

**GRAND RAPIDS HOUSING COMMISSION
CAMPAU COMMONS APARTMENTS
RESIDENTIAL LEASE AGREEMENT
TERMS AND CONDITIONS**

NOTICE: MICHIGAN LAW ESTABLISHES RIGHTS AND OBLIGATIONS FOR PARTIES TO RENTAL AGREEMENTS. THIS AGREEMENT IS REQUIRED TO COMPLY WITH THE TRUTH IN RENTING ACT. IF YOU HAVE A QUESTION ABOUT THE INTERPRETATION OR LEGALITY OF A PROVISION OF THIS AGREEMENT, YOU MAY WANT TO SEEK ASSISTANCE FROM A LAWYER OR OTHER QUALIFIED PERSON.

THIS LEASE AGREEMENT (called the “Lease”) is between the Grand Rapids Housing Commission, (referred to as “Housing Commission”) and Tenant named in Part II of this lease (referred to as “Tenant”).

I. Description of the Parties and Premises.

- (a) The Housing Commission, using data provided by the Tenant about income, family composition, and needs, leases to the Tenant, the property (called “premises” or “dwelling unit”) described in Part II of this Lease Agreement, subject to the terms and conditions contained in this Lease.
- (b) Premises must be used as the only private residence of the Tenant and the family members named on Part II of the Lease. The Housing Commission may, by prior written approval, consent to the Tenant’s use of the unit for legal profit-making activities subject to the Housing Commission’s policy on such activities.
- (c) Any additions to the household members named on the Lease, including live-in aides and foster children, but excluding natural births, adoptions, and court awarded custody require the advance written approval of the Housing Commission. Such approval will be granted only if the new family members pass the Housing Commission’s screening criteria and a dwelling unit of the appropriate size is available. Permission to add live-in aides and foster children shall not be unreasonably refused.

The Tenant agrees to wait for the Housing Commission’s approval before allowing additional persons to move into the Premises. Failure on the part of the Tenant to comply with this provision is a serious violation of the material terms of the Lease, for which the Housing Commission may terminate the Lease in accordance with Section XIV.

- (d) The Tenant shall report deletions (for any reason) from the household members named on the Lease to the Housing Commission in writing, within ten (10) days of the occurrence.

II. Lease and Amount of Rent.

- (a) Unless otherwise modified or terminated in accordance with Section XIV, the Lease shall automatically be renewed for successive terms of one calendar year.

The rent amount is stated in part II of this Lease. Rent shall remain in effect unless adjusted by the Housing Commission in accordance with Section VII herein.

The amount of the Total Tenant Payment and Tenant Rent shall be determined by the Housing Commission in compliance with HUD regulations and requirements and in accordance with the Housing Commission's Admissions and Occupancy Policy.

III. Other Charges. In addition to rent, the Tenant is responsible for the payment of certain other charges specified in this Lease. The types and amounts of other charges are specified in Part II of this Lease Agreement. The Housing Commission shall provide written notice of the amount of any charge in addition to Tenant Rent, and when the charge is due. Charges in addition to rent are due no sooner than two weeks after the Tenant receives the Housing Commission's written notice of the charge. Other charges can include:

- (a) Maintenance Costs. The cost for services or repairs due to intentional or negligent damage to the dwelling unit, common areas or grounds beyond normal wear and tear, caused by the Tenant, household members, or guests. When the Housing Commission determines that needed maintenance is not caused by normal wear and tear, the Tenant shall be charged for the cost of such service, either in accordance with the Schedule of Maintenance Charges posted by the Housing Commission or (for work not listed on the Schedule of Maintenance Charges) based on the actual cost to the Housing Commission for the labor and materials needed to complete the work. If overtime work is required, overtime rates shall be charged.
- (b) Excess Utility Charges. At developments where utilities are provided by the Housing Commission, a charge shall be assessed for excess utility consumption due to the operation of major tenant-supplied appliances. This charge does not apply to Tenants who pay their utilities directly to a utility supplier.
- (c) Installation charges for tenant-supplied air conditioners.
- (d) Late Charges. A charge of \$25.00 for rent or other charges paid after the fifth calendar day of the month.

IV. Payment Location. Rent and other charges can be paid at the Main Office of the Grand Rapids Housing Commission located at 1420 Fuller Avenue, SE or at the office of the housing development where the Tenant resides as specified in Part II of the Residential Lease. As a convenience to residents, cash payments of up to \$15.00 may be received by the management office. Amounts exceeding \$15.00 must be made by check or money order. Tenants who have submitted a check that is returned for insufficient funds shall be required to make all future payments by cashier's check or money order.

V. Security Deposit.

- (a) Tenant Responsibilities. The Tenant agrees to pay an amount equal to the greater of \$50.00 or one month's Total Tenant Payment. The dollar amount of the security deposit is noted on Part II of this Residential lease.
- (b) The Housing Commission's Responsibilities. The Housing Commission will use the Security Deposit at the termination of this Lease:
 - (1) To pay the cost of any rent or any other charges owed by the Tenant at the termination of this Lease.
 - (2) To reimburse the cost of repairing any intentional or negligent damages to the dwelling unit caused by the Tenant, household members or guests.

The Security Deposit may not be used to pay rent or other charges while the Tenant occupies the dwelling unit. No refund of the Security Deposit will be made until the Tenant has vacated, and the Housing Commission has inspected the dwelling unit.

The return of a Security Deposit shall occur within thirty (30) days after the Tenant moves out. The Housing Commission agrees to return the Security Deposit, if any, to the Tenant when he/she vacates, less any deductions for any costs indicated above, so long as the Tenant furnished the Housing Commission with a forwarding address. If any deductions are made, the Housing Commission will furnish the Tenant with a written statement of any such costs for damages and/or other charges deducted from the Security Deposit.

YOU MUST NOTIFY YOUR MANAGEMENT IN WRITING WITHIN FOUR (4) DAYS AFTER YOU MOVE OF A FORWARDING ADDRESS WHERE YOU CAN BE REACHED AND WHERE YOU WILL RECEIVE MAIL; OTHERWISE, MANAGEMENT SHALL BE RELIEVED OF SENDING YOU AN ITEMIZED LIST OF DAMAGES AND THE PENALTIES ADHERENT TO THAT FAILURE.

VI. Utilities and Appliances.

- (a) Housing Commission Supplied Utilities. If indicated by an (X) on Part II, the Housing Commission will supply the indicated utility: electricity, natural gas, heating fuel, water, sewer service, trash collection.

If indicated by an (X) on Part II of the Lease Agreement, the Housing Commission will provide a cooking range and refrigerator. Other major electrical appliances, air conditioners, freezer, extra refrigerators, washers, dryers, etc., may be installed and operated only with the written approval of the Housing Commission. A monthly service charge will be payable by the Tenant for the electricity used in the operation of such appliances, as shown on the Schedule posted in the housing development office.

- (b) Tenant-paid Utilities. If the Tenant resides in a development where the Housing Commission does not supply electricity, natural gas, heating fuel, water, sewer service, or trash collection, an Allowance for Utilities shall be established, appropriate for the size and type of dwelling unit, for utilities the Tenant pays directly to the utility supplier. The Total Tenant Payment less the Allowance for Utilities equals the Tenant Rent. If the Allowance for Utilities exceeds the Total Tenant Payment, the Housing Commission will pay or credit a Utility Reimbursement each month.

The Housing Commission may change the Allowance at any time during the term of the lease, and shall give the Tenant thirty (30) days written notice of the revised Allowance along with any resultant changes in Tenant Rent or Utility Reimbursement.

If the Tenant's actual utility bill exceeds the Allowance for Utilities, the Tenant shall be responsible for paying the actual bill to the supplier. If the Tenant's actual utility bill is LESS than the Allowance for Utilities, the Tenant shall receive the benefit of such saving.

- (c) Tenant Responsibilities. The Tenant agrees not to waste the utilities provided by the Housing Commission and to comply with any applicable law, regulation, or guideline of any governmental entity regulating utilities or fuels.

The Tenant also agrees to abide by any local ordinance or House Rules restricting or prohibiting the use of space heaters in multi-dwelling units.

VII. Terms and Conditions. The following terms and conditions of occupancy are made a part of the Lease.

- (a) Use and Occupancy of Dwelling. The Tenant shall have the right to exclusive use and occupancy of the dwelling unit for the Tenant and other household members listed on the Lease. With the prior written consent of the Housing Commission, members of the household may engage in legal profit-making activities in the dwelling unit.

This provision permits reasonable accommodation of the Tenant's guests or visitors for a period not exceeding fourteen (14) days each year. Permission may be granted, upon written request to the Manager, for an extension of the provision.

- (b) Ability to comply with Lease terms. If, during the term of this Lease, the Tenant, by reason of physical or mental impairment is no longer able to comply with the material provisions of this lease, and cannot make arrangements for someone to aid him/her in complying with the Lease, and the Housing Commission cannot make any reasonable accommodation that would enable the Tenant to comply with the Lease; THEN, the Housing Commission will assist the Tenant or designated member(s) of the Tenant's family, to find more suitable housing. If there are no family members who can or will take responsibility for moving the Tenant, the Housing Commission will work with appropriate agencies to secure suitable housing and will terminate the Lease.

At the time of Admission, all Tenants must identify the family member(s) to be contacted if they become unable to comply with Lease terms or in the case of an emergency.

- (c) Redetermination of Rent, Dwelling Size, and Eligibility. The rent amount as fixed in Part II of the Lease Agreement is due each month until changed as described below.
- (1) The status of each family is to be re-examined at least once a year.
 - (2) The Tenant promises to supply the Housing Commission, when requested, with accurate information about: family composition, age of family members, income and source of income of all family members, assets, and related information necessary to determine eligibility, annual income, adjusted income, and rent.

Failure to supply such information when requested is a serious violation of the terms of the lease and shall be cause to terminate the lease.

All information must be verified. The Tenant agrees to comply with the Housing Commission requests for verification by signing releases for third-party sources, presenting documents for review, or providing other suitable forms of verification.

The Housing Commission shall give the Tenant reasonable notice of what actions the Tenant must take, and of the date by which any such action must be taken for compliance under this section. This information will be used by the Housing Commission to

decide whether the amount of the rent should be changed, and whether the dwelling size is still appropriate for the Tenant's needs.

This determination will be made in accordance with the Admissions and Continued Occupancy Policy, which is publicly posted in the Housing Development Office. A copy of the policies can be furnished on request at the expense of the person making the request.

- (3) The following changes will trigger an interim re-examination between regular re-examinations. The family shall report these changes within ten (10) days of their occurrence.
 - (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) Any increase in income or decreases in allowable expenses which exceed \$200 per month or \$2,400 annually.
 - (d) The Tenant can verify a change in his/her circumstances (such as decline in or loss of income) that would justify a reduction in rent, except that rent shall not be reduced in the event a tenant's TANF grant is reduced because the tenant committed welfare fraud or failed to comply with a welfare department economic self-sufficiency requirement.
 - (e) It is found that the Tenant has misrepresented the facts upon which the rent is based so that the rent the Tenant is paying is less than the rent that he/she should have been charged. The Housing Commission may then apply an increase in rent retroactive to the first of the month following the month in which the misrepresentation occurred.
 - (f) Rent formulas or procedures are changed by Federal law or regulation.
- (4) All changes in family composition must be reported to the Housing Manager within ten (10) days of the occurrence. Failure to report within the ten (10) days may result in a retroactive rent charge or constitute cause for eviction.

This Lease will NOT be revised to permit a change of family

composition resulting from a request to allow adult children to move back into the unit unless it is determined that the move is essential for the mental or physical health of the tenant AND it does not disqualify the family for the size of dwelling unit it is currently occupying.

- (d) Rent Adjustments. The Tenant will be notified in writing of any rent adjustment. All notices will state the effective date of the rent adjustment.
- (1) In the case of a rent decrease, the adjustment will become effective on the first day of the month following the reported change in circumstances, provided the Tenant reported the change in a timely manner, as specified above.
 - (2) In the case of a rent increase, when an increase in income occurs and is reported within ten (10) calendar days of the occurrence, the increase will become effective the first day of the 2nd month following the month in which the change was reported.
 - (3) In the case of a rent increase due to misrepresentation, failure to report a change in family composition, or failure to report an increase in income, the Housing Commission shall apply the increase in rent retroactive to the first of the month following the month in which the misrepresentation occurred.
- (e) Transfers.
- (1) The Tenant agrees that if the Housing Commission determines that the size or design of the dwelling unit is no longer appropriate to the Tenant's needs, the Housing Commission shall send the Tenant written notice. The Tenant further agrees to accept a new Lease for a different dwelling unit of the appropriate size or design.
 - (2) The Housing Commission may move a Tenant into another dwelling unit if it is determined necessary to rehabilitate or demolish the Tenant's dwelling unit.
 - (3) If a Tenant makes a written request for special unit features in support of a documented disability, the Housing commission shall modify the Tenant's existing unit. If the cost and extent of the modifications needed are tantamount to those required for a fully accessible dwelling unit, the Housing Commission may transfer the Tenant to another dwelling unit with the features requested at the Housing Commission's expense.

- (4) A tenant without disabilities that is housed in a dwelling unit with special features must transfer to a dwelling unit without such features should a Tenant with disabilities need the unit.
- (5) In the case of involuntary transfers, the Tenant shall be required to move into the dwelling unit made available by the Housing Commission. The Tenant shall be given fifteen (15) days' time in which to move following delivery of a transfer notice. If the Tenant refuses to move, the Housing Commission may terminate the Lease.
- (6) Involuntary transfers are subject to the Grievance Procedure, and no such transfer may be made until either the time to request a Grievance has expired or the procedure has been completed.
- (7) The Housing Commission will consider any Tenant requests for transfers in accordance with the transfer priorities established in the Admissions and Continued Occupancy Policies.

VIII. Housing Commission Obligations. The Housing Commission shall be obligated:

- (a) To maintain the dwelling unit and the housing development in a decent, safe and sanitary condition;
- (b) To comply with the requirements of applicable building codes, housing codes, and HUD regulations materially affecting health and safety;
- (c) To make necessary repairs to the dwelling unit;
- (d) To keep the project building, facilities and common areas, not otherwise assigned to the Tenant for maintenance and upkeep, in a clean and safe condition.
- (e) To maintain in good and safe working order and condition electrical, plumbing, sanitary, heating, ventilating, and other facilities and appliances, including elevators supplied or required to be supplied with the Housing Commission.
- (f) To provide and maintain appropriate receptacles and facilities (except container for the exclusive use of an individual tenant family) for the deposit of garbage, rubbish, and other waste removed from the premise by the Tenant as required by this Lease.
- (g) To supply running water and reasonable amounts of hot water and reasonable amounts of heat at appropriate times of the year according to

local custom and usage; EXCEPT where the building that includes the dwelling unit is not required to be equipped for that purpose, or where heat or hot water is generated by an installation within the exclusive control of the Tenant and supplied by a direct utility connection;

- (h) To notify the Tenant of the specific grounds for any proposed adverse action by the Housing Commission. Such adverse action includes, but is not limited to: a proposed lease termination, transfer of the Tenant to another unit, change in the amount of rent, or imposition of charges for maintenance and repair, or for excess consumption of utilities. When the Housing Commission is required to afford the Tenant the opportunity for a hearing under the Housing Commission Grievance Procedure for a grievance concerning a proposed adverse action:
 - (1) The Notice of the proposed adverse action shall inform the Tenant of the right to request such a hearing. In the case of lease termination, a Notice of Lease Termination that complies with 966.4(1)(3) shall constitute adequate notice of proposed adverse action.
 - (2) In the case of a proposed adverse action other than a proposed lease termination, the Housing Commission shall not take the proposed action until time to request such a hearing has expired or if a hearing was requested in a timely manner, the grievance process has been completed.

