer.

Some homeownership expenses are allowances or standards determined by the Michigan City Housing Authority in accordance with HUD regulations. These allowances are used in determining expenses for all homeownership families and are not based on the condition of the home. Homeownership expenses include:

- Principal and interest on mortgage debt.

- Mortgage insurance premium (if required by lender or paid by homeowner).

- Taxes and insurance.

- The Michigan City Housing Authority utility allowance used for the voucher program.

- The Michigan City Housing Authority allowance for routine maintenance costs equal to \$50.00 per month.

- The Michigan City Housing Authority allowance for major repairs and replacements equal to \$50.00 per month.

- Principal and interest on debt for improvements.

- If the home is a cooperative or condominium, expenses also include operating expenses or maintenance fees assessed by the homeowner association.

The Michigan City Housing Authority does not conduct post-purchase HQS inspections. The MCHA feels that without recourse against participants whose units fail, the inspections would not be effective. MCHA plans to maintain contact with participants after purchase through mechanisms such as post cards and calendars with tips on home maintenance and other reminders of the resources available should participants have difficulty making their mortgage payments.

## **Portability [24 CFR 982.636, 982.353(b) and (c), 982.552, 982.553]**

Subject to the restrictions on portability included in HUD regulations and in the portability reference chapter of this plan, the family may exercise portability if the receiving housing authority is administering a voucher homeownership program and accepting new homeownership families. The receiving housing authority may absorb the family into its voucher program, or bill the Michigan City Housing Authority. The receiving housing authority arranges for housing counseling and the receiving agency's homeownership policies apply.

### **Moving With Continued Assistance [24 CFR 982.637]**

A family receiving homeownership assistance may move with continued tenant-based assistance. The family may move with voucher rental assistance or with voucher homeownership assistance. Continued tenant-based assistance for a new unit cannot begin so long as any family member holds title to the prior home.

The Michigan City Housing Authority prohibits more than one move by the family during any one-year period. The Michigan City Housing Authority will deny permission to move with continued rental or homeownership assistance if it is determined that there is insufficient funding to provide continued assistance.

The Michigan City Housing Authority will require the family to complete additional homeownership counseling prior to moving to a new unit with continued assistance under the homeownership option.

### **Denial or Termination of Assistance [24 CFR 982.638]**

The Michigan City Housing Authority will terminate homeownership assistance if the family is dispossessed from the home due to a judgment or order of foreclosure.

The Michigan City Housing Authority will permit such a family to move with continued voucher rental assistance. However, rental assistance will be denied if the family defaulted on an FHA-insured mortgage, and the family fails to demonstrate that:

The family conveyed title to the home as required by HUD, and the family moved within the period required by HUD. The Michigan City Housing Authority will terminate homeownership assistance if the family:

- Transfers or conveys ownership of the home;
- Fails to provide requested information to the Michigan City Housing Authority or HUD;
- Fails to notify the Michigan City Housing Authority before moving out of the home;
- Fails to use the assisted homeownership unit for residence by the family. The homeownership unit must be the family's only residence;
- Leases or rents out the homeownership unit;
- Commits any fraud, bribery or any other corrupt criminal act in connection with the program;
- Engage in drug-related criminal activity, or violent criminal activity (I.A.W. 24 CFR §982.553);
- An assisted family, or members of the family may not receive Section 8 tenant-based assistance (including homeownership assistance) for the same unit or for a different unit, under any duplicative (as determined by HUD or in accordance with HUD requirements) federal, state or local housing assistance program.
- Failure to comply with the Family Obligations Under the Section 8 Program or MCHA Home Ownership policies.

MCHA shall have the discretion to waive or modify any provision of the Homeownership Supportive Services Program or policies not governed by the statute of regulation for good cause or to comply with changes in HUD regulations or directives.

## **CHAPTER 23 TRANSITION TO THE NEW HOUSING CHOICE VOUCHER PROGRAM**

### **A. New HAP Contracts**

On and after August 12, 1999, the Michigan City Housing Authority will only enter into a HAP contract for a tenancy under the voucher program, and will not enter into a new HAP contract for a tenancy under the certificate program.