IX. Tenant's Obligations. The Tenant shall be obligated:

- (a) Not to assign the Lease, nor sublease the dwelling unit.
- (b)
 - (1) Not to give accommodation to boarders or lodgers;
 - (2) Not to give accommodation to long term guests (in excess of 14 days per calendar year) without the advance written consent of the Housing Commission.
- (b) To use the dwelling unit solely as a private dwelling for the Tenant and Tenant's household as identified in PART II of the Lease, and not to use or permit its use for any other purpose.

This provision does not exclude the care of foster children or for a live-in caregiver for a member of the Tenant's family, provided the accommodation of such persons conforms to the Housing Commission's *Admissions and Continued Occupancy Policy*, and so long as the Housing Commission has granted prior written approval for the foster child(ren), or live-in aide to reside in the dwelling unit.

- (c) To abide by necessary and reasonable regulations promulgated by the Housing Commission for the benefit and well-being of the housing development and Tenants. These regulations shall be posted in a conspicuous manner in the housing development office and incorporated by reference in this Lease. Violation of such regulations constitutes a violation of the Lease.
- (d) To comply with the requirements of applicable state and local building or housing codes, materially affecting health and/or safety of the Tenant, members of their household, or other residents of the housing development.
- (e) To keep the dwelling unit and other such areas as may be assigned to the Tenant for exclusive use in a clean and safe condition. This includes keeping front and rear entrances and walkways for the exclusive use of the Tenant, free from hazards and trash and keeping the yard free of debris and litter. Exceptions to this requirement may be made for Tenants who have no household members able to perform such tasks because of age or disability.
- (f) To dispose of all garbage, rubbish, and other waste from the dwelling unit in a sanitary and safe manner only in containers approved or provided by the Housing Commission. To refrain from, and cause members of the Tenant's household or guests to refrain from littering or leaving trash and debris in common areas.
- (g) To use only in a reasonable manner all electrical, sanitary, heating, ventilating, air-conditioning, and other facilities and appurtenances including elevators.
- (h) To refrain from, and to cause members of their household and guests to refrain from destroying, defacing, damaging, or removing any part of the dwelling unit or development.
- (i) To pay reasonable charges (other than for normal wear and tear) for the repair of damages to the dwelling unit, development buildings, facilities, or common areas cause by Tenant, household members or guests.
- (j) To act, and cause household members, guests, or other persons under the tenant's control to act in a manner that will:
 - (1) Not disturb other residents' peaceful enjoyment of their accommodations; and
 - (2) Be conducive to maintaining all Housing Commission housing developments in a decent, safe, and sanitary condition.

- (k) To assure that the Tenant, any member of the household, guests, or other persons under the Tenant's control, shall not engage in:
 - (1) Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the Housing Commission premises by other residents or employees of the Housing Commission, or:
 - (2) Any drug-related criminal activity. Any criminal activity in violation of the preceding sentence shall be cause for termination of tenancy, and for eviction from the dwelling unit. (For the purposes of this Lease, the term drug-related criminal activity means the illegal possession, manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute, or use, of a controlled substances as defined in Section 1-2 of the Controlled Substances Act.
- (l) To assure that the tenant, any member of their household, guests, or other persons under the Tenant's control, shall not engage in domestic violence, dating violence or stalking as defined in Section 40002 of the Violence Against Women Act (VAWA) of 1994.
- (m) To make no alterations or repairs or redecorations to the interior of the dwelling unit or to the equipment, nor to install additional equipment or major appliances without written consent of the Housing Commission. To make no changes to locks or install new locks on exterior doors without the Housing Commission's written approval. To use no nails, tacks, screws, brackets, or fasteners on any part of the dwelling unit (a reasonable number of pictures hangers excepted) without authorization by the Housing Commission.
- (n) To give prior written notice to the Housing Commission, in accordance with Section XIII hereof, of the Tenant's leaving the dwelling unit unoccupied for any period exceeding seven (7) days.
- (o) To act in a cooperative manner with neighbors and Housing Commission staff. To refrain from and cause members of the Tenant's household or guests to refrain from acting or speaking in an abusive or threatening manner toward neighbors and Housing Commission staff.
- (p) To not display, use or possess or allow members of the Tenant's household or guests to display, use or possess any firearms (operable or inoperable), weapons (such as, but not limited to, nunchucks, knives, swords, sabers, etc.) as defined by the laws and courts of the State of Michigan, or use any object with the intent to cause harm anywhere on the property of the Housing Commission.

- (q) To take reasonable precautions to prevent fires and refrain from storing or keeping highly volatile or flammable materials upon the premises.
- (r) To avoid obstructing sidewalks, areaways, galleries, passages, elevators, and stairs; and to avoid using these for purposes other than going in and out of the dwelling unit.
- (s) To refrain from erecting or hanging radio and/or television antennas on or from any part of the dwelling unit.
- (t) To refrain from placing signs of any type in or about the dwelling except those allowed under applicable zoning ordinances and then only after having received written permission of the Housing Commission.
- (u) To refrain from, and cause members of the Tenant's household to refrain from keeping, maintaining, harboring, or boarding any animal of any nature in the dwelling unit except in accordance with the Housing Commission's *Pet and Service Animal Policy*.
- (v) To remove from Housing Commission property any vehicles without valid registration. To refrain from parking any vehicles in any right-of-way or fire lane designated and marked by the Housing Commission. Any inoperable or unlicensed vehicle as described above will be removed from Housing Commission property at the Tenant's expense. Automobile repairs are not permitted on the housing development premises.
- (w) To remove any personal property left on Housing Commission property when the Tenant leaves, abandons or surrenders the dwelling unit. Property left for more than thirty (30) days shall be considered abandoned and will be disposed of by the Housing Commission. Costs for storage and disposal shall be assessed against the former tenant.
- (x) To use reasonable care to keep his/her dwelling unit in such condition as to ensure proper health and sanitation standards for Tenant, household members and neighbors. **THE TENANT SHALL NOTIFY THE HOUSING COMMISSION PROMPTLY OF KNOWN NEED FOR REPAIRS TO HIS/HER DWELLING UNIT**, and of known unsafe or unsanitary conditions in the dwelling unit or in common areas and grounds of the housing development. The Tenant's failure to report the need for repairs in a timely manner shall be considered to contribute to any damage that occurs.
- (y) (1) Not to commit any fraud in connection with any Federal housing assistance program, and

- (2) Not to receive assistance for occupancy of any other dwelling unit assisted under any Federal housing assistance program during the term of this Lease.
- (z) To pay promptly any utility bills for utilities supplied to the Tenant by a direct connection to the utility company, and to avoid disconnection of utility service for such utilities.
- (aa) Tenants residing in units at 36 Franklin, 68 Franklin, 118 Franklin, or 156 Franklin must be elderly or disabled families or families receiving supportive services as noted below:
 - (1) The family must have at least one member receiving at least one qualifying supportive service. If the family successfully completes an FSS contract of participation or participation in any other supportive services as defined by the Housing Commission, the family shall continue to be considered a family receiving supportive services as long as the family resides in that unit.
 - (2) If the family fails without good cause to complete its FSS contract of participation or any other supportive services as defined by the Housing Commission, the Housing Commission may terminate the lease in accordance with section XIV of this lease.
 - (3) Families residing in these units at the time of the conversion from Public Housing to Project-Based Vouchers shall be given the option to receive supportive services, but may decline the services. The decision to decline an offer of supportive services by a current family at the time of conversion shall not represent a ground for lease termination.

X. Defects Hazardous to Life, Health or Safety. In the event that the dwelling unit is damaged to the extent that conditions are created that are hazardous to the life, health, or safety of the occupants:

Housing Commission Responsibilities:

- (a) The Housing Commission shall be responsible for repair of the unit within a reasonable period of time after receiving notice from the Tenant, provided, if the damage was caused by the Tenant, household members, or guests, the reasonable cost of the repairs shall be charged to the Tenant.
- (b) In the event that the dwelling unit is determined to be unfit for human occupancy, the tenant agrees to vacate the unit. However, if a unit is available, the Housing Commission shall offer the Tenant a replacement dwelling unit. The Housing Commission is not required to offer the

Tenant a replacement dwelling unit if the Tenant, household members, or guests caused the hazardous condition.

- (c) The Tenant shall accept any replacement unit offered by the Housing Commission.
- (d) In the event the Housing Commission, as described above cannot make repairs, and alternative accommodations are unavailable, then rent shall abate in proportion to the seriousness of the damage and loss in value as a dwelling. No abatement of rent shall occur if the Tenant rejects alternative accommodations or if the Tenant, household members, or guests caused the damage.
- (e) If the Housing Commission determines that the dwelling unit is untenable because of imminent danger to the life, health, and safety of the Tenant, and the Tenant refuses alternative accommodations, this Lease shall be terminated.

XI. Move-in and Move-out Inspections.

- (a) Move-in Inspection. The Tenant shall inspect the dwelling unit prior to occupancy by the Tenant. The Housing Commission will correct any deficiencies noted on the inspection report, at no charge to the Tenant.
- (b) Move-out Inspection. The Housing Commission will inspect the dwelling unit at the time the Tenant vacates and give the Tenant a written statement of the charges, if any, for which the Tenant is responsible. The Tenant and/or representative may join in such inspection, unless the Tenant vacates without notice to the Housing Commission.

XII. Entry of Premises During Tenancy.

Housing Commission Responsibilities:

- (a) The Housing Commission shall give the Tenant at least forty eight (48) hours written notice that the Housing Commission intends to enter the unit. The Housing Commission may enter only at reasonable times.
- (b) The Housing Commission may enter the Tenant's dwelling unit at any time without advance notification when there is reasonable cause to believe that an emergency exists.
- (c) If the Tenant and all adult members of the household are absent from the dwelling unit at the time of entry, the Housing Commission shall leave, in the dwelling unit, a written statement specifying the date, time and purpose of entry prior to leaving the dwelling unit.

Tenant Responsibilities:

- (a) The Tenant agrees that the duly authorized agent, employee, or contractor of the Housing Commission will be permitted to enter the Tenant's dwelling during reasonable hours (8:00 a.m. to 5:00 p.m.) for the purpose of performing routine maintenance, making improvements or repairs, inspecting the dwelling unit, or showing the unit for releasing.
- (b) When the Tenant calls to request maintenance on the dwelling unit, the Housing Commission shall attempt to provide such maintenance at a time convenient to the Tenant. If the Tenant is absent from the dwelling unit when the Housing Commission comes to perform maintenance, the Tenant's request for maintenance shall constitute permission to enter.

XIII. Notice Procedures.

Housing Commission Responsibilities:

- (a) Notice to the Tenant must be in writing, delivered to the Tenant or to any adult member of the household residing in the dwelling unit, or sent by first-class mail addressed to the Tenant.
- (b) Unopened, cancelled, first-class mail returned by the Post Office shall be sufficient evidence that notice was given.
- (c) If the Tenant is visually impaired, all notices must be in an accessible format.

Tenant Responsibilities:

- (a) Any notice to the Housing Commission must be in writing, delivered to the Housing Development Office or to the Housing Commission's Main Office, or sent by prepaid first-class mail, properly addressed to the Housing Development Office or to the Housing Commission's Main Office.

XIV. Termination of the Lease. In terminating the Lease, the following procedures shall be followed by the Housing Commission and Tenant.

- (a) This Lease may be terminated for engaging in domestic violence, dating violence or stalking as defined in Section 40002 of the Violence Against Women Act (VAWA) of 1994. Criminal activity directly relating to domestic violence, dating violence, or stalking engaged in by a member of the tenant's household or any guests or other person under the tenant's control shall not be cause for termination of the Lease if the tenant or an immediate member of the tenant's family is the victim or threatened victim of that domestic violence, dating violence, or stalking and substantiates the same with a Personal Protection Order (PPO) issued by a Court of Record.

- (b) This Lease may be terminated only for serious or repeated violations of material terms of the Lease, such as failure to make payments due under the Lease or to fulfill Tenant obligations set forth in Section IX above, or for other good cause.

Serious or repeated violation of **material terms of the Lease** shall include, but not be limited to:

- (1) The failure to pay rent or other payments when due.
- (2) Repeated late payment, which shall be defined as failure to pay the amount of rent or other charges due by the fifth of the month. Four (4) such late payments within a twelve (12) month period shall constitute repeated late payments.
- (3) Failure to pay utility bills when the Tenant is responsible for paying such bills directly to the supplier of utilities.
- (4) Misrepresentation of family income, assets, or composition.
- (5) Failure to supply, in a timely fashion, any certification, release, information, or documentation on family income or composition needed to process annual re-examinations or interim re-determinations.
- (6) Serious or repeated damage to the dwelling unit, creation of physical hazards in the unit, common areas, grounds or parking areas of any housing development site.
- (7) Criminal activity by the Tenant, household member, guest, or other person under the Tenant's control, including criminal activity that threatens the health, safety or right to peaceful enjoyment of the Housing Commission's premises by other residents, or any drug-related criminal activity.
- (8) Possession or use of weapons or illegal drugs in a Housing Commission dwelling unit, common area or on its premises.
- (9) Any fire on Housing Commission premises caused by carelessness or unattended cooking.
- (10) Families residing at 36 Franklin, 68 Franklin, 118 Franklin, and 156 Franklin who fail without good cause to complete their FSS contract of participation or any other supportive services as defined by the Housing Commission in accordance with paragraph IX (aa) of this lease.

- (c) The Housing Commission shall give written notice of the proposed termination of the Lease of:
- (1) Fourteen (14) days in the case of failure to pay rent.
 - (2) Thirty (30) days for breach of the Lease, or cause, unless State law permits a shorter period.
 - (3) Seven (7) days for willfully or negligently causing a serious and continuing health hazard.
 - (4) Seven (7) days where the Tenant, a member of the Tenant's household, guest or other person under the Tenant's control has unlawfully manufactured, delivered, possessed with intent to deliver, or possessed a controlled substance, as defined by Michigan law, on the leased premises.
- (d) The Notice of Termination:
- (1) The notice of termination to Tenant shall state specific reasons for the termination, shall inform the Tenant of his/her right to make such reply as he/she may wish, and the Tenant's right to examine the Housing Commission documents directly relevant to the termination or eviction.
 - (2) When the Housing Commission is required to offer the tenant the opportunity for a grievance hearing, the notice shall also inform the Tenant of the right to request such a hearing in accordance with the Housing Commission's grievance procedures.
 - (3) Any notice to vacate (or quit) that is required by State or local law may be combined with, or run concurrently with the notice of lease termination under this section. The Notice to Vacate must be in writing and specify that if the Tenant fails to quit the premises within the applicable statutory period, appropriate action will be brought against the Tenant, and the Tenant may be required to pay the costs of court and attorney's fees.
 - (4) When the Housing Commission is required to offer the Tenant the opportunity for a grievance hearing concerning the lease termination under the Housing Commission's grievance procedure, the tenancy shall not terminate (even if any Notice to Vacate under State or local law has expired) until the period to request a hearing has expired, or (if a hearing is requested) the grievance process has been completed.

(5) When the Housing Commission is not required to offer the Tenant the opportunity for a hearing under the grievance procedure and the Housing Commission has decided to exclude such grievance from the Housing Commission grievance procedure, the notice of lease termination shall (a) state that the Tenant is not entitled to a grievance hearing on the termination, (b) specify the judicial eviction procedure to be used by the Housing Commission for eviction and state that HUD has determined that this eviction procedure provides the opportunity for a hearing in a court that contains the basic elements of due process as defined in HUD regulations, and (c) state whether the eviction is for a criminal activity that threatens health or safety of residents or staff or for drug-related criminal activity.

(6) The Housing Commission may only evict the Tenant from the unit in accordance with Michigan law.

(e) The Tenant may terminate this Lease at any time by giving thirty (30) days written notice as described in Section XIII, above.

(f) In deciding to evict for criminal activity, the Housing Commission shall have discretion to consider (or not to consider) all of the circumstances of the case, including the seriousness of the offense, the extent of participation by or awareness of family members, and the effects that the eviction would have both on family members not involved in the proscribed activity and on the family's neighbors. In appropriate cases, the Housing Commission may permit continued occupancy by remaining family members and may impose a condition that family members who engaged in the proscribed activity will neither reside in nor visit the unit. The Housing Commission may require a family member who has engaged in the illegal use of drugs to present credible evidence of successful completion of a treatment program as a condition to being allowed to reside in the unit.

XV. Waiver. No delay or failure by the Housing Commission in exercising any right under this lease agreement, and no partial or single exercise of any such right shall constitute a waiver (post or prospective) of that or any other right, unless otherwise expressly provided herein.

XVI. Housekeeping Standards. In an effort to improve the livability and conditions of the apartments owned and managed by the Housing Commission, uniform standards for resident housekeeping have been developed for all tenant families.

(a) Housing Commission Responsibility. The standards that follow will be applied fairly and uniformly to all Tenants. The Housing Commission will inspect each unit at least annually, to determine compliance with the

standards. Upon completion of an inspection, the Housing Commission will notify the Tenant in writing if he/she fails to comply with the standards. The Housing Commission will advise the Tenant of the specific correction(s) required to establish compliance, and inform the tenant that training is available. Within a reasonable period of time, the Housing Commission will schedule a second inspection. Failure of a second inspection will constitute a violation of the Lease terms.

Training will be available at no cost to any Tenant requesting or needing assistance in complying with the Housekeeping Standards.

- (b) Tenant Responsibility. The Tenant is required to abide by the standards set forth below. Failure to abide by the Housekeeping Standards that results in the creation or maintenance of a threat to health or safety is a violation of the Lease and may result in eviction.
- (c) Housekeeping Standards – Inside the Apartment/House.

General:

- (1) Walls should be clean, free of dirt, grease, holes, cobwebs, and fingerprints.
- (2) Floors should be clean, clear, dry and free of hazards.
- (3) Ceilings should be clean and free of cobwebs.
- (4) Windows should be clean and not nailed shut. Shades or blinds should be intact.
- (5) Woodwork should be clean, free of dust, gouges, or scratches.
- (6) Doors should be clean, free of grease and fingerprints. Doorstops should be present. Locks should work.
- (7) Heating Units should be dusted and access uncluttered.
- (8) Trash shall be disposed of properly and not left in the unit.
- (9) Stairwells should be clean and uncluttered.
- (10) Entire unit should be free of rodent or insect infestation.

Kitchen:

- (1) Stove should be clean and free of food and grease.
- (2) Refrigerator should be clean. Freezer door should close properly

and freezer have no more than one inch of ice.

- (3) Cabinets should be clean and neat. Cabinet surfaces and countertop should be free of grease and spilled food. Cabinets should not be overloaded. Storage under the sink should be limited to small or lightweight items to permit access for repairs. Heavy pots and pans should not be stored under the sink.
- (4) Exhaust Fan should be free of grease and dust.
- (5) Sink should be clean, free of grease and garbage. Dirty dishes should be washed and put away in a timely manner.
- (6) Food storage areas should be neat and clean without spilled food.
- (7) Trash/garbage should be stored in a covered container until removed to the disposal area.

Bathroom:

- (1) Toilet and tank should be clean and odor free.
- (2) Tub and shower should be clean and free of excessive mildew and mold. Where applicable, shower curtains should be in place, and of adequate length.
- (3) Lavatory should be clean.
- (4) Exhaust fans should be free of dust.
- (5) Floor should be clean and dry.

Storage Areas:

- (1) Linen closet should be neat and clean.
- (2) Other closets should be neat and clean. No highly volatile or flammable materials should be stored in the unit.
- (3) Other storage areas should be clean, neat and free of hazards.
- (4) Utility Room or Basement should be free of debris, motor vehicle parts and flammable materials.
- (5) Laundry areas should be clean and neat. Remove lint from dyers after use. Drains should be clear of debris and allow for proper drainage.

- (d) Housekeeping Standards – Outside the Apartment/House. The following

standards apply to family and scattered site developments only. Some standards apply only when the area is for the exclusive use of the Tenant.

- (1) Yards should be free of debris, trash, and abandoned cars. Exterior walls should be free of graffiti.
- (2) Porches (front and rear) should be clean and free of hazards. Any items stored on the porch shall not impede access to the dwelling unit.
- (3) Steps (front and rear) should be clean and free of hazards.
- (4) Sidewalks should be clean and free of hazards.
- (5) Storm doors should be clean with glass or screens intact.
- (6) Parking lot should be free of abandoned cars. There shall be no car repairs in the lots.
- (7) Hallways should be clean and free of hazards.
- (8) Stairwells should be clean and uncluttered.

PART II: RESIDENTIAL LEASE AGREEMENT

THIS AGREEMENT is executed between the Grand Rapids Housing Commission (herein called the “Housing Commission”), and _____ (herein called the “Tenant”), and becomes effective as of this date: _____.

- (1) **Dwelling Unit:** The Housing Commission, relying upon the representations of the Tenant as to the Tenant’s income, household composition and housing need, leases to the Tenant, (upon Terms and Conditions set forth in Part I of this Lease Agreement) the dwelling unit LOCATED at _____ (hereinafter called the “premises”) to be occupied exclusively as a private residence by the Tenant and his/her household. The Tenant’s UNIT NUMBER is _____.

- (2) **Household Composition:** The Tenant’s household is composed of the individuals listed below (other than the Head or Spouse each household member should be listed by age, oldest to the youngest). All members of the household over the age of 18 years shall execute the Lease. The members of the household authorized to reside in the unit include and are limited to the persons listed below. In the event the Tenant allows a person not listed below to occupy said unit, such action shall constitute a material breach of the Lease and be cause for eviction of Tenant and all occupants.

Name	Relationship	Age & Birthdate	Social Security #
1.	Head	/ /	
2.		/ /	
3.		/ /	
4.		/ /	
5.		/ /	
6.		/ /	
7.		/ /	
8.		/ /	
9.		/ /	
10.		/ /	

(3) **Term:** The term of this Lease shall be one calendar year, renewed as stipulated in Part I of the Lease.

(4) **Rent:** Initial rent (prorated for partial month) shall be \$_____ and, if applicable, the Tenant shall receive the benefit of \$_____ from the Housing Commission for Utility Reimbursement (for partial month) paid/credited to ___ for the period beginning _____ and ending at mid-night on _____. Thereafter, rent in the amount of \$_____ per month shall be payable in advance on the first day of each month, and shall be delinquent after the fifth (5th) day of said month. A utility reimbursement of \$_____ per month (if applicable) shall be paid/credited by the Housing Commission to _____.

This is the flat rent for the premises.

This rent is based on the income and other information reported by the Tenant.

(5) **Utilities and Appliances:** Housing Commission-Supplied Utilities are indicated by an (X) below. The Housing Commission provides the indicated utility as part of the rent for the premises:

Electricity Natural Gas Heating Fuel Water Sewage Other: Trash

If indicated by an (X) below, the Housing Commission shall provide the following appliances for the premises:

Cooking Range Refrigerator

(6) **Utility Allowances:** Tenant-Paid Utilities – If indicated by an (X) below, the Housing Commission shall provide the Tenant with a Utility Allowance in the monthly amount totaling \$_____ for the following utilities paid directly by the Tenant to the Utility Supplier:

Electricity Natural Gas Heating Fuel Water Sewage Trash Removal

Tenant-Supplied Cooking Range Tenant-Supplied Refrigerator.

(7) **Charges for Excess Appliances:** Charges for excess appliances are not applicable to tenants who pay utilities directly to utility supplier. Charges for excess appliances are due per the following:

Air Conditioners. An additional charge of **\$0.00** per month will be payable for each air conditioner in the premises for each month of occupancy.

Other Appliances. If checked below, an additional charge of **\$0.00** per month for each month of occupancy for each excess appliance on the premises.

Freezer

Extra Refrigerator

Second color TV

Second Stereo

Automatic Washer

Other: _____

(8) Security Deposit: The Tenant agrees to pay \$_____ as a security deposit. See Part I of this Lease for information on treatment of the Security Deposit.

(9) Execution: By the Tenant's signature below, the Tenant and household agree to the terms and conditions of Part I and II of this Lease and all additional documents made a part of the Lease by reference.

By the signature(s) below I/we also acknowledge that the Provisions of Part I of this lease Agreement have been received and thoroughly explained to me/us.

TENANT _____

DATE _____

CO-TENANT _____

DATE _____

CO-TENANT _____

DATE _____

MANAGER _____

DATE _____

TENANT'S CERTIFICATION

I, _____ hereby certify that I, and other members of my Household, have not committed any fraud in connection with any federal housing assistance program, unless such fraud was fully disclosed to the Housing Commission before execution of the Lease, or before Housing Commission approval for occupancy of the unit by the Household member.

I further certify that all information or documentation submitted by myself or other Household members to the Housing Commission in connection with any federal housing assistance program (before and during the lease term) are true and complete to the best of my knowledge and belief.

Tenant's Signature

Date

If indicated by an (X) below, the Housing Commission has provided the tenant with the following attachments and information:

- | | | |
|--|---|---------------------------------------|
| <input type="checkbox"/> Part I of this Lease | <input type="checkbox"/> Standard Maintenance Charges | <input type="checkbox"/> Pet Policy |
| <input type="checkbox"/> Watch Out for Lead
Paint Poisoning | <input type="checkbox"/> Grievance Procedure | <input type="checkbox"/> Pest Policy |
| <input type="checkbox"/> Operating Standards | <input type="checkbox"/> Tenancy Addendum HUD-52530 | <input type="checkbox"/> Other: _____ |

**GRAND RAPIDS HOUSING
COMMISSION**

**ADMISSIONS AND CONTINUED
OCCUPANCY POLICY
CAMPAU COMMONS APARTMENTS**

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ADMISSIONS AND CONTINUED OCCUPANCY POLICY

This Admissions and Continued Occupancy Policy defines the Grand Rapids Housing Commission's policies of the Campau Commons Apartments, incorporating Federal, State and local law. If there is any conflict between this policy and laws or regulations, the laws and regulations will prevail.

1.0 FAIR HOUSING

It is the policy of the Grand Rapids Housing Commission to fully comply 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 grounds 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 Grand Rapids Housing Commission's programs.

To further its commitment to full compliance with applicable Civil Rights laws, the Grand Rapids Housing Commission will provide Federal/State/local information to applicants/tenants of its housing programs 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 Grand Rapids Housing Commission office. In addition, all written information and advertisements will contain the appropriate Equal Opportunity language and logo.

The Grand Rapids Housing Commission will assist any family that believes they have suffered illegal discrimination by providing them copies of the appropriate housing discrimination forms. The Grand Rapids Housing Commission will also assist them in completing the forms, if requested, and will provide them with the address of the nearest HUD office of Fair Housing and Equal Opportunity.

2.0 REASONABLE ACCOMODATION

Sometimes people with disabilities may need a reasonable accommodation in order to take full advantage of the Grand Rapids Housing Commission 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 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 Grand Rapids Housing Commission will follow in determining whether it is reasonable to

provide a requested accommodation. Because disabilities are not always apparent, the Grand Rapids Housing Commission will ensure that all applicants/tenants are aware of the opportunity to request reasonable accommodations.

2.1 COMMUNICATION

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

Notifications of re-examination, inspection, appointment, or eviction will include information about requesting a reasonable accommodation. Any notification requesting action by the tenant will include information about requesting a reasonable accommodation.

All decisions granting or denying requests for reasonable accommodations will be in writing.

2.2 QUESTIONS TO ASK IN GRANTING THE ACCOMMODATION

- A. Is the requestor a person with disabilities? For this purpose, the definition of person with 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 an 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 Grand Rapids Housing Commission 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 Grand Rapids Housing Commission will obtain documentation that the requested accommodation is needed due to the disability. The Grand Rapids Housing Commission 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 Grand Rapids Housing Commission's business is housing. If the request would alter the fundamental business that the Grand Rapids Housing Commission conducts, that would not be reasonable. For instance, the

Grand Rapids Housing Commission would deny a request to have the Grand Rapids Housing Commission do grocery shopping for a 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 Grand Rapids Housing Commission may request a meeting with the individual to investigate and consider equally effective alternatives.
- D. Generally, the individual knows best what it is they need; however, the Grand Rapids Housing Commission retains the right to be shown how the requested accommodation enables the individual to access or use the Grand Rapids Housing Commission's programs or services.

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

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

If the tenant requests as a reasonable accommodation that they be permitted to make physical modifications at their own expense, the Grand Rapids Housing Commission will generally approve such request if it does not violate codes or affect the structural integrity of the unit.

Any request for an accommodation that would enable a tenant to materially violate essential lease terms will not be approved, i.e. allowing nonpayment of rent, destruction of property, disturbing the peaceful enjoyment of others, etc.

3.0 SERVICES FOR NON-ENGLISH SPEAKING APPLICANTS AND RESIDENTS

The Grand Rapids Housing Commission will endeavor to have bilingual staff or access to people who speak languages other than English in order to assist non-English speaking families. The following languages shall be covered: Spanish

4.0 FAMILY OUTREACH

The Grand Rapids Housing Commission will publicize the availability and nature of its programs for extremely low-, very low- and low-income families in a newspaper of general circulation, minority media, and by other suitable means.

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

The Grand Rapids Housing Commission will communicate the status of housing availability to other service providers in the community and inform them of housing eligibility factors and guidelines so they can make proper referrals for its program.

5.0 RIGHT TO PRIVACY

All family members, 18 years and older, of both applicant and tenant 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 applicant or tenant information will not be released unless there is a signed release of information request from the applicant or tenant.

6.0 REQUIRED POSTINGS

In each of its offices, the Grand Rapids Housing Commission will post, in a conspicuous place and at a height easily read by all persons including persons with mobility disabilities, the following information:

- A. Statement of Policies and Procedures governing Admission and Continued Occupancy (ACOP).
- B. Notice of the status of the waiting list (opened or closed).
- C. A listing of all the developments by name, address, number of units, units designed with special accommodations, address of all project offices, office hours, telephone numbers, TDD numbers, and Resident Facilities and operation hours.
- D. Income Limits for Admission.
- E. Excess Utility Charges.
- F. Utility Allowance Schedule.
- G. Current Schedule of Routine Maintenance Charges.
- H. Dwelling Lease.
- I. Grievance Procedure.

- J. Fair Housing Poster.
- K. Equal Opportunity in Employment Poster.
- L. Any current Grand Rapids Housing Commission Notices.

7.0 TAKING APPLICATIONS

Families wishing to apply for the Campau Commons Apartments will be required to complete an application for housing assistance. On-line applications are available to the public at grhousing.org. Paper applications are also available and will be accepted during regular business hours at all Grand Rapids Housing Commission’s properties:

**Grand Rapids Housing Commission
1420 Fuller, SE
Grand Rapids, MI 49507**

Adams Park Apartments 1440 Fuller, SE Grand Rapids, MI 49507	Campau Commons Apartments 821 S. Division Grand Rapids, MI 49507
Creston Plaza Apartments 1014 Clancy, NE Grand Rapids, MI 49503	Hope Community 1024 Ionia, SW Grand Rapids, MI 49507
Leonard Terrace Apartments 1315 Leonard, NE Grand Rapids, MI 49505	Mt. Mercy Apartments 1425 Bridge, NW Grand Rapids, MI 49504
Ransom Tower Apartments 50 Ransom, NE Grand Rapids, MI 49503	Sheldon Apartments 1010 Sheldon, SE Grand Rapids, MI 49507

Applications are taken to compile a waiting list. Due to the demand for housing in the Grand Rapids Housing Commission’s jurisdiction, the Grand Rapids Housing Commission may take applications on an open enrollment basis, depending on the length of the waiting list.

Completed applications will be accepted for all applicants and the Grand Rapids Housing Commission will verify the information.

Applications may be made in person at the Grand Rapids Housing Commission offices Monday through Friday 8:00 AM to 5:00 PM. Applications will be mailed to interested families upon request.

The completed application will be dated and time stamped upon its return to the Grand Rapids Housing Commission.

Persons with disabilities who require a reasonable accommodation in completing an application may call the Grand Rapids Housing Commission to make special arrangements. A Telecommunication Device for the Deaf (TDD) is available for the deaf. The TDD telephone number is 1-800-649-3777.