#### **Over-FMR Tenancy**

If the Michigan City Housing Authority had entered into any HAP contract for an over-FMR tenancy under the certificate program prior to the merger date of August 12, 1999, on and after August 12, 1999 such tenancy shall be considered and treated as a tenancy under the voucher program, and will be subject to the voucher program requirements under 24 CFR 982.502, including calculation of the voucher housing assistance payment in accordance with 24 CFR 982.505. However, 24 CFR 982.505(b)(2) will not be applicable for calculation of the housing assistance payment prior to the effective date of the second regular reexamination of family income and composition on or after the merger date of August 12, 1999.

#### **Voucher Tenancy**

If the Michigan City Housing Authority had entered into any HAP contract for a voucher tenancy prior to the merger date of August 12, 1999, on and after August 12, 1999 such tenancy will continue to be considered and treated as a tenancy under the voucher program, and will be subject to the voucher program requirements under 24 CFR 982.502, including calculation of the voucher housing assistance payment in accordance with 24 CFR 982.505. However, 24 CFR 982.505(b) (2) will not be applicable for calculation of the housing assistance payment prior to the effective date of the second regular reexamination of family income and composition on or after the merger date of August 12, 1999.

#### **Regular Certificate Tenancy**

The Michigan City Housing Authority will terminate program assistance under any outstanding HAP contract for a regular tenancy under the certificate program entered into prior to the merger date of August 12, 1999 at the effective date of the second regular reexamination of family income and composition on or after the merger date of August 12, 1999. Upon such termination of assistance, the HAP contract for such tenancy terminates automatically. The Michigan City Housing Authority will give at least 120 days written notice of such termination to the family and the owner, and the Michigan City Housing Authority will offer the family the opportunity for continued tenant-based assistance under the voucher program. The Michigan City Housing Authority may deny the family the opportunity for continued assistance in accordance with 24 CFR 982.552 and 24 CFR 982.553.

## CHAPTER 24 TEMPORARY ADDENDUM DOCUMENT

### Model Administrative Plan

#### TEMPORARY ADDENDUM DOCUMENT

##### INTRODUCTION

On January 22, 2013 HUD issued Notice PIH 2013-03. Effective until March 31, 2014, the notice acknowledges and addresses the budget and staff constraints that PHAs have had to face in recent years. To address these burdens, the notice gives a series of four optional methods to reduce administrative burden, addressed below.

HUD posted Frequently Asked Questions (FAQs) about the notice on March 1, 2013. Before implementing any of the temporary policy options, the PHA must notify HUD by e-mail. The e-mail must state which of the 4 options will be implemented.

The PHA must revise its administrative plan before any of the temporary policies are implemented. This document, with Board approval, contains the PHA's policies for implementation. The PHA must also evaluate whether adoption of any of the temporary policies would constitute a significant amendment to its annual plan, and must revise the annual plan if necessary.

The temporary provisions that an agency may adopt include:

**Option 1: Allow option to use participants' past income in verifying income-** This option may simplify the verification process by eliminating the need for family-provided documents, such as pay stubs, in some situations.

**Option 2: Allow households to self-certify assets of \$5,000 or less-** Due to the imputed asset calculation, assets with a value of \$5,000 or less have little to no impact on TTP. The notice allows agencies to accept a self-certification to save administrative time.

**Option 3: Allow optional streamlined annual reexaminations for elderly families and disabled families on fixed incomes-** For elderly and disabled families whose income is limited to such fixed sources as Social Security or a pension, the agency can reduce administrative time by simply updating income on an annual basis for any cost of living adjustments. If the family has other sources of income that are not fixed a streamlined reexamination would not be an option.

**Option 4: Allow IHAs to establish a payment standard of not more than 120 percent of the fair market rent (FMR) without HUD approval as a reasonable accommodation-** The agency can approve a payment standard between 111% and 120% of fair market rent (FMR) without field office approval as a reasonable accommodation on a case by case basis. This has the effect of affirmatively furthering fair housing by expanding affordable housing choices for a

person with disabilities.

HUD has clarified that Option 1 and Option 3 are mutually exclusive. Therefore, the IHA may not implement both options.

Policies contained in this temporary addendum will override existing administrative plan policies until March 31, 2014.