The application process will involve two (2) 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 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 family's pre-application, the Grand Rapids Housing Commission will make a preliminary determination of eligibility. If the Grand Rapids Housing Commission determines the family to be ineligible, it will notify the family in writing. The notice will state the reasons therefore and will offer the family the opportunity of an informal review of the determination.

The applicant may, at any time, report changes in their applicant status including changes in family composition, income, or preference factors. If applicants move, they must immediately notify the Housing Commission in writing of their new address. The only means by which the Housing Commission can contact applicants is through the mail. The Grand Rapids Housing Commission will annotate the applicant's file and will update their place on the waiting list.

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 Grand Rapids Housing Commission will ensure that verification of all preferences, eligibility, suitability and selection factors are current in order to determine the family's final eligibility for admission into the Public Housing Program.

8.0 ELIGIBILITY FOR ADMISSION

8.1 INTRODUCTION

There are five (5) eligibility requirements for admission to the Campau Commons Apartments: 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 Grand Rapids Housing Commission's screening criteria in order to be admitted to the Campau Commons Apartments.

8.2 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 live 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 the purpose 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 (2) or more persons who are at least 62 years of age living together; or
 - c. One (1) or more persons who are at least 62 years of age living with one or more live-in aides.
3. A **disabled family**, which is:
- a. A family whose head, spouse, or sole member is a person with disabilities;
 - b. Two (2) or more persons with disabilities living together; or
 - c. One (1) or more persons with disabilities living with one or more live-in aides.
4. A **displaced family**, which 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.
5. A **remaining member of a tenant family**, which is a person who is considered a member of the family on the most recent certification.
6. A **single person** who is not an elderly or displaced person, a person with disabilities, or the remaining member of a tenant family.

B. Income Eligibility.

- 1. To be eligible for admission to the Campau Commons Apartments, the family's annual income must meet the income targeting schedule as defined by MSHDA:

6 units at 35% AMI, 28 units at 40% AMI, 46 units at 45% AMI, and 12 units at 50% AMI.

2. Income limits as stated in paragraph B1 apply only at admission and are not applicable for continued occupancy. Income at recertification exceeding 140% AMI results in ineligibility.
3. A family may not be admitted to the Campau Commons Apartments from another assisted housing program (e.g., tenant-based Section 8) or from a public housing program operated by another housing authority without meeting the income requirements.

C. Citizenship/Eligibility Status.

1. 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)).
2. Family Eligibility for Assistance.
 - a. 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 in Paragraph 2b.
 - b. Despite the ineligibility of one or more family members, a mixed family may be eligible for one of three types of assistance. (See Section 13.6 for calculating rents under the noncitizen rule).
 - c. 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 household members of the applicant family must disclose and verify their assigned Social Security number. The Grand Rapids Housing Commission will deny the eligibility of the applicant family for failure to meet this criteria. However, if the family is otherwise eligible to participate in the program, the family may maintain their position on the waiting list for a 90-day period to comply with the Social Security number disclosure and verification requirements. If all household members have not disclosed and verified their Social Security number at the time a unit becomes available, the Grand Rapids Housing Commission must offer the available unit to the next eligible applicant family on the waiting list. If the family is still unable to meet the Social Security number disclosure and verification requirements at the expiration of the 90-day period, the Housing Commission will default the application.

In accordance with 24 CFR 5.215, applicants are required to disclose their assigned Social Security number with the exception of the following individuals:

1. Those individuals who do not contend to have eligible immigration status (individuals who may be unlawfully present in the United States). These individuals in most instances would not be eligible for a Social Security number.
 - a. A family that consists of a single household member (including a pregnant individual) who does not have eligible immigration status is **not eligible** for housing assistance and cannot be housed.
 - b. A family that consists of two (2) or more household members **and at least one** household member that has eligible immigration status, is classified as a mixed family, and **is eligible** for prorated assistance in accordance with 24 CFR 5.520. The Grand Rapids Housing Commission will not deny assistance to mixed families due to nondisclosure of a Social Security number by an individual who does not contend to have eligible immigration status.

Acceptable means of documentation to verify the Social Security number is the original Social Security card. If the card is not available, the Grand Rapids Housing Commission will accept an original Social Security Administration issued document, which contains the name and Social Security number of the individual or an original document issued by a federal, state, or local government agency, which contains the name and Social Security number of the individual.

The Grand Rapids Housing Commission may reject documentation of the Social Security number provided by the applicant for only the following reasons:

1. The document is not an original document; or
2. The original document has been altered, mutilated, or not legible; or
3. The document appears to be a forged document (i.e. does not appear to be authentic).

Should the documentation be found to be unacceptable, Housing Commission staff will advise the applicant the reason(s) the document is not acceptable and request the individual to obtain acceptable documentation of the Social Security number and submit it to the Grand Rapids Housing Commission within 90 days. Should the applicant be unable to provide the acceptable documentation within the 90-day period, the application will be defaulted.

E. 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 or the Grand Rapids Housing Commission to obtain from the National Directory of New Hires (NDNH) 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 Grand Rapids Housing Commission 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 or the Grand Rapids Housing Commission 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.

8.3 SUITABILITY

- A. Applicant families will be evaluated to determine whether, based on their recent behavior, such behavior could reasonably be expected to result in noncompliance with the lease. The Grand Rapids Housing Commission will look at past conduct as an indicator of future conduct. Emphasis will be placed on whether a family's admission could reasonably be expected to have a detrimental effect on the development environment, other tenants, Grand Rapids Housing Commission employees, or other people residing in the immediate vicinity of the property. Otherwise eligible families will be denied admission if they fail to meet the suitability criteria.
- B. The Grand Rapids Housing Commission will consider objective and reasonable aspects of the family's background, including the following:
 - 1. History of meeting financial obligations, especially rent;
 - 2. Ability to maintain (or with assistance, would have the ability to maintain) their housing in a decent and safe condition based on living or housekeeping habits and whether such habits could adversely affect the health, safety, or welfare of other tenants;
 - 3. 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;

4. History of disturbing neighbors or destruction of property;
5. Having committed fraud in connection with any Federal housing assistance program, including the intentional misrepresentation of information related to their housing application or benefits derived there from; and
6. History of abusing alcohol, other legal substances, or illegal substances in a way that may interfere with the health, safety, or right to peaceful enjoyment by others.

C. The Grand Rapids Housing Commission will ask applicants to provide information demonstrating their ability to comply with the essential elements of the lease. The Grand Rapids Housing Commission will verify the information provided. Such verification will include but may not be limited to the following:

1. A credit check of the head, spouse, and co-head;
2. A rental history check of all adult family members;
3. A criminal background check on all adult household members, including live-in aides. This check will be made through State or local law enforcement or court records. Where the individual has lived outside the local area, the Grand Rapids Housing Commission will contact law enforcement agencies where the individual had lived or request a check through the FBI's National Crime Information Center (NCIC);
4. A home visit. The home visit provides the opportunity for the family to demonstrate their ability to maintain their home in a safe and sanitary manner. This inspection considers cleanliness and care of rooms, appliances, and appurtenances. The inspection may also consider any evidence of criminal activity; and
5. A check of the State's lifetime sex offender registration program for each adult household member, including live-in aides. No individual registered with this program will be admitted to the Campau Commons Apartments.

8.4 GROUNDWORK FOR DENIAL

The Grand Rapids Housing Commission is not required or obligated to assist applicants who:

- A. Do not meet one or more of the eligibility criteria;
- B. Do not supply information or documentation required by the application process;

- C. Have failed to respond to a written request for information or a request to declare their continued interest in the program;
- D. Lack sufficient or have unacceptable landlord references;
- E. Have a history of not meeting financial obligations, especially rent;
- F. Do not have the ability to maintain (with assistance) their housing in a decent and safe condition where such habits could adversely affect the health, safety, or welfare of other tenants;
- G. 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;
- H. Have a history of disturbing neighbors, destruction of property or housekeeping habits which may adversely affect the health, safety or welfare of other tenants or staff;
- I. Currently owes rent or other amounts to any housing authority in connection with their Public Housing or Section 8 programs;
- J. 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;
- K. Were evicted from assisted housing within three (3) years of the projected date of admission because of drug-related criminal activity involving the personal use or possession for personal use;
- L. Were evicted from assisted housing within five (5) 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;
- M. Are illegally using a controlled substance or are abusing alcohol or other legal substances in a way that may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents. The Grand Rapids Housing Commission may waive this requirement if:
 - 1. The person demonstrates to the Grand Rapids Housing Commission's satisfaction that the person is no longer engaging in drug-related criminal activity or abuse of alcohol or other legal substances;
 - 2. Has successfully completed a supervised substance abuse rehabilitation program;

- 3. Has otherwise been rehabilitated successfully; or
 - 4. Is participating in a supervised substance abuse rehabilitation program.
- N. Have engaged in or threatened abusive or violent behavior towards any Grand Rapids Housing Commission staff or residents;
 - O. Have a household member who has ever been evicted from public housing;
 - P. Have a family household member who has been terminated under the Section 8 certificate or voucher program;
 - Q. **Denied for Life:** If any household member has been convicted of manufacturing or producing methamphetamine (speed) in a public housing development or in a Section 8 assisted property;
 - R. **Denied for Life:** Has a lifetime registration under a State sex offender registration program.

8.5 *INFORMAL REVIEW*

- A. If the Grand Rapids Housing Commission determines that an applicant does not meet the criteria for receiving housing assistance, the Grand Rapids Housing Commission 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 ten (10) calendar days of the denial. The Grand Rapids Housing Commission will describe how to obtain the informal review.

The informal review may be conducted by any person designated by the Grand Rapids Housing Commission, other than the person who made or approved the decision under review or subordinate of this person. The applicant must be given the opportunity to present written or oral objections to the Grand Rapids Housing Commission's decision. The Grand Rapids Housing Commission must notify the applicant of the final decision within fourteen (14) calendar days after the informal review, including a brief statement of the reasons for the final decision.

- B. The participant family may request that the Grand Rapids Housing Commission provide for an Informal Hearing after the family has notification of an INS decision on their citizenship status 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.

9.0 MANAGING THE WAITING LIST

9.1 *OPENING AND CLOSING THE WAITING LIST*

Opening of the waiting list will be announced with a public notice stating that applications for public housing 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 such applicants will not lose their place on other waiting lists when they apply for the Campau Commons Apartments. The notice will include the Fair Housing logo and slogan and will be in compliance with Fair Housing requirements.

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

9.2 *ORGANIZATION OF THE WAITING LIST*

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

- A. The application will be signed by the applicant and be maintained for a minimum of three (3) years.
- B. All applications will be maintained in order of bedroom size, preference, and then in order of date and time of application; and
- C. Any contacts between the Grand Rapids Housing Commission and the applicant will be documented in the applicant file.

9.3 *FAMILIES NEARING THE TOP OF THE WAITING LIST*

When a family appears to be within three (3) months of being offered a unit, 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 Grand Rapids Housing Commission 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.

9.4 PURGING THE WAITING LIST

The Grand Rapids Housing Commission will update and purge its waiting list at least annually all applications on its waiting list that have an application date of 24 months or greater to ensure that the pool of applicants reasonably represents the interested families for whom the Grand Rapids Housing Commission has current information, i.e. applicant's address, family composition, income category, and preferences.

9.5 REMOVAL OF APPLICANTS FROM THE WAITING LIST

The Grand Rapids Housing Commission will not remove an applicant's name from the waiting list unless:

- A. The applicant requests in writing 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
- C. The applicant does not meet either the eligibility or suitability criteria for the program.

9.6 MISSED APPOINTMENTS

All applicants who fail to keep a scheduled appointment with the Grand Rapids Housing Commission will be sent a notice of termination of the process for eligibility.

The Grand Rapids Housing Commission will allow the family to reschedule without good cause. Generally, no more than one opportunity will be given to reschedule without good cause, and no more than two opportunities will be given for good cause. When good cause exists for missing an appointment, the Grand Rapids Housing Commission 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.

9.7 NOTIFICATION OF NEGATIVE ACTIONS

Any applicant whose name is being removed from the waiting list will be notified by the Grand Rapids Housing Commission, in writing, that they have ten (10) calendar 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 Grand Rapids Housing Commission system of removing applicant names from the waiting list will not violate the rights of persons with disabilities. If an applicant claims that their failure to respond to a request for information or updates was caused by a disability, the Grand Rapids Housing Commission will verify that there is in fact a disability and the disability caused the failure to respond, and provide a reasonable accommodation. 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.

10.0 TENANT SELECTION AND ASSIGNMENT PLAN

10.1 PREFERENCES

The Grand Rapids Housing Commission will select families based on the following preferences within each bedroom size category:

- A. Displaced person(s): Individuals or families displaced by government action or whose dwelling has been extensively damaged or destroyed as a result of circumstance such as fire or lead paint or a disaster declared or otherwise formally recognized pursuant to Federal Disaster Relief Laws.
- B. Families who live in the City limits of Grand Rapids whom are Veterans or surviving spouses of veterans.
- C. All other families who live in the City limits of Grand Rapids.
- D. Families who do not live in the City limits of Grand Rapids whom are Veterans or surviving spouses of Veterans.
- E. All other families that do not live in the City limits of Grand Rapids.

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

Single persons who are elderly, disabled, or displaced will be offered housing before other single persons.

Accessible Units: Accessible units will be first offered to families who may benefit from the accessible features. Applicants for these units will be selected utilizing the same preference system as outlined above. If there are no applicants who would benefit from the accessible features, the units will be offered to other applicants in the order that their names come to the top of the waiting list. Such applicants, however, must sign a release form stating they will accept a transfer (at their own expense) if, at a future time, a family requiring an accessible feature applies. Any family required to transfer will be given a 30 days notice.

10.2 ASSIGNMENT OF BEDROOM SIZES

The following guidelines will determine each family's unit size without overcrowding or over-housing:

Number of Bedrooms	Number of Persons	
	Minimum	Maximum

1	1	2
2	2	4
3	3	6
4	4	8

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.

In determining bedroom size, the Grand Rapids Housing Commission 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 children who are temporarily in foster-care.

In addition, the following considerations may be taken in determining bedroom size:

- A. Children of the same sex will share a bedroom.
- B. Adults and children will not be required to share a bedroom.
- C. Foster – adults and/or foster - children will not be required to share a bedroom with family members.

Exceptions to normal bedroom size standards include the following:

- A. Units smaller than assigned through the above guidelines – A family may request a smaller unit size than the guidelines allow. The Grand Rapids Housing Commission will allow the smaller size unit so long as generally no more than two (2) people per bedroom are assigned. In such situations, the family will sign a certification stating they understand they will be ineligible for a larger size unit for three (3) years or until the family size changes, whichever may occur first.
- B. Units larger than assigned through the above guidelines – A family may request a larger unit size than the guidelines allow. The Grand Rapids Housing Commission will allow the larger size unit if the family provides a verified medical need that the family be housed in a larger unit.
- C. If there are no families on the waiting list for a larger size, smaller families may be housed if they sign a release form stating they will transfer (at the family’s own expense) to the appropriate size unit when an eligible family needing the larger unit applies. The family transferring will be given a 30-day notice before being required to move.
- D. Larger units may be offered in order to improve the marketing of a development suffering a high vacancy rate.

- E. If a family occupies a unit of the wrong size, the Grand Rapids Housing Commission will offer the family a comparable, appropriate size unit, if one is available. Families who refuse to accept such offers may be evicted.

10.3 OFFER OF A UNIT

When the Grand Rapids Housing Commission discovers that a unit will become available, it will contact the first family on the waiting list who has the highest priority for this type of unit or development.

The family will be notified of a unit offer via first class mail. The family will be given five (5) business days from the date the letter was mailed to contact the Grand Rapids Housing Commission regarding the offer.

The family will be offered the opportunity to view the unit. After the opportunity to view the unit, the family will have two (2) business days to accept or reject the unit. This verbal offer and the family's decision must be documented in the tenant file. If the family rejects the offer of the unit, the Grand Rapids Housing Commission will send the family a letter documenting the offer and the rejection.

10.4 REJECTION OF UNIT

If the family rejects with good cause any unit offered, they will not lose their place on the waiting list. Good cause includes reasons related to health, proximity to work, school, and childcare (for those working or going to school). The family will be offered the right to an informal review of the decision to alter their application status.

10.5 ACCEPTANCE OF UNIT

The family will be required to sign a lease that will become effective no later than three (3) business days after the date of acceptance or the business day after the day the unit becomes available, whichever is later, and prior to occupancy.

Prior to signing the lease the head of household and all other adult family members will be required to attend the Lease and Occupancy Orientation when they are initially accepted for occupancy.

The applicant will be provided a copy of the lease, the grievance procedure, utility allowances, utility charges, the current schedule of routine maintenance charges, and a request for reasonable accommodation form. These documents will be explained in detail. The applicant will sign a certification that they have received these documents and that they have reviewed them with Housing Commission personnel. The certification will be filed in the tenant's file.

The signing of the lease and the review of financial information are to be privately handled. The head of household and all adult family members will be required to execute the lease prior to admission. One executed copy of the lease will be furnished to the head of household and the Grand Rapids Housing Commission will retain the original

executed lease in the tenant's file. A copy of the grievance procedure will be attached to the resident's copy of the lease.

The family will pay a security deposit at the time of lease signing. The security deposit will be equal to the Total Tenant Payment or that amount which is limited by Michigan Rent Security Deposit Law.

In exceptional situations, the Grand Rapids Housing Commission reserves the right to allow a new resident to pay their security deposit in up to three (3) payments. One third shall be paid in advance, one third with their second rent payment, and one third with their third rent payment. This shall be at the sole discretion of the Housing Commission.

In the case of a move within Grand Rapids Housing Commission properties, the security deposit for the first unit will be transferred to the second unit. Additionally, if the security deposit for the second unit is greater than that for the first, the difference will be collected from the family. Conversely, if the security deposit is less, the difference will be refunded to the family.

In the event there are costs attributable to the family for bringing the first unit into condition for re-renting, the family shall be billed for these charges.

11.0 INCOME, EXCLUSIONS FROM INCOME, AND DEDUCTIONS FROM INCOME

To determine annual income, the Grand Rapids Housing Commission 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 Grand Rapids Housing Commission subtracts all allowable deductions (allowances) to determine the Total Tenant Payment.

11.1 ANNUAL INCOME

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

- A. Go to (or on behalf of) the family head of household 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 re-examination effective date; and
- C. Are not specifically excluded from annual income.

Annual income includes, but is not limited to:

- A. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.

- B. 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 a reimbursement of cash or assets invested in the operation by the family.
- C. 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.
- D. 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.)
- E. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, severance pay, TANF and general welfare assistance. (However, lump sum additions such as insurance payments from worker's compensation are excluded.)
- F. Welfare assistance.
 - 1. 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:
 - 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 requirement is the amount resulting from one application of the percentage.

2. 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.
 3. 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 as income.
- G. Periodic and determinable allowances, such as alimony, child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
- H. 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.)

11.2 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 are 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 Commission 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 initiatives 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. For family members who enrolled in certain training programs prior to 10/1/99, the earnings and benefits resulting from the participation if the program provides employment training and supportive services in accordance with the Family Support Act of 1988, Section 22 of the 1937 Act (42 U.S.C. 1437t), or any comparable Federal, State, or local law during the exclusion period. For purposes of this exclusion the following definitions apply:

- a. Comparable Federal, State or local law means a program providing employment training and supportive services that:
 - i. Is authorized by a Federal, State or local law;
 - ii. Is funded by the Federal, State or local government;
 - iii. Is operated or administered by a public agency; and
 - iv. Has as its objective to assist participants in acquiring employment skills.

 - b. Exclusion period means the period during which the family member participates in a program described in this section, plus 18 months from the date the family member begins the first job acquired by the family member after completion of such program that is not funded by public housing assistance under the 1937 Act. If the family member is terminated from employment with good cause, the exclusion period shall end.

 - c. Earnings and benefits means the incremental earnings and benefits resulting from a qualifying employment training program or subsequent job.
11. The entire amount of earned income that is greater than the family's former income is excluded for the first 12 months following the point when the employment begins, and 50-percent of the increased amount is excluded for the second 12 months after the beginning of employment. The maximum term for the combined full and 50 per cent exclusion of 48 months begins the month following the time of the first employment-related exclusion. This exclusion (paragraph 11) will not apply for any family who concurrently is eligible for the exclusion in paragraph 10. Additionally, this exclusion is only available to the following families:
- a. Families who resided at Campau Commons Apartments at the time of the conversion to the Rental Assistance Demonstration program, and were receiving this exclusion at the time of conversion; or

 - b. Families with an adult family member with a disability who meets one of the three criteria below. Only the earnings of the individual(s) with disabilities are excluded from calculating annual income.
 - i. Families whose income increases as a result of employment of a family member who was previously unemployed for one (1) or more years. A person is considered to have been unemployed if they have earned less money in the previous twelve (12) months than would have been earned working ten (10) hours per week for fifty (50) weeks at the established minimum wage.

 - ii. Families whose income increases during the participation of a family member in any family self-sufficiency program.

- iii. Families who are or were, within 6 months, assisted under a State TANF program.
- 12. Deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts;
- 13. 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;
- 14. 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
- 15. 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 Health and Human Services' 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.
- p. Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation.
- 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.
- r. Any amount of crime victim compensation under the Victims of Crime Act.
- s. Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998.

The Grand Rapids Housing Commission will not provide exclusions from income in addition to those already provided for by HUD.

11.3 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 that enable a family member to be gainfully employed or to further his/her education.

12.0 VERIFICATION

The Grand Rapids Housing Commission 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; and citizenship/eligible non-citizen status. Age and relationship will only be verified in those instances where needed to make a determination of level of assistance.

12.1 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 declaration will be accepted. Verification of the family's declaration may be required. Documents that can be used as proof include a U.S. passport, U.S. birth certificate, a temporary resident card, or a document referenced by Department of Homeland Security.

Other information will be verified by third party verification. This type of verification includes written documentation with forms sent or faxed directly to and received directly by 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 Grand Rapids Housing Commission 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 Grand Rapids Housing Commission will accept documentation received from the applicant/tenant. Hand-carried documentation will be accepted if the Grand Rapids Housing Commission has been unable to obtain third party verification in a 4-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 Grand Rapids Housing Commission will accept a notarized statement signed by the head, spouse or co-head. Such documents will be maintained in the file.

12.2 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 Grand Rapids Housing Commission will send a request form to the source along with a release form signed by the applicant/tenant via first class mail.

Verification Requirements for Individual Items		
Item to Be Verified	3 rd Party Verification	Hand-Carried Verification
General Eligibility Items		
Social Security Number		Social Security card. Original SSA document with name and SSN, original document issued by federal, state, or local government agency with name and SSN of the individual.
Citizenship	N/A	Signed declaration, U.S. passport, U.S. birth certificate, a temporary resident card, or a document referenced by the Department of Homeland Security.
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	Bills, receipts, records of payment, dates of trips, mileage log, receipts for fares and tolls

Verification Requirements for Individual Items		
Item to Be Verified	3 rd Party Verification	Hand-Carried Verification
	needed	
Value of and Income from Assets		
Savings, checking accounts	Letter from institution	Passbook, most current statements
CDs, bonds, etc.	Letter from institution	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
Income		
Earned income	EIV print out, 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

of the individual's INS documentation and place the copy in the file. The Grand Rapids Housing Commission will also verify their status through the INS SAVE system. If the INS SAVE system cannot confirm eligibility, the Grand Rapids Housing Commission will mail information to the INS in order that a manual check can be made of INS records.

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

Non-citizen students on student visas, though in the country legally, are not eligible to be admitted to public housing.

Any family member who does not choose to declare their 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 eligibility 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 Grand Rapids Housing Commission determines that a family member has knowingly permitted an ineligible non-citizen (other than any ineligible non-citizens listed on the lease) to permanently reside in their unit, the family will be evicted. Such family will not be eligible to be readmitted for a period of 24 months from the date of eviction or termination.

12.4 VERIFICATION OF SOCIAL SECURITY NUMBERS

Prior to admission, each family member is required to disclose and provide verification of their assigned Social Security number. New family members must provide this verification prior to being added to the lease.

When a participant requests to add a new household member who is under the age of six (6) and does not have an assigned Social Security number, the participant must disclose the assigned Social Security number and provide the Grand Rapids Housing Commission with the documentation within 90 calendar days of the child being added to the household.

If the family is unable to disclose and provide evidence of the Social Security number within 90 calendar days, the Grand Rapids Housing Commission will grant the family an additional 90-day period to comply with the Social Security number disclosure and documentation requirement, if the Grand Rapids Housing Commission determines that the family was unable to comply with the requirements due to circumstances that could not have reasonably been foreseen and were outside the control of the family (i.e., delayed processing of the Social Security number application by the Social Security Administration, natural disaster, fire, death in family, etc.).

The child will be included as part of the assisted household and entitled to all the benefits of being a household member during the allotted time for the family to comply with the Social Security number disclosure and documentation requirements. Upon expiration of the provided time period, if the family has not complied with the Social Security number disclosure and documentation requirements, the Grand Rapids Housing Commission will terminate the family's tenancy.

Acceptable means of documentation to verify the Social Security number is the original Social Security card. If the card is not available, the Grand Rapids Housing Commission will accept an original Social Security Administration-issued document, which contains the name and Social Security number of the individual or an original document issued by a federal, state, or local government agency, which contains the name and Social Security number of the individual.

Should it come to the attention of the Grand Rapids Housing Commission that the Social Security number provided by the tenant be incorrect and the family is otherwise eligible for continued tenancy in the program, the Grand Rapids Housing Commission will advise the family in writing and request that the correctly assigned Social Security number and documentation be forwarded. This notice shall also provide the family with 90 days in which to comply with the Social Security number disclosure and documentation requirement. This 90-day period will be granted to the tenant to comply with the Social Security number disclosure and documentation requirements, if the Housing Commission determines:

1. The failure to meet the Social Security number disclosure and documentation requirements was due to circumstances that could not have been foreseen and were outside the control of the family; and
2. There is a reasonable likelihood that the family will be able to disclose the Social Security number and provide such documentation of the Social Security number by the deadline.

If the tenant is unable to comply with the requirements by the deadline, the Grand Rapids Housing Commission must terminate the tenancy of the entire family.

12.5 TIMING OF VERIFICATION

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

When an interim re-examination is conducted, the Housing Commission will only verify and update those elements reported to have changed.

12.6 FREQUENCY OF OBTAINING VERIFICATION

For each family member, citizenship/eligible non-citizen 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 re-examination. Prior to a new member joining the family, their citizenship/eligible non-citizen status will be verified.

For each family member, verification of Social Security number will be obtained only once. This verification will be accomplished prior to admission.

13.0 DETERMINATION OF TOTAL TENANT PAYMENT AND TENANT RENT

13.1 THE FORMULA METHOD

The Total Tenant Payment is equal to the highest of:

- A. 10% of monthly income; or
- B. 30% of adjusted monthly income.

The family will pay the greater of the Total Tenant Payment or the minimum rent of \$50.00, but never more than the Contract Rent/MSHDA Rent Limits.

In the case of a family who has qualified for the income exclusion at Section 11.2(H)(11), upon the expiration of the 12-month period described in that section, an additional rent benefit accrues to the family. If the family member's employment continues, then for the 12-month period following the 12-month period of disallowance, the resulting rent increase will be capped at 50 percent of the rent increase the family would have otherwise received.

13.2 MINIMUM RENT

The Grand Rapids Housing Commission has set the minimum rent at \$50.00. However, if the family requests a hardship exemption, the Grand Rapids Housing Commission will immediately suspend the minimum rent for the family until the Housing Commission can determine whether the hardship exists and whether the hardship is of a temporary or long-term nature.

- A. A hardship exists in the following circumstances:
 - 1. When the family has lost eligibility for or is waiting an eligibility determination for a Federal, State, or local assistance program;
 - 2. When the family would be evicted as a result of the imposition of the minimum rent requirement;
 - 3. When the income of the family has decreased because of changed circumstances, including loss of employment;

4. When the family has an increase in expenses because of changed circumstances, for medical costs, childcare, transportation, education, or similar items;
 5. When a death has occurred in the family.
- B. No hardship. If the Housing Commission determines there is no qualifying hardship, the minimum rent will be reinstated, including requiring back payment of minimum rent for the time of suspension.
 - C. Temporary hardship. If the Housing Commission reasonably 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 Commission will offer a repayment agreement in accordance with the Section 19 of this policy for any rent not paid during the period of suspension. During the suspension period the Housing Commission will not evict the family for nonpayment of the amount of tenant rent owed for the suspension period.
 - D. Long-term hardship. If the Housing Commission determines there is a long-term hardship, the family will be exempt from the minimum rent requirement until the hardship no longer exists.
 - E. Appeals. The family may use the grievance procedure to appeal the Housing Authority's determination regarding the hardship. No escrow deposit will be required in order to access the grievance procedure.

13.3 RENT FOR FAMILIES UNDER THE NON-CITIZEN RULE

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

- A. The family's head of household or spouse has eligible immigration status; and
- B. 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 of household or spouse, or any child (under the age of 18) of the head of household 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, the maximum period of time for assistance under the provision is eighteen (18) months. The Grand Rapids Housing Commission will grant each family a period of six (6) months to find suitable affordable housing. If the family cannot find suitable affordable housing, the Grand Rapids Housing Commission 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:

- A. Determine the Contract Rent.
- B. Subtract the family's Total Tenant Payment from the Contract Rent. The resulting number is called the maximum subsidy.
- C. Divide the maximum subsidy by the number of family members and multiply the result times the number of eligible family members. This yields the prorated subsidy.
- D. Subtract the prorated subsidy from the Contract Rent to find the prorated Total Tenant Payment. From this amount subtract the full utility allowance to obtain the prorated tenant rent.

13.4 UTILITY ALLOWANCE - SURCHARGES

The Grand Rapids Housing Commission shall establish a utility allowance for all tenant-paid utilities. The allowance will be based on a third-party analysis of reasonable consumption of utilities by a household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful environment. Allowances will be evaluated at least annually.

The utility allowance will be subtracted from the family's formula rent to determine the amount of the Tenant Rent. The Tenant Rent is the amount the family owes each month to the Grand Rapids Housing Commission. 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 belongs to the tenant.

Families with high utility costs are encouraged to contact the Grand Rapids Housing Commission for an energy analysis. The analysis may identify problems with the dwelling unit that once corrected will reduce energy costs. The analysis can also assist the family in identifying ways they can reduce their costs.

13.5 PAYING RENT

Rent and other charges are due and payable on the first day of the month. All rents should be paid at the Management Office. Reasonable accommodations for this requirement will be made for persons with disabilities. As a convenience to residents, cash payments of up to \$15.00 may be received by the management office. Amounts exceeding \$15.00 must be made by check or money order.

If the rent is not paid by the fifth of the month, a Notice to Vacate will be issued to the tenant. In addition, a \$25 late charge will be assessed to the tenant. If rent is paid by a personal check and the check is returned for insufficient funds, this shall be considered a non-payment of rent and will incur the late charge plus an additional charge as assessed to Grand Rapids Housing Commission by the bank for NSF charges.

13.6 PHASE-IN OF TENANT RENT INCREASES

Tenants who resided at Campau Commons Apartments at the time of the conversion to the Rental Assistance Demonstration program who have a monthly rent increase of more than the greater of 10 percent or \$25 purely as a result of the conversion will have their rent increase phased in over a period of 3 years as follows:

- A. Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid TTP and the standard TTP
- B. Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) prior to Year 3 AR – 66% of difference between most recently paid TTP and the standard TTP
- C. Year 3: Year 3 AR and all subsequent recertifications – Full standard TTP
- D. Once the standard TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay full TTP from that point forward.