#### **OPTION 1: USE OF ACTUAL PAST INCOME**

HUD requires that the use of actual past income must be based on income received during the most recent 12-month period shown in the EIV system. This same 12-month period must be used to determine annual income from non-EIV income sources, such as TANF.

The option must be applied to all participant families. However, anticipated future income must be used to determine annual income:

- For all applicant families
- At the family's request, and
- When the family's declared income differs substantially from EIV data

For past income shown in the family's EIV report, no additional verification is required unless the family requests use of anticipated income, or there is a substantial difference between the EIV data and family-declared income.

##### MCHA Policy:

The MCHA will not implement Option 1.

#### **OPTION 2: SELF-CERTIFICATION OF ASSETS OF \$5,000 OR LESS**

This option permits the MCHA to temporarily accept family self-certification of assets when the total net value of the family's assets does not exceed \$5,000. The option reduces administrative burden by eliminating the time-consuming verification process for assets which have minimal impact on the family's subsidy level.

The family's self-certification on application and reexamination forms may be accepted when all adult family members sign the applicable form.

The MCHA must continue to report all assets on Form HUD-50058, including assets of families with net assets which do not exceed \$5,000.

If the family's assets exceed \$5,000 in net value, the MCHA must verify the assets according to existing MCHA policy.

##### MCHA Policy

The MCHA will not implement Option 2.

### **OPTION 3: STREAMLINING OF ANNUAL REEXAMINATIONS FOR ELDERLY AND DISABLED FAMILIES ON FIXED INCOMES**

Option 3 is intended to reduce administrative burden by permitting the MCHA to streamline some of its annual reexaminations.

Under this option, the MCHA will temporarily bypass its existing policies on verification of income. The option is only applicable to families:

- Whose head, spouse or co-head is either at least 62 years old or disabled, AND
- Who receive income only from fixed income sources.

Fixed income sources include Social Security and SSI, governmental or private pensions, and other periodic payments that are of substantially the same amounts from year to year.

In a streamlined annual reexamination, the MCHA calculates annual income by applying any published cost of living adjustment (COLA) to the previously-verified income amount.

#### MCHA Policy

The MCHA will implement Option 3, and will comply with all HUD requirements.

For elderly and disabled families with fixed incomes, the IHA will recalculate annual income by applying any published COLA to previously-verified amounts. Current documentation of fixed income is not required.

If the family receives any income from a non-fixed income source, the MCHA will not streamline the annual reexamination.

### **OPTION 4: APPROVAL OF EXCEPTION PAYMENT STANDARDS AS REASONABLE ACCOMMODATION:**

References: Notice PIH 2010-11; Notice PIH 2010-26

The MCHA is required to approve an exception payment standard as a reasonable accommodation for a family that includes a person with disabilities, if the exception is necessary to make the program accessible to and usable by persons with disabilities. The exception may be necessary to permit the family to rent a unit with accessible features.

Current rules permit the MCHA to approve an exception payment standard up to 110% of the applicable fair market rent (FMR). Field office approval is required for exceptions from 111% to 120% of FMR, and HUD headquarters approval is required for exceptions above 120%. HUD has noted that the requirement for field office approval has resulted in delays which may prevent the family from renting the unit.

Option 4, temporarily eliminates the requirement for field office approval, and permits the MCHA to approve exception payment standards of up to 120% of FMR in this situation. Exceptions above 120% of FMR still require approval from HUD headquarters.

Under this option, the MCHA must maintain file documentation of rent reasonableness and documentation that the unit has features required to meet the needs of the person with disabilities.

#### MCHA Policy

The MCHA will implement Option 4, and will comply with all HUD requirements.

When a family that includes a person with disabilities requires an exception payment standard as a reasonable accommodation, the MCHA will approve or deny requests for exceptions up to 120% of the applicable FMR.

Requests for exception payment standards over 120% of FMR will be forwarded to HUD headquarters, with supporting documentation as described in Notice PIH 2010-11.

The MCHA will maintain file documentation as required by HUD, including documentation of rent reasonableness and documentation of unit features required by the disabled family member.