14.0 OTHER PAYMENTS UNDER THE LEASE

- A. Security Deposit shall be required of all tenants and shall be equal to one month's Total Tenant Payment or that amount which is limited by Michigan Rent Security Deposit Law. This amount shall be due and payable upon signing of the initial lease or in payments as discussed in 10.5.
- B. Court and processing costs incurred for purposes of eviction shall be passed on to the tenant.
- C. Charges for maintenance costs beyond normal wear and tear shall be charged according to the Housing Commission approved repair schedule.

15.0 SUPPORTIVE SERVICES REQUIREMENT

Units at 36 Franklin, 68 Franklin, 118 Franklin, and 156 Franklin are excepted units and are specifically made available for qualifying families. "Qualifying families" means:

- A. Elderly or disabled families; or

- B. Families receiving supportive services as noted below.
- i. A family must have at least one member receiving at least one qualifying supportive service.
 - ii. At the time of initial lease execution between the family and the owner, the family and the PHA must sign a statement of family responsibility. The statement of family responsibility must contain all family obligations including the family's participation in a service program under this section.
 - iii. If a family at the time of initial tenancy is receiving, and while the resident of an excepted unit has received, FSS supportive services or any other supportive services as defined in the PHA administrative plan, and successfully completes the FSS contract of participation or the supportive services requirement, the unit continues to count as an excepted unit for as long as the family resides in the unit.
 - iv. If a family in an excepted unit fails without good cause to complete its FSS contract of participation or if the family fails to complete the supportive services requirement as outlined in the PHA administrative plan, the PHA will take the actions provided under § [983.261\(d\)](#), and the owner may terminate the lease in accordance with § [983.257\(c\)](#).

16.0 RECERTIFICATIONS

At least annually, the Grand Rapids Housing Commission will conduct a re-examination of family income, expenses, assets, and composition for formula-based rents. The results of the re-examination determine 1) the rent the family will pay, and 2) whether the family is housed in the correct unit size.

16.1 GENERAL

The Grand Rapids Housing Commission will send a notification letter to the family letting them know that it is time for their annual re-examination and scheduling an appointment. The letter also 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 appointment, the Grand Rapids Housing Commission will determine whether family composition may require a transfer to a different bedroom size unit, and if so, the family's name will be placed on the transfer list.

16.2 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 Grand Rapids Housing Commission taking eviction actions against the family.

16.3 THE FORMULA METHOD

During the re-certification 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 Grand Rapids Housing Commission will determine the family's annual income and will calculate their rent as follows.

The total tenant payment is equal to the highest of:

- A. 10% of monthly income; or
- B. 30% of adjusted monthly income.

The family will pay the greater of the total tenant payment or the minimum rent of \$50.00, but never more than the Contract Rent/MSHDA Rent Limits.

16.4 EFFECTIVE DATE OF RENT CHANGES FOR ANNUAL RE-EXAMINATIONS

The new rent will generally be effective upon the anniversary date with thirty (30) days written 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.

16.5 INTERIM RE-EXAMINATIONS

During an interim re-examination, only the information affected by the changes being reported will be reviewed and verified.

Families are required to report the following changes to the Grand Rapids Housing Commission between regular re-examinations. These changes will trigger an interim re-examination. The family shall report these changes within ten (10) days of their occurrence.

- 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. Any increase in income or decreases in allowable expenses which exceed \$200 per month or \$2,400 annually.

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 Grand Rapids Housing Commission will determine the eligibility of the individual before adding them 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, their name will be added to the lease. At the same time, if the family's rent is being determined under the formula method, the family's annual income will be recalculated taking into account the circumstances of the new family member. The effective date of the new rent will be in accordance with paragraph 16.8.

Families are not required to, but may at any time, request an interim re-examination based on a decrease in income, an increase in allowable expenses, or other changes in family circumstances. Upon such request, the Grand Rapids Housing Commission will take timely action to process the interim re-examination and recalculate the tenant's rent.

16.6 SPECIAL RE-EXAMINATIONS

If a family's income is too unstable to project for twelve (12) months, including families that temporarily have no income (zero renters) or have a temporary decrease in income, the Grand Rapids Housing Commission may schedule special re-examinations every ninety (90) days until the income stabilizes and an annual income can be determined.

16.7 EFFECTIVE DATE OF RENT CHANGES DUE TO INTERIM OR SPECIAL RE-EXAMINATIONS

Unless there is a delay in re-examination 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 re-examination 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.

17.0 UNIT TRANSFERS

17.1 OBJECTIVES OF THE TRANSFER POLICY

The objectives of the Transfer Policy include the following:

- A. To address emergency situations.
- B. To fully utilize available housing resources while avoiding overcrowding by insuring that each family occupies the appropriate size unit.
- C. To facilitate a relocation when required for modernization or other management purposes.
- D. To facilitate relocation of families with inadequate housing accommodations caused by changes in family composition family size, or other medical reasons certified by a doctor.
- E. To eliminate vacancy loss and other expense due to unnecessary transfers.

17.2 CATEGORIES OF TRANSFERS

Category 1: Emergency transfers. These transfers are necessary when conditions pose an immediate threat to the life, health, or safety of a family or one of its members. Such situations may involve defects of the unit or the building in which it is located, the health condition of a family member, a hate crime, the safety of witnesses to a crime, or a law enforcement matter particular to the neighborhood.

Category 2: Immediate administrative transfers. These transfers are necessary in order to permit a family needing accessible features to move to a unit with such a feature or to enable modernization work to proceed.

Category 3: Regular administrative transfers. These transfers are made to offer incentives to families willing to help meet certain Grand Rapids Housing Commission occupancy goals, to correct occupancy standards where the unit size is inappropriate for the size and composition of the family, to allow for non-emergency but medically advisable transfers, and other transfers approved by the Grand Rapids Housing Commission when a transfer is the only or best way of solving a serious problem.

17.3 DOCUMENTATION

When the transfer is at the request of the family, the family may be required to provide third party verification of the need for the transfer.

17.4 PROCESSING TRANSFERS

Transfers on the waiting list will be sorted by the categories as found in Section 17.2 and

within each category by date and time.

Transfers in *Category 1* and 2 will be housed ahead of any other families, including those on the applicant waiting list. Transfers in *Category 1* will be housed ahead of transfers in *Category 2*.

Transfers in *Category 3* will be housed along with applicants for admission at a ratio of one (1) transfer for every seven (7) admissions.

Upon offer and acceptance of a unit, the family will execute all lease up documents and pay any rent and/or security deposit within two (2) days of being informed the unit is ready to rent. The family will be allowed seven (7) days to complete a transfer. The family will be responsible for paying rent at the old unit as well as the new unit for any period of time they have possession of both. The prorated rent and other charges must be paid at the time of lease execution.

The following is the policy for the rejection of an offer to transfer:

- A. If the family rejects with good cause any unit offered, they will not lose their place on the transfer waiting list.
- B. If the transfer is being made at the request of the Grand Rapids Housing Commission and the family rejects two offers without good cause, the Grand Rapids Housing Commission will take action to terminate their tenancy. If the reason for the transfer is that the current unit is too small to meet the Grand Rapids Housing Commission's optimum occupancy standards, the family may request in writing to stay in the unit without being transferred so long as their occupancy will not exceed two (2) people per living/sleeping room.
- C. If the transfer is being made at the family's request, the family may, without good cause and without penalty, turn down one offer. After turning down a second such offer without good cause, the family's name will be removed from the transfer list.

17.5 COST OF THE FAMILY'S MOVE

The cost of the transfer generally will be borne by the family in the following circumstances:

- A. When the transfer is made at the request of the family or by others on behalf of the family (i.e. by the police);
- B. When the transfer is needed to move the family to an appropriately sized unit, either larger or smaller;
- C. When the transfer is necessitated because a family with disabilities needs the accessible unit into which the transferring family moved (the family without disabilities signed a statement to this effect prior to accepting the accessible unit);
or

- D. When the transfer is needed because action or inaction by the family caused the unit to be unsafe or uninhabitable.

The cost of the transfer will be borne by the Grand Rapids Housing Commission in the following circumstances:

- A. When the transfer is needed in order to carry out rehabilitation activities; or
- B. When action or inaction by the Grand Rapids Housing Commission has caused the unit to be unsafe or uninhabitable.

The responsibility for moving costs in other circumstances will be determined on a case by case basis.

17.6 TENANTS IN GOOD STANDING

When the transfer is at the request of the family, it will not be approved unless the family is in good standing with the Grand Rapids Housing Commission. This means the family must be in compliance with their lease, current in all payments to the Housing Commission, and must pass a housekeeping inspection, and be free of pests and/or vermin for at least 90 days and is reasonably expected to remain pest free.

17.7 TRANSFER REQUESTS

A tenant may request a transfer at any time by completing a transfer request form. In considering the request, the Grand Rapids Housing Commission may request a meeting with the tenant to better understand the need for transfer and to explore possible alternatives. The Grand Rapids Housing Commission will review the request in a timely manner and if a meeting is desired, it shall contact the tenant within ten (10) business days of receipt of the request to schedule a meeting.

The Grand Rapids Housing Commission will grant or deny the transfer request in writing within ten (10) business days of receiving the request or holding the meeting, whichever is later.

If the transfer is approved, the family's name will be added to the transfer waiting list.

If the transfer is denied, the denial letter will advise the family of their right to utilize the grievance procedure.

17.8 RIGHT OF THE GRAND RAPIDS HOUSING COMMISSION IN TRANSFER POLICY

The provisions listed above are to be used as a guide to insure fair and impartial means of assigning units for transfers. It is not intended that this policy will create a property right or any other type of right for a tenant to transfer or refuse to transfer.

18.0 INSPECTIONS

An authorized representative of the Grand Rapids Housing Commission and an adult family member will inspect the premises prior to commencement of occupancy. A written statement of the condition of the premises will be made, all equipment will be provided, and the statement will be signed by both parties with a copy retained in the Grand Rapids Housing Commission file and a copy given to the family member. An authorized Grand Rapids Housing Commission representative will inspect the premises at the time the resident vacates and will furnish a statement of any charges to be made provided the resident turns in the proper notice under State law. The resident's security deposit can be used to offset against any Grand Rapids Housing Commission damages to the unit.

18.1 MOVE-IN INSPECTIONS

The Grand Rapids Housing Commission and an adult member of the family will inspect the unit prior to signing the lease. Both parties will sign a written statement of the condition of the unit. A copy of the signed inspection will be given to the family and the original will be placed in the tenant file.

18.2 ANNUAL INSPECTIONS

The Grand Rapids Housing Commission will inspect each housing unit annually to ensure that each unit meets the Grand Rapids Housing Commission's housing standards. Work orders will be submitted and completed to correct any deficiencies.

18.3 PREVENTATIVE MAINTENANCE INSPECTIONS

This is generally conducted along with the annual inspection. This inspection is intended to keep items in good repair. It checks weatherization; checks the condition of the smoke detectors, stoves, refrigerators, water heaters, furnaces, automatic thermostats and water temperatures; checks for leaks; and provides an opportunity to change furnace filters and provide other minor servicing that extends the life of the unit and its equipment.

18.4 SPECIAL INSPECTIONS

Special inspections may be scheduled to enable HUD or others, such as a local authority, to inspect a sample of the housing stock maintained by the Grand Rapids Housing Commission.

18.5 HOUSEKEEPING INSPECTIONS

Generally, at the time of the annual inspection, or at other times as necessary, the Grand Rapids Housing Commission will conduct a housekeeping inspection to ensure the family is maintaining the unit in a safe and sanitary condition.

18.6 NOTICE OF INSPECTION

For inspections defined as annual inspections, preventative maintenance inspections, special inspections, and housekeeping inspections, the Grand Rapids Housing Commission will give the tenant at least two (2) days written notice.

18.7 EMERGENCY INSPECTIONS

If any employee and/or agent of the Grand Rapids Housing Commission has reason to believe that an emergency exists within the housing unit, the unit can be entered without notice. The person(s) that enters the unit will leave a written notice to the resident that indicates the date and time the unit was entered and the reason why it was necessary to enter the unit.

18.8 PRE-MOVE-OUT INSPECTIONS

When a tenant gives notice that they intend to move, the Grand Rapids Housing Commission will offer to schedule a pre-move-out inspection with the family. The inspection allows the Grand Rapids Housing Commission to help the family identify any problems which, if left uncorrected, could lead to vacate charges. This inspection is a courtesy to the family and has been found to be helpful both in reducing costs to the family and in enabling the Grand Rapids Housing Commission to ready units more quickly for the future occupants.

18.9 MOVE-OUT INSPECTIONS

The Grand Rapids Housing Commission conducts the move-out inspection after the tenant vacates to assess the condition of the unit and determine responsibility for any needed repairs. When possible, the tenant is notified of the inspection and is encouraged to be present. This inspection becomes the basis for any claims that may be assessed against the security deposit.

19.0 PET POLICY

19.1 EXCLUSIONS

This policy does not apply to animals that are used to assist persons with disabilities. Assistive animals are allowed in all housing facilities with no restrictions other than those imposed on all tenants to maintain their units and associated facilities in a decent, safe, and sanitary manner and to refrain from disturbing their neighbors.

19.2 APPROVAL

Residents must have the prior approval of the Grand Rapids Housing Commission before moving a pet into their unit. Residents must request approval on the Authorization for Pet Ownership Form that must be fully completed before the Housing Commission will approve the request. Residents must comply with the established Pet Policy of the Grand Rapids Housing Commission.

19.3 TYPES AND NUMBER OF PETS

The Grand Rapids Housing Commission will allow only domesticated dogs, cats, birds, and fish in aquariums in units. All dogs and cats must be spayed or neutered.

Only one (1) pet per unit allowed.

Any animal deemed to be potentially harmful to the health or safety of others, including attack or fight trained dogs, will not be allowed.

No animal may exceed 20 pounds in weight.

19.4 INOCULATIONS

In order to be registered, pets must be appropriately inoculated against rabies and other conditions prescribed by local ordinances. Proof will be required annually at the time of annual re-examination.

19.5 PET DEPOSIT

A pet deposit of up to \$300.00 or that amount which is limited by the Michigan Rent Security Deposit Law is required at the time of registering a pet. The deposit is refundable when the pet or the family vacates the unit, less any amounts owed due to damage beyond normal wear and tear.

19.6 FINANCIAL OBLIGATION OF RESIDENTS

Any resident who owns or keeps a pet in their dwelling unit will be required to pay for any damages caused by the pet. Also, any pet-related insect infestation in the pet owner's unit will be the financial responsibility of the pet owner and the Grand Rapids Housing Commission reserves the right to exterminate and charge the resident.

19.7 NUISANCE OR THREAT TO HEALTH OR SAFETY

The pet and its living quarters must be maintained in a manner to prevent odors and any other unsanitary conditions in the owner's unit and surrounding areas.

Repeated substantiated complaints by neighbors or Grand Rapids Housing Commission personnel regarding pets disturbing the peace of neighbors through noise, odor, animal waste, or other nuisance will result in the owner having to remove the pet or move him/herself.

19.8 DESIGNATION OF PET AREAS

Pets must be kept in the owner's apartment or on a leash at all times when outside (no outdoor cages may be in use on the premises). Pets will be allowed only in designated areas on the grounds of the development. Pet owners must clean up after their pets and

are responsible for disposing of pet waste. Pet owners must comply with the terms and conditions of a separate posted Pet Policy of the Grand Rapids Housing Commission.

19.9 REMOVAL OF PETS

The Grand Rapids Housing Commission, or an appropriate community authority, shall require the removal of any pet from the development if the pet's conduct or condition is determined to be a nuisance or threat to the health or safety of other occupants of the development or of other persons in the community where the development is located.

20.0 REPAYMENT AGREEMENTS

When a resident owes the Grand Rapids Housing Commission back charges and is unable to pay the balance by the due date, the resident may request that the Grand Rapids Housing Commission allow them to enter into a Repayment Agreement. The Grand Rapids Housing Commission has the sole discretion of whether to accept such an agreement. All Repayment Agreements must be in writing and signed by both parties. Failure to comply with the Repayment Agreement terms may subject the resident to eviction procedures.

21.0 TERMINATION

21.1 TERMINATION BY TENANT

The tenant may terminate the lease at any time upon submitting a 30-day written notice. If the tenant vacates prior to the end of the thirty (30) days, they will be responsible for rent through the end of the notice period or until the unit is re-rented, whichever occurs first.

21.2 TERMINATION BY THE HOUSING COMMISSION

The Grand Rapids Housing Commission will terminate the lease for serious or repeated violations of material lease terms. Such violations include, but are not limited to the following:

- A. Nonpayment of rent or other charges.
- B. A history of late rental payments.
- C. Failure to provide timely and accurate information regarding family composition, income circumstances, or other information related to eligibility or rent.
- D. Failure to allow inspection of the unit.
- E. Failure to maintain the unit in a safe and sanitary manner.
- F. Assignment or subletting of the premises.

- G. Use of the premises for purposes other than as a dwelling unit (other than for housing authority approved resident businesses).
- H. Destruction of property.
- I. Acts of destruction, defacement, or removal of any part of the premises or failure to cause guests to refrain from such acts.
- J. Any drug-related or violent criminal activity on or off the premises. This includes, but is not limited to, the manufacture of methamphetamine on the premises of the Grand Rapids Housing Commission.
- K. Non-compliance with Non-Citizen Rule requirements.
- L. Permitting persons not on the lease to reside in the unit more than fourteen (14) days each year without the prior written approval of the Housing Commission.
- M. If a tenant is a fugitive, felon or parole violator.
- N. If a tenant's abuse of alcohol or other legal substances threatens the health, safety, or right to peaceful enjoyment of the premises by other residents.
- O. Harassment, intimidation or acts of physical violence against other residents, residents' guests, Housing Commission personnel or its representatives.
- P. Families residing at 1030 Clancy, 1070 Clancy, 175 Coldbrook, or 180 Coldbrook who fail without good cause to complete their FSS contract of participation or any other supportive services as defined by the Housing Commission in accordance with Section 15.0 of this policy.
- Q. Other good cause.

The Grand Rapids Housing Commission will take immediate action to evict any household that includes an individual who is subject to a lifetime registration requirement under a State sex offender registration program.

21.3 ABANDONMENT

The Grand Rapids Housing Commission will consider a unit to be abandoned when a resident has both fallen behind in rent **AND** has clearly indicated by words or actions an intention not to continue living in the unit.

When a unit has been abandoned, a Grand Rapids Housing Commission representative may enter the unit and remove any abandoned property. It will be stored in a reasonably secure place. A notice will be mailed to the resident stating where the property is being stored and how long until disposal of said property. If the Grand Rapids Housing Commission does not have a new address for the resident, the notice will be mailed to the unit address so it can be forwarded by the post office.

If the total value of the property is estimated at less than \$500, the Grand Rapids Housing Commission will mail a notice of the sale or disposition to the resident and then wait 30 days. Family pictures, keepsakes, and personal papers cannot be sold or disposed of until 30 days after the Grand Rapids Housing Commission mails the notice of abandonment.

If the estimated value of the property is more than \$500, the Grand Rapids Housing Commission will mail a notice of the sale or disposition to the resident and then wait 30 days before sale or disposition. Personal papers, family pictures, and keepsakes can be sold or disposed of at the same time as other property.

Any money raised by the sale of the property goes to cover money owed by the family to the Grand Rapids Housing Commission such as back rent and the cost of storing and selling the goods. If there is any money left over and the family's forwarding address is known the Grand Rapids Housing Commission will mail it to the family. If the family's address is not known, the Grand Rapids Housing Commission will keep it for the resident for one year. If it is not claimed within that time, it belongs to the Grand Rapids Housing Commission.

When learning of an abandonment, the Grand Rapids Housing Commission will either return the deposit or provide a statement of why the deposit is being kept in accordance with State law.

21.4 RETURN OF SECURITY DEPOSIT

After a family moves out, the Grand Rapids Housing Commission will return the security deposit within the time frame established by State law or give the family a written statement of why all or part of the security deposit is being kept. The rental unit must be restored to the same conditions as when the family moved in, except for normal wear and tear. Deposits will not be used to cover normal wear and tear or damage that existed when the family moved in.

If State law requires the payment of interest on security deposits, it shall be complied with.

The Grand Rapids Housing Commission will be considered in compliance with the above if the required payment, statement, or both, are deposited in the U.S. mail with first class postage paid within the time frame established by State law.

GLOSSARY

50058 Form: The HUD form that housing authorities are required to complete for each assisted household in public housing to record information used in the certification and recertification process and, at the option of the housing authority, for interim re-examinations.

1937 Housing Act: The United States Housing Act of 1937. (42 U.S.C. 1437 et seq.) (24 CFR 5.100)

Adjusted Annual Income: The amount of household income, after deductions for specified allowances, on which tenant rent is based. (24 CFR 5.611)

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 allowances can be given at the discretion of the Housing Commission.

Annual Contributions Contract (ACC): The written contract between HUD and a housing commission under which HUD agrees to provide funding for a program under the 1937 Act, and the housing commission agrees to comply with HUD requirements for the program. (24 CFR 5.403)

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 re-examination effective date; and
- C. Are not specifically excluded from annual income.

Annual Income also includes amounts derived (during the 12-month period) from assets to which any member of the family has access. (1937 Housing Act; 24 CFR 5.609)

Applicant (applicant family): A person or family that has applied for admission to a program but is not yet a participant in the program. (24 CFR 5.403)

As-Paid States: States where the welfare agency adjusts the shelter and utility component of the welfare grant in accordance with actual housing costs. Currently, the four as-paid States are New Hampshire, New York, Oregon, and Vermont.

Assets: The value of equity in savings, checking, IRA and Keogh accounts, real property, stocks, bonds, and other forms of capital investment. The value of necessary items of personal property such as furniture and automobiles are not counted as assets. (Also see "net family assets.")

Asset Income: Income received from assets held by family 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. (See "imputed asset income" below.)

Ceiling Rent: Maximum rent allowed for some units in public housing projects.

Certification: The examination of a household's income, expenses, and family composition to determine the family's eligibility for program participation and to calculate the family's share of rent.

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. [24 CFR 5.504(b)]

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 child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income. [24 CFR 5.603(d)]

Citizen: A citizen or national of the United States. [24 CFR 5.504(b)]

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. (24 CFR 5.214)

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. (24 CFR 5.100)

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. [24 CFR 5.603(d)]

Dependent Allowance: An amount, equal to \$480 multiplied by the number of dependents, that is deducted from the household's annual income in determining adjusted annual income.

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. [24 CFR 5.603(d)]

Disability Assistance Expense Allowance: In determining adjusted annual income, the amount of disability assistance expenses deducted from annual income for families with a disabled household member.

Disabled Family: A family whose head, spouse, or sole member is a person with disabilities; two or more persons with disabilities living together; or one or more persons with disabilities living with one or more live-in aides. [24 CFR 5.403(b)] (Also see "person with disabilities.")

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. (24 CFR 5.403(b))

Displaced Person: A person displaced by governmental action 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. [1937 Act]

Drug-Related Criminal Activity: Drug trafficking or the illegal use, or possession for personal use, of a controlled substance as defined in Section 102 of the Controlled Substances Act (21 U.S.C. 802).

Elderly Family: A family whose head, spouse, or sole member is a person who is at least 62 years of age; 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. (24 CFR 5.403)

Elderly Family Allowance: For elderly families, an allowance of \$400 is deducted from the household's annual income in determining adjusted annual income.

Elderly Person: A person who is at least 62 years of age. (1937 Housing Act)

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.). (24 CFR 5.100)

Family includes but is not limited to:

- A. A family with or without children;
- 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; or
- G. A single person who is not an elderly or displaced person, a person with disabilities, or the remaining member of a tenant family. (24 CFR 5.403)

Family Members: All members of the household other than 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 lease.

Family Self-Sufficiency Program (FSS Program): The program established by a housing authority to promote self-sufficiency among participating families, including the coordination of supportive services. (24 CFR 984.103(b))

Flat Rent: A rent amount the family may choose to pay in lieu of having their rent determined under the formula method. The flat rent is established by the housing authority, set at the lesser of the market value for the unit or the cost to operate the unit. Families selecting the flat rent option have their income evaluated once every three years, rather than annually.

Formula Method: A means of calculating a family's rent based on 10% of their monthly income, 30% of their adjusted monthly income, the welfare rent, or the minimum rent. Under the formula method, rents may be capped by a ceiling rent. Under this method, the family's income is evaluated at least annually.

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. [24 CFR 5.603(d)]

Head of Household: The adult member of the family who is the head of the household for purposes of determining income eligibility and rent. [24 CFR 5.504(b)]

Household Members: All members of the household including members of the family, live-in aides, foster children, and foster adults. All household members are listed on the lease, and no one other than household members are listed on the lease.

Housing Assistance Plan: A housing plan that is submitted by a unit of general local government and approved by HUD as being acceptable under the standards of 24 CFR 570.

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 as income from assets in determining annual income.

In-Kind Payments: Contributions other than cash made to the family or to a family member in exchange for services provided or for the general support of the family (e.g., groceries provided on a weekly basis, baby sitting provided on a regular basis).

Interim (examination): A re-examination of a family income, expenses, and household composition conducted between the regular annual recertifications when a change in a household's circumstances warrants such a re-examination.

Live-In Aide: A person who resides with one or more elderly persons, 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. [24 CFR 5.403(b)]

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, except that the Secretary may establish income ceilings higher or lower than 80% of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes. (1937Act)

Medical Expenses: Medical expenses (of all family members of an elderly or disabled family), including medical insurance premiums, that are anticipated during the period for which annual income is computed and that are not covered by insurance. [24 CFR 5.603(d)]. These expenses include, but are not limited to, prescription and non-prescription drugs, costs for doctors, dentists, therapists, medical facilities, care for a service animals, transportation for medical purposes.

Mixed Family: A family whose members include those with citizenship or eligible immigration status and those without citizenship or eligible immigration status. [24 CFR 5.504(b)]

Monthly Adjusted Income: One twelfth of adjusted income. [24 CFR 5.603(d)]

Monthly Income: One twelfth of annual income. [24 CFR 5.603(d)]

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. [24 CFR 5.504(b)]

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; 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. (24 CFR 5.403(b))

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 re-examination, 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. (24 CFR 5.603(d))

Non-Citizen: A person who is neither a citizen nor national of the United States. [24 CFR 5.504(b)]

Occupancy Standards: The standards that a housing authority establishes for determining the appropriate number of bedrooms needed to house families of different sizes or composition.

Person with Disabilities: A person who:

- A. Has a disability as defined in Section 223 of the Social Security Act, which states:

"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 Developmental Disabilities Assistance and Bill of Rights Act, which states:

"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. (1937 Act)

No individual shall be considered to be a person with disabilities for purposes of eligibility solely based on any drug or alcohol dependence.

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. (24 CFR5.520)

Public Housing Agency (PHA): Any State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of low-income housing under the 1937 Housing Act. (24 CFR 5.100)

Recertification: The annual re-examination of a family's income, expenses, and composition to determine the family's rent.

Remaining Member of a Tenant Family: A member of the family listed on the lease who continues to live in the public housing dwelling after all other family members have left. (Handbook 7565.1 REV-2, 3-5b.)

Self-Declaration: A type of verification statement by the tenant as to the amount and source of income, expenses, or family composition. Self-declaration is acceptable verification only when third-party verification or documentation cannot be obtained.

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 family, a person with disabilities, a displaced person, or the remaining member of a tenant family. (Public Housing: Handbook 7465.1 REV-2, 3-5)

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. (24 CFR 5.214)

Temporary Assistance to Needy Families (TANF): The program that replaced the Assistance to Families with Dependent Children (AFDC) that provides financial assistance to needy families who meet program eligibility criteria. Benefits are limited to a specified time period.

Tenant: The person or family renting or occupying an assisted dwelling unit. (24 CFR 5.504(b))

Tenant Rent: The amount payable monthly by the family as rent to the housing authority. Where all utilities (except telephone) and other essential housing services are supplied by the housing authority or owner, tenant rent equals total tenant payment. Where some or all utilities (except telephone) and other essential housing services are supplied by the housing authority and the cost thereof is not included in the amount paid as rent, tenant rent equals total tenant payment less the utility allowance. (24 CFR 5.603(d))

Third-Party (verification): Written or oral confirmation of a family's income, expenses, or household composition provided by a source outside the household.

Total Tenant Payment (TTP):

- A. Total Tenant Payment for families whose initial lease is effective on or after August 1, 1982:
 - 1. Total tenant payment is the amount calculated under Section 3(a)(1) of the 1937 Act which is the higher of :
 - a. 30% of the family's monthly adjusted income;
 - b. 10% of the family's monthly income; or

- c. 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.

2. Total tenant payment for families residing in public housing does not include charges for excess utility consumption or other miscellaneous charges.
- B. Total tenant payment for families residing in public housing whose initial lease was effective before August 1, 1982: Paragraphs (b) and (c) of 24 CFR 913.107, as it existed immediately before November 18, 1996), will continue to govern the total tenant payment of families, under a public housing program, whose initial lease was effective before August 1, 1982.

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 by a housing authority 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. (24 CFR 5.603)

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. (24 CFR 5.603)

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, except that the Secretary may establish income ceilings higher or lower than 50% of the median for the areas on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes. Such ceilings shall be established in consultation with the Secretary of Agriculture for any rural area, as defined in Section 520 of the Housing Act of 1949, taking into account the subsidy characteristics and types of programs to which such ceilings apply. (1937 Act)

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
CFR	Code of Federal Regulations
FSS	Family Self Sufficiency (program)
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
PHA	Public Housing Agency
QHWR	Quality Housing and Work Responsibility Act of 1998
SSA	Social Security Administration
TTP	Total Tenant Payment

Chapter 6

INCOME AND SUBSIDY DETERMINATIONS

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

INTRODUCTION

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

- Part I: Annual Income. HUD regulations specify the sources of income to include and exclude to arrive at a family's annual income. These requirements and GRHC policies for calculating annual income are found in Part I.
- Part II: Adjusted Income. Once annual income has been established HUD regulations require the GRHC to subtract from annual income any of five mandatory deductions for which a family qualifies. These requirements and GRHC policies for calculating adjusted income are found in Part II.
- Part III: Calculating Family Share and GRHC Subsidy. This part describes the statutory formula for calculating total tenant payment (TTP), the use of utility allowances, and the methodology for determining GRHC subsidy and required family payment.

PART I: ANNUAL INCOME

6-I.A. OVERVIEW

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 6-1)
- Annual Income Exclusions (Exhibit 6-2)

- Treatment of Family Assets (Exhibit 6-3)
- Earned Income Disallowance for Persons with Disabilities (Exhibit 6-4)
- The Effect of Welfare Benefit Reduction (Exhibit 6-5)

Sections 6-I.B and 6-I.C discuss general requirements and methods for calculating annual income. The rest of this section describes how each source of income is treated for the purposes of determining annual income. HUD regulations present income inclusions and exclusions separately [24 CFR 5.609(b) and 24 CFR 5.609(c)]. In this plan, however, the discussions of income inclusions and exclusions are integrated by topic (e.g., all policies affecting earned income are discussed together in section 6-I.D). Verification requirements for annual income are discussed in Chapter 7.

6-I.B. HOUSEHOLD COMPOSITION AND INCOME

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

Temporarily Absent Family Members

The income of family members approved to live in the unit will be counted, even if the family member is temporarily absent from the unit [HCV GB, p. 5-18].

GRHC Policy

Generally an individual who is or is expected to be absent from the assisted unit for 180 consecutive days or less is considered temporarily absent and continues to be considered a family member. Generally an individual who is or is expected to be absent from the assisted unit for more than 180 consecutive days is considered permanently absent and no longer a family member. Exceptions to this general policy are discussed below.