## CHAPTER 25 GLOSSARY

**1937 Housing Act:** The United States Housing Act of 1937 [42 U.S.C. 1437 et seq.]

**Absorption:** In portability, the point at which a receiving housing authority stops billing the initial housing authority for assistance on behalf of a portable family. [24 CFR 982.4]

**Adjusted Annual Income:** The amount of household income, after deductions for specified allowances, on which tenant rent is based.

**Administrative fee:** Fee paid by HUD to the housing authority for the administration of the program.

**Administrative Plan:** The plan that describes housing authority policies for the administration of the tenant-based programs.

**Admission:** The point when the family becomes a participant in the program. In a tenant-based program, the date used for this purpose is the effective date of the first HAP Contract for a family (first day of initial lease term).

**Adult:** A household member who is 18 years or older or who is the head of the household, or spouse, or co-head.

**Allowances:** Amounts deducted from the household's annual income in determining adjusted annual income (the income amount used in the rent calculation). Allowances are given for elderly families, dependents, medical expenses for elderly families, disability expenses, and child care expenses for children under 13 years of age. Other allowance can be given at the discretion of the housing authority.

**Amortization Payment:** In a manufactured home space rental: The monthly debt service payment by the family to amortize the purchase price of the manufactured home.

**Annual Contributions Contract (ACC):** The written contract between HUD and a housing authority under which HUD agrees to provide funding for a program under the 1937 Act, and the housing authority agrees to comply with HUD requirements for the program.

**Annual Income:** All amounts, monetary or not, that:

- a. Go to (or on behalf of) the family head or spouse (even if temporarily absent) or to any other family member, or
- b. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- c. Are not specifically excluded from Annual Income.

- d. Annual Income also includes amounts derived (during the 12-month period) from assets to which any member of the family has access.

**Applicant (applicant family):** A family that has applied for admission to a program but is not yet a participant in the program.

**Assets:** see net family assets.

**Asset Income:** Income received from assets held by household members. If assets total more than \$5,000, income from the assets is "imputed" and the greater of actual asset income and imputed asset income is counted in annual income.

**Assisted lease (lease):** A written agreement between an owner and a family for the leasing of a dwelling unit to the family. The lease establishes the conditions for occupancy of the dwelling unit by a family with housing assistance payments under a HAP contract between the owner and the housing authority.

**Certificate:** A document issued by a housing authority to a family selected for admission to the Certificate Program. The certificate describes the program and the procedures for housing authority approval of a unit selected by the family. The certificate also states the obligations of the family under the program.

**Certification:** The examination of a household's income, expenses, and family composition to determine the household's eligibility for program participation and to calculate the household's rent for the following 12 months.

**Child:** For purposes of citizenship regulations, a member of the family other than the family head or spouse who is under 18 years of age.

**Child care expenses:** Amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of childcare necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.

**Citizen:** A citizen or national of the United States.

**Common space:** In shared housing: Space available for use by the assisted family and other occupants of the unit.

**Congregate housing:** Housing for elderly or persons with disabilities that meets the HQS for congregate housing.

**Consent form:** Any consent form approved by HUD to be signed by assistance applicants and participants for the purpose of obtaining income information from employers and SWICAs, return information from the Social Security Administration, and return information for unearned income from the Internal Revenue Service. The consent forms may authorize the collection of other information from assistance applicants or participant to determine eligibility or level of benefits.

**Contiguous MSA:** In portability, an MSA that shares a common boundary with the MSA in which the jurisdiction of the initial housing authority is located.

**Continuously assisted:** An applicant is continuously assisted under the 1937 Housing Act if the family is already receiving assistance under any 1937 Housing Act program when the family is admitted to the Voucher Program.

**Cooperative:** Housing owned by a non-profit corporation or association, and where a member of the corporation or association has the right to reside in a particular apartment, and to participate in management of the housing.

**Domicile:** The legal residence of the household head or spouse as determined in accordance with State and local law.

**Decent, safe, and sanitary:** Housing is decent, safe, and sanitary if it satisfies the applicable housing quality standards.

**Department:** The Department of Housing and Urban Development.

**Dependent:** A member of the family (except foster children and foster adults) other than the family head or spouse, who is under 18 years of age, or is a person with a disability, or is a full-time student.

**Disability assistance expenses:** 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 member) to be employed, provided that the expenses are neither paid to a member of the family nor reimbursed by an outside source.

**Disabled family:** A family whose head, spouse, or sole member is a person with disabilities; or two or more persons with disabilities living together; or one or more persons with disabilities living with one or more live-in aides.

**Disabled person:** See "person with disabilities."

**Displaced family:** A family in which each member, or whose sole member, is a person displaced by governmental action (such as urban renewal), or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

**Displaced person:** A person displaced by governmental action (such as urban renewal), or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

**Drug related criminal activity:** Illegal use or personal use of a controlled substance, and the illegal manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute or use, of a controlled substance.

**Drug trafficking:** The illegal manufacture, sale, or distribution, or the possession with intent to manufacture, sell, or distribute, of a controlled substance.

**Elderly family:** A family whose head, spouse, or sole member is a person who is at least 62 years of age; or two or more persons who are at least 62 years of age living together; or one or more persons who are at least 62 years of age living with one or more live-in aides.

**Elderly person:** A person who is at least 62 years of age.

**Evidence of citizenship or eligible status:** The documents that must be submitted to evidence citizenship or eligible immigration status.

**Exception rent:** An amount that exceeds the published fair market rent.

**Extremely low-income families:** Those families whose incomes do not exceed 30% of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families.

**Fair Housing Act:** Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988 (42 U.S.C. 3601 et seq.).

**Fair market rent (FMR):** The rent, including the cost of utilities (except telephone), as established by HUD for units of varying sizes (by number of bedrooms), that must be paid in the housing market area to rent privately owned, existing, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities. FMRs are published periodically in the Federal Register.

**Family includes but is not limited to:**

- a. A family with or without children (the temporary absence of a child from the home due to placement in foster care shall not be considered in determining family composition and family size);
- b. An elderly family;
- c. A near-elderly family;
- d. A disabled family;
- e. A displaced family;
- f. The remaining member of a tenant family; and
- g. A single person who is not an elderly or displaced person, or a person with disabilities, or the remaining member of a tenant family.

**Family members:** include all household members except live-in aides, foster children and foster adults. All family members permanently reside in the unit, though they may be temporarily absent. All family members are listed on the HUD-50058.

**Family self-sufficiency program (FSS program):** The program established by a housing authority to promote self-sufficiency of assisted families, including the coordination of supportive services (42 U.S.C. 1437u).

**Family share:** The portion of rent and utilities paid by the family.

**Family unit size:** The appropriate number of bedrooms for a family as determined by the housing authority under the housing authority's subsidy standards.

**50058 Form:** The HUD form that Housing Authority's are required to complete for each assisted household in public housing to record information used in the certification and re-certification process, and, at the option of the housing authority, for interim reexaminations.

**FMR/exception rent limit:** The Section 8 existing housing fair market rent published by HUD headquarters, or any exception rent. For a tenancy in the Voucher Program, the housing authority may adopt a payment standard up to the FMR/exception rent limit.

**Full-time student:** A person who is carrying a subject load that is considered full-time for day students under the standards and practices of the educational institution attended. An educational institution includes a vocational school with a diploma or Certificate Program, as well as an institution offering a college degree.

**Gross rent:** The sum of the rent to the owner plus any utilities.

**Group Home:** A dwelling unit that is licensed by a State as a group home for the exclusive residential use of two to twelve persons who are elderly or persons with disabilities (including any live-in aide).

**Head of household:** The adult member of the family who is the head of the household for purposes of determining income eligibility and rent.

**Household members:** include all individuals who reside or will reside in the unit and who are listed on the lease, including live-in aides, foster children and foster adults.

**Housing Assistance Payment (HAP):** The monthly assistance by a housing authority, which includes (1) a payment to the owner for rent to the owner under the family's lease, and (2) an additional payment to the family if the total assistance payment exceeds the rent to owner.

**Housing quality standards (HQS):** The HUD minimum quality standards for housing assisted under the Section 8 program.

**Housing voucher:** A document issued by a housing authority to a family selected for admission to the Voucher Program. This document describes the program and the procedures for housing authority approval of a unit selected by the family. The voucher also states the obligations of the family under the program.

**Housing voucher holder:** A family that has an unexpired housing voucher.

**Imputed income:** For households with net family assets of more than \$5,000, the amount calculated by multiplying net family assets by a HUD-specified percentage. If imputed income is more than actual income from assets, the imputed amount is used in determining annual income.

**Income category:** Designates a family's income range. There are three categories: low income, very low income and extremely low-income.

**Incremental income:** The increased portion of income between the total amount of welfare and earnings of a family member prior to enrollment in a training program and welfare and earnings of the family member after enrollment in the training program. All other amounts, increases and decreases, are treated in the usual manner in determining annual income.

**Initial Housing Authority:** In portability, both: (1) a housing authority that originally selected a family that later decides to move out of the jurisdiction of the selecting housing authority; and (2) a housing authority that absorbed a family that later decides to move out of the jurisdiction of the absorbing housing authority.

**Initial payment standard:** The payment standard at the beginning of the HAP contract term.

**Initial rent to owner:** The rent to owner at the beginning of the initial lease term.

**Interim (examination):** A reexamination of a household's income, expenses, and household status conducted between the annual recertifications when a change in a household's circumstances warrant such a reexamination.

**Jurisdiction:** The area in which the housing authority has authority under State and local law to administer the program.

**Lease:** A written agreement between an owner and tenant for the leasing of a dwelling unit to the tenant. The lease establishes the conditions for occupancy of the dwelling unit by a family with housing assistance payments under a HAP Contract between the owner and the housing authority.

**Live-in aide:** A person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:

- a. Is determined to be essential to the care and well-being of the persons;
- b. Is not obligated for the support of the persons; and
- c. Would not be living in the unit except to provide the necessary supportive services.

**Low-income families:** Those families whose incomes do not exceed 80% of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families. [1937Act)

**Manufactured home:** A manufactured structure that is built on a permanent chassis, is designed for use as a principal place of residence, and meets the HQS.

**Manufacture home space:** In manufactured home space rental: A space leased by an owner to a family. A manufactured home owned and occupied by the family is located on the space.

**Medical expenses:** Medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is computed, and that are not covered by insurance.

**Mixed family:** A family whose members include those with citizenship or eligible immigration status, and those without citizenship or eligible immigration status.

**Moderate rehabilitation:** Rehabilitation involving a minimum expenditure of \$1000 for a unit, including its prorated share of work to be accomplished on common areas or systems, to:

- a. upgrade to decent, safe and sanitary condition to comply with the Housing Quality Standards or other standards approved by HUD, from a condition below these standards (improvements being of a modest nature and other than routine maintenance; or
- b. repair or replace major building systems or components in danger of failure.

**Monthly adjusted income:** One twelfth of adjusted income.

**Monthly income:** One twelfth of annual income.

**Mutual housing** is included in the definition of "cooperative".

**National:** A person who owes permanent allegiance to the United States, for example, as a result of birth in a United States territory or possession.

**Near-elderly family:** A family whose head, spouse, or sole member is a person who is at least 50 years of age but below the age of 62; or two or more persons, who are at least 50 years of age but below the age of 62, living together; or one or more persons who are at least 50 years of age but below the age of 62 living with one or more live-in aides.

**Net family assets:**

- a. Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.

- b. In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income.
- c. In determining net family assets, housing authorities or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

**Noncitizen:** A person who is neither a citizen nor national of the United States.

**Notice Of Funding Availability (NOFA):** For budget authority that HUD distributes by competitive process, the Federal Register document that invites applications for funding. This document explains how to apply for assistance, and the criteria for awarding the funding.

**Occupancy standards:** The standards that the housing authority establishes for determining the appropriate number of bedrooms needed to house families of different sizes or composition.

**Owner:** Any person or entity, including a cooperative, having the legal right to lease or sublease existing housing.

**Participant (participant family):** A family that has been admitted to the housing authority's program and is currently assisted in the program. The family becomes a participant on the effective date of the first HAP contract executed by the housing authority for the family (first day of initial lease).

**Payment standard:** In a voucher tenancy, the maximum monthly assistance payment for a family (before deducting the total tenant payment by family contribution). For a voucher tenancy, the housing authority sets a payment standard in the range from 90% to 110% of the current FMR.

**Person with disabilities:** A person who:

- a. Has a disability as defined in Section 223 of the Social Security Act,

"Inability to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, or

In the case of an individual who attained the age of 55 and is blind and unable by reason of such blindness to engage in substantial, gainful activity requiring skills or ability

comparable to those of any gainful activity in which he has previously engaged with some regularity and over a substantial period of time."

- b. Is determined, pursuant to regulations issued by the Secretary, to have a physical, mental, or emotional impairment that:
  - (1) is expected to be of long-continued and indefinite duration,
  - (2) substantially impedes his or her ability to live independently, and
  - (3) is of such a nature that such ability could be improved by more suitable housing conditions, or
- c. Has a developmental disability as defined in Section 102(7) of the of the Developmental Disabilities Assistance and Bill of Rights Act.

"Severe chronic disability that:

- (1) is attributable to a mental or physical impairment or combination of mental and physical impairments;
- (2) is manifested before the person attains age 22;
- (3) is likely to continue indefinitely;
- (4) results in substantial functional limitation in three or more of the following areas of major life activity: (1) self care, (2) receptive and responsive language, (3) learning, (4) mobility, (e) self-direction, (6) capacity for independent living, and (7) economic self-sufficiency; and
- (5) reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated."

This definition does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.

No individual shall be considered to be a person with disabilities for purposes of eligibility solely based on any drug or alcohol dependence.

**Portability:** Renting a dwelling unit with Section 8 tenant-based assistance outside the jurisdiction of the initial housing authority.

**Premises:** The building or complex in which the dwelling unit is located, including common areas and grounds.

**Private space:** In shared housing: The portion of a contract unit that is for the exclusive use of an assisted family.

**Preservation:** This program encourages owners of eligible multifamily housing projects to preserve low-income housing affordability and availability while reducing the long-term cost of providing rental assistance. The program offers several approaches to restructuring the debt of properties developed with project-based Section 8 assistance whose HAP contracts are about to expire.

**Proration of assistance:** The reduction in a family's housing assistance payment to reflect the proportion of family members in a mixed family who are eligible for assistance.

**Public Housing Agency:** A State, county, municipality or other governmental entity or public body (or agency or instrumentality thereof) authorized to engage in or assist in the development or operation of low-income housing.

**Reasonable rent:** A rent to owner that is not more than charged: (a) for comparable units in the private unassisted market; and (b) for a comparable unassisted unit in the premises.

**Receiving Housing Authority:** In portability, a housing authority that receives a family selected for participation in the tenant-based program of another housing authority. The receiving housing authority issues a certificate or voucher, and provides program assistance to the family.

**Re-certification:** A reexamination of a household's income, expenses, and family composition to determine the household's rent for the following 12 months.

**Remaining member of a tenant family:** A member of the family listed on the lease who continues to live in an assisted household after all other family members have left.

**Rent to owner:** The monthly rent payable to the owner under the lease. Rent to owner covers payment for any housing services, maintenance, and utilities that the owner is required to provide and pay for.

**Set-up charges:** In a manufactured home space rental, charges payable by the family for assembly, skirting and anchoring the manufactured home.

**Shared housing:** A unit occupied by two or more families. The unit consists of both common space for shared use by the occupants of the unit and separate private space for each assisted family.

**Shelter Allowance:** That portion of a welfare benefit (e.g., TANF) that the welfare agency designates to be used for rent and utilities.

**Single person:** Someone living alone or intending to live alone who does not qualify as an elderly person, a person with disabilities, a displaced person, or the remaining member of a tenant family.

**Single room occupancy housing (SRO):** A unit for occupancy by a single eligible individual capable of independent living that contains no sanitary facilities or food preparation facilities, or contains either, but not both, types of facilities.

**Special admission:** Admission of an applicant that is not on the housing authority waiting list, or without considering the applicant's waiting list position.

**Special housing types:** Special housing types include: SRO housing, congregate housing, group homes, shared housing, cooperatives (including mutual housing), and manufactured homes (including manufactured home space rental).

**State Wage Information Collection Agency (SWICA):** The State agency receiving quarterly wage reports from employers in the State, or an alternative system that has been determined by the Secretary of Labor to be as effective and timely in providing employment-related income and eligibility information.

**Statement of family responsibility:** An agreement in the form prescribed by HUD, between the housing authority and a Family to be assisted under the Moderate Rehabilitation Program, stating the obligations and responsibilities of the family.

**Subsidy standards:** Standards established by a housing authority to determine the appropriate number of bedrooms and amount of subsidy for families of different sizes and compositions.

**Suspension:** Stopping the clock on the term of a family's certificate or voucher, for such period as determined by the housing authority, from the time when the family submits a request for housing authority approval to lease a unit, until the time when the housing authority approves or denies the request. Also referred to as tolling.

**Tenant:** The person or persons (other than a live-in aide) who executes the lease as lessee of the dwelling unit.

**Tenant rent:** The amount payable monthly by the family as rent to the owner minus any utility allowance.

**Third-party (verification):** Oral or written confirmation of a household's income, expenses, or household composition provided by a source outside the household, such as an employer, doctor, school official, etc.

**Tolling:** see suspension.

**Total tenant payment (TTP):**

- (1) Total tenant payment is the amount calculated under Section 3(a)(1) of the 1937 Act. which is the higher of :

30% of the family's monthly adjusted income;

10% of the family's monthly income;

Minimum rent; or

if the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the family's actual housing costs, is specifically designated by such agency to meet the family's housing costs, the portion of such payments which is so designated.

If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under Section 3(a)(1) shall be the amount resulting from one application of the percentage.

**Utility allowance:** If the cost of utilities (except telephone) and other housing services for an assisted unit is not included in the tenant rent but is the responsibility of the family occupying the unit, an amount equal to the estimate made or approved by a housing authority or HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.

**Utility hook-up charge:** In a manufactured home space rental, costs payable by a family for connecting the manufactured home to utilities such as water, gas, electrical and sewer lines.

**Utility reimbursement:** The amount, if any, by which the utility allowance for the unit, if applicable, exceeds the total tenant payment for the family occupying the unit.

**Verification:**

- a. The process of obtaining statements from individuals who can attest to the accuracy of the amounts of income, expenses, or household member status (e.g., employers, public assistance agency staff, doctors).
- b. The three types of verification are:
  - (1) Third-party verification, either written or oral, obtained from employers, public assistance agencies, schools, etc.)
  - (2) Documentation, such as a copy of a birth certificate or bank statement
  - (3) Family certification or declaration (only used when third-party or documentation verification is not available)

**Very low-income families:** Low-income families whose incomes do not exceed 50% of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families. *[1937 Act]*

**Violent criminal activity:** Any illegal criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force against the person or property of another.

**Voucher (rental voucher):** A document issued by a housing authority to a family selected for admission to the Housing Choice Voucher Program. This document describes the program and the procedures for housing authority approval of a unit selected by the family and states the obligations of the family under the program.

**Voucher holder:** A family holding a voucher with unexpired search time.

**Waiting list admission:** An admission from the housing authority waiting list. *[24 CFR 982.4]*

**Welfare assistance.** Welfare or other payments to families or individuals, based on need, that are made under programs funded by Federal, State or local governments. *[24 CFR 5.603(d)]*

**Welfare rent:** In "as-paid" welfare programs, the amount of the welfare benefit designated for shelter and utilities.

## ACRONYMS

ACC	Annual Contributions Contract
CACC	Consolidated Annual Contributions Contract
CFR	Code of Federal Regulations
FMR	Fair Market Rent
FSS	Family Self Sufficiency (program)
HA	Housing Authority
HAP	Housing Assistance Payment
HCDA	Housing and Community Development Act
HQS	Housing Quality Standards
HUD	Department of Housing and Urban Development
INS	(U.S.) Immigration and Naturalization Service
NAHA	(Cranston-Gonzalez) National Affordable Housing Act
NOFA	Notice of Funding Availability
OMB	(U.S.) Office of Management and Budget
PBC	Project-Based Certificate (program)
QHWRA	Quality Housing and Work Responsibility Act of 1998
PHA	Public Housing Agency
TTP	Total Tenant Payment

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