Absent Students

GRHC Policy

When someone who has been considered a family member attends school away from home, the person will continue to be considered a family member unless information becomes available to the GRHC indicating that the student has established a separate household or the family declares that the student has established a separate household.

Absences Due to Placement in Foster Care

Children temporarily absent from the home as a result of placement in foster care are considered members of the family [24 CFR 5.403].

GRHC Policy

If a child has been placed in foster care, the GRHC will verify with the appropriate agency whether and when the child is expected to be returned to the home. Unless the agency confirms that the child has been permanently removed from the home, the child will be counted as a family member.

Absent Head, Spouse, or Cohead

GRHC Policy

An employed head, spouse, or cohead absent from the unit more than 180 consecutive days due to employment will continue to be considered a family member.

Family Members Permanently Confined for Medical Reasons

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

GRHC Policy

The GRHC will request verification from a responsible medical professional and will use this determination. If the responsible medical professional cannot provide a determination, the person generally will be considered temporarily absent. The family may present evidence that the family member is confined on a permanent basis and request that the person not be considered a family member.

When an individual who has been counted as a family member is determined permanently absent, the family is eligible for the medical expense deduction only if the remaining head, spouse, or cohead qualifies as an elderly person or a person with disabilities.

Joint Custody of Dependents

GRHC Policy

Dependents that are subject to a joint custody arrangement will be considered a member of the family, if they live with the applicant or participant family 50 percent or more of the time.

When more than one applicant or participant family is claiming the same dependents as family members, the family with primary custody at the time of the initial examination or

reexamination will be able to claim the dependents. If there is a dispute about which family should claim them, the GRHC will make the determination based on available documents such as court orders, or an IRS return showing which family has claimed the child for income tax purposes.

Caretakers for a Child

GRHC Policy

The approval of a caretaker is at the owner and GRHC's discretion and subject to the owner and GRHC's screening criteria. If neither a parent nor a designated guardian remains in a household receiving HCV assistance, the GRHC will take the following actions.

- (1) If a responsible agency has determined that another adult is to be brought into the assisted unit to care for a child for an indefinite period, the designated caretaker will not be considered a family member until a determination of custody or legal guardianship is made.
- (2) If a caretaker has assumed responsibility for a child without the involvement of a responsible agency or formal assignment of custody or legal guardianship, the caretaker will be treated as a visitor for 90 days. After the 90 days has elapsed, the caretaker will be considered a family member unless information is provided that would confirm that the caretaker's role is temporary. In such cases the GRHC will extend the caretaker's status as an eligible visitor.
- (3) At any time that custody or guardianship legally has been awarded to a caretaker, the housing choice voucher will be transferred to the caretaker.
- (4) During any period that a caretaker is considered a visitor, the income of the caretaker is not counted in annual income and the caretaker does not qualify the family for any deductions from income.

6-I.C. ANTICIPATING ANNUAL INCOME

The GRHC is required to count all income "anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date" [24 CFR 5.609(a)(2)]. Policies related to anticipating annual income are provided below.

Basis of Annual Income Projection

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

- An imminent change in circumstances is expected [HCV GB, p. 5-17]
- It is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income) [24 CFR 5.609(d)]
- The GRHC believes that past income is the best available indicator of expected future income [24 CFR 5.609(d)]

GRHCs are required to use HUD's Enterprise Income Verification (EIV) system in its entirety as a third party source to verify employment and income information, and to reduce administrative subsidy payment errors in accordance with HUD administrative guidance [24 CFR 5.233(a)(2)].

HUD allows GRHCs to use tenant-provided documents (pay stubs) to project income once EIV data has been received in such cases where the family does not dispute the EIV employer data and where the GRHC does not determine it is necessary to obtain additional third-party data.

GRHC Policy

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

The GRHC 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 GRHC determines additional information is needed.

In such cases, the GRHC 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 GRHC annualized projected income.

When the GRHC cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), the GRHC 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 GRHC to show why the historic pattern does not represent the family's anticipated income.

Known Changes in Income

If the GRHC 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 GRHC 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 GRHC 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 GRHC'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.

Projecting Income

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

6-I.D. EARNED INCOME

Types of Earned Income Included in Annual Income

Wages and Related Compensation

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

GRHC Policy

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

Some Types of Military Pay

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

Types of Earned Income Not Counted in Annual Income

Temporary, Nonrecurring, or Sporadic Income [24 CFR 5.609(c)(9)]

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

GRHC Policy

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

Children's Earnings

Employment income earned by children (including foster children) under the age of 18 years is not included in annual income [24 CFR 5.609(c)(1)]. (See Eligibility chapter for a definition of *foster children*.)

Certain Earned Income of Full-Time Students

Earnings in excess of \$480 for each full-time student 18 years old or older (except for the head, spouse, or cohead) are not counted [24 CFR 5.609(c)(11)]. To be considered "full-time," a student must be considered "full-time" by an educational institution with a degree or certificate program [HCV GB, p. 5-29].

Income of a Live-in Aide

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

Income Earned under Certain Federal Programs

Income from some federal programs is specifically excluded from consideration as income [24 CFR 5.609(c)(17)], including:

- Payments to volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058)
- Awards under the federal work-study program (20 U.S.C. 1087 uu)
- Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f))
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))
- Allowances, earnings, and payments to participants in programs funded under the Workforce Investment Act of 1998 (29 U.S.C. 2931)

Resident Service Stipend

Amounts received under a resident service stipend are not included in annual income. A resident service stipend is a modest amount (not to exceed \$200 per individual per month) received by a resident for performing a service for the GRHC 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 GRHC's governing board. No resident may receive more than one such stipend during the same period of time [24 CFR 5.600(c)(8)(iv)].

State and Local Employment Training Programs

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

GRHC Policy

The GRHC defines *training program* as “a learning process with goals and objectives, generally having a variety of components, and taking place in a series of sessions over a period to time. It is designed to lead to a higher level of proficiency, and it enhances the individual’s ability to obtain employment. It may have performance standards to measure proficiency. Training may include, but is not limited to: (1) classroom training in a specific occupational skill, (2) on-the-job training with wages subsidized by the program, or (3) basic education” [expired Notice PIH 98-2, p. 3].

The GRHC defines *incremental earnings and benefits* as the difference between: (1) the total amount of welfare assistance and earnings of a family member prior to enrollment in a training program, and (2) the total amount of welfare assistance and earnings of the family member after enrollment in the program [expired Notice PIH 98-2, pp. 3–4].

In calculating the incremental difference, the GRHC will use as the pre-enrollment income the total annualized amount of the family member’s welfare assistance and earnings reported on the family’s most recently completed HUD-50058.

End of participation in a training program must be reported in accordance with the GRHC's interim reporting requirements.

HUD-Funded Training Programs

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

GRHC Policy

To qualify as a training program, the program must meet the definition of *training program* provided above for state and local employment training programs.

Earned Income Tax Credit

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

Earned Income Disallowance

The earned income disallowance for persons with disabilities is discussed in section 6-I.E below.

6-I.E. EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES [24 CFR 5.617; Streamlining Final Rule (SFR) Federal Register 3/8/16]

The earned income disallowance (EID) encourages people with disabilities to enter the work force by not including the full value of increases in earned income for a period of time. The full text of 24 CFR 5.617 is included as Exhibit 6-4 at the end of this chapter. Eligibility criteria and limitations on the disallowance are summarized below.

Eligibility

This disallowance applies only to individuals in families already participating in the HCV program (not at initial examination). To qualify, the family must experience an increase in annual income that is the result of one of the following events:

- Employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment. *Previously unemployed* includes a person who annually has earned not more than the minimum wage applicable to the community multiplied by 500 hours. The applicable minimum wage is the federal minimum wage unless there is a higher state or local minimum wage.
- Increased earnings by a family member who is a person with disabilities and whose earnings increase during participation in an economic self-sufficiency or job-training program. A self-sufficiency program includes a program designed to encourage, assist, train, or facilitate the economic independence of HUD-assisted families or to provide work to such families [24 CFR 5.603(b)].
- New employment or increased earnings by a family member who is a person with disabilities and who has received benefits or services under Temporary Assistance for Needy Families (TANF) or any other state program funded under Part A of Title IV of the Social Security Act within the past six months. If the benefits are received in the form of monthly maintenance, there is no minimum amount. If the benefits or services are received in a form other than monthly maintenance, such as one-time payments, wage subsidies, or transportation assistance, the total amount received over the six-month period must be at least \$500.

Calculation of the Disallowance

Calculation of the earned income disallowance for an eligible member of a qualified family begins with a comparison of the member's current income with his or her "baseline income." The family member's baseline income is his or her income immediately prior to qualifying for the EID. The family member's baseline income remains constant throughout the period that he or she is participating in the EID.

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

The family member's prior, or prequalifying, income remains constant (as a baseline) throughout the period that he or she is participating in the EID. While qualification for the disallowance is the same for all families, calculation of the disallowance will differ depending on when the family member qualified for the EID. Participants qualifying prior to May 9, 2016, will have the

disallowance calculated under the “Original Calculation Method” described below which requires a maximum lifetime disallowance period of up to 48 consecutive months. Participants qualifying on or after May 9, 2016, will be subject to the “Revised Calculation Method.” Which shortens the lifetime disallowance period to 24 consecutive months.

Under both the original and new methods, the EID eligibility criteria, the benefit amount, the single lifetime eligibility requirement and the ability of the applicable family member to stop and restart employment during the eligibility period are the same.

Original Calculation Method

Initial 12-Month Exclusion

During the initial 12-month exclusion period, the full amount (100 percent) of any increase in income attributable to new employment or increased earnings is excluded. The 12 months are cumulative and need not be consecutive.

GRHC Policy

The initial EID exclusion period will begin on the first of the month following the date an eligible member of a qualified family is first employed or first experiences an increase in earnings.

Second 12-Month Exclusion and GRHCse-In

During the second 12-month exclusion period, the exclusion is reduced to half (50 percent) of any increase in income attributable to employment or increased earnings. The 12 months are cumulative and need not be consecutive.

Lifetime Limitation

The EID has a four-year (48-month) lifetime maximum. The four-year eligibility period begins at the same time that the initial exclusion period begins and ends 48 months later. The one-time eligibility for the EID applies even if the eligible individual begins to receive assistance from another housing agency, if the individual moves between public housing and Section 8 assistance, or if there are breaks in assistance.

GRHC Policy

During the 48-month eligibility period, the GRHC will schedule and conduct an interim reexamination each time there is a change in the family member’s annual income that affects or is affected by the EID (e.g., when the family member’s income falls to a level at or below his/her prequalifying income, when one of the exclusion periods ends, and at the end of the lifetime maximum eligibility period).

Revised Calculation Method

Initial 12-Month Exclusion

During the initial exclusion period of 12 consecutive months, the full amount (100 percent) of any increase in income attributable to new employment or increased earnings is excluded.

GRHC Policy

The initial EID exclusion period will begin on the first of the month following the date an eligible member of a qualified family is first employed or first experiences an increase in earnings.

Second 12-Month Exclusion

During the second exclusion period of 12 consecutive months, the GRHC must exclude at least 50 percent of any increase in income attributable to employment or increased earnings.

GRHC Policy

During the second 12-month exclusion period, the GRHC will exclude 100 percent of any increase in income attributable to new employment or increased earnings.

Lifetime Limitation

The EID has a two-year (24-month) lifetime maximum. The two-year eligibility period begins at the same time that the initial exclusion period begins and ends 24 months later. During the 24-month period, an individual remains eligible for EID even if they begin to receive assistance from a different housing agency, move between public housing and Section 8 assistance, or have breaks in assistance.

6-I.F. BUSINESS INCOME [24 CFR 5.609(b)(2)]

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

Business Expenses

Net income is “gross income less business expense” [HCV GB, p. 5-19].

GRHC Policy

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

Business Expansion

HUD regulations do not permit the GRHC to deduct from gross income expenses for business expansion.

GRHC Policy

Business expansion is defined as any capital expenditures made to add new business activities, to expand current facilities, or to operate the business in additional locations. For example, purchase of a street sweeper by a construction business for the purpose of adding street cleaning to the services offered by the business would be considered a

business expansion. Similarly, the purchase of a property by a hair care business to open at a second location would be considered a business expansion.

Capital Indebtedness

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

GRHC Policy

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

Negative Business Income

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

Withdrawal of Cash or Assets from a Business

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

GRHC Policy

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

Co-owned Businesses

GRHC Policy

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

6-I.G. ASSETS [24 CFR 5.609(b)(3); and 24 CFR 5.603(b)]

Overview

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

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

Exhibit 6-1 provides the regulatory requirements for calculating income from assets [24 CFR 5.609(b)(3)], and Exhibit 6-3 provides the regulatory definition of *net family assets*. This section begins with a discussion of general policies related to assets and then provides HUD rules and GRHC policies related to each type of asset.

Optional policies for family self-certification of assets are found in Chapter 7.

General Policies

Income from Assets

The GRHC generally will use current circumstances to determine both the value of an asset and the anticipated income from the asset. As is true for all sources of income, HUD authorizes the GRHC to use other than current circumstances to anticipate income when (1) an imminent change in circumstances is expected (2) it is not feasible to anticipate a level of income over 12 months or (3) the GRHC believes that past income is the best indicator of anticipated income. For example, if a family member owns real property that typically receives rental income but the property is currently vacant, the GRHC can take into consideration past rental income along with the prospects of obtaining a new tenant.

GRHC Policy

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

Valuing Assets

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

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

GRHC Policy

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

Lump-Sum Receipts

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

Imputing Income from Assets [24 CFR 5.609(b)(3), Notice PIH 2012-29]

When net family assets are \$5,000 or less, the GRHC will include in annual income the actual income anticipated to be derived from the assets. When the family has net family assets in excess of \$5,000, the GRHC will include in annual income the greater of (1) the actual income derived from the assets or (2) the imputed income. Imputed income from assets is calculated by multiplying the total cash value of all family assets by an average passbook savings rate as determined by the GRHC.

- Note: The HUD field office no longer provides an interest rate for imputed asset income. The “safe harbor” is now for the GRHC to establish a passbook rate within 0.75 percent of a national average.
- The GRHC must review its passbook rate annually to ensure that it remains within 0.75 percent of the national average.

GRHC Policy

The GRHC will initially set the imputed asset passbook rate at the national rate established by the Federal Deposit Insurance Corporation (FDIC).

The GRHC will review the passbook rate annually, in December of each year. The rate will not be adjusted unless the current GRHC rate is no longer within 0.75 percent of the national rate. If it is no longer within 0.75 percent of the national rate, the passbook rate will be set at the current national rate.

Changes to the passbook rate will take effect on February 1 following the December review.

Determining Actual Anticipated Income from Assets

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

Withdrawal of Cash or Liquidation of Investments

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

Jointly Owned Assets

The regulation at 24 CFR 5.609(a)(4) specifies that annual income includes “amounts derived (during the 12-month period) from assets to which any member of the family has access.”

GRHC Policy

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

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

Assets Disposed Of for Less than Fair Market Value [24 CFR 5.603(b)]

HUD regulations require the GRHC to count as a current asset any business or family asset that was disposed of for less than fair market value during the two years prior to the effective date of the examination/reexamination, except as noted below.

Minimum Threshold

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

GRHC Policy

The GRHC will not include the value of assets disposed of for less than fair market value unless the cumulative fair market value of all assets disposed of during the past two years exceeds the gross amount received for the assets by more than \$1,000.

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

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

Separation or Divorce

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

GRHC Policy

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

Foreclosure or Bankruptcy

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

Family Declaration

GRHC Policy

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

Types of Assets

Checking and Savings Accounts

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

GRHC Policy

In determining the value of a checking account, the GRHC will use the average monthly balance for the last six months.

In determining the value of a savings account, the GRHC will use the current balance.

In determining the anticipated income from an interest-bearing checking or savings account, the GRHC will multiply the value of the account by the current rate of interest paid on the account.

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

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

GRHC Policy

In determining the market value of an investment account, the GRHC will use the value of the account on the most recent investment report.

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

Equity in Real Property or Other Capital Investments

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

GRHC Policy

In determining the equity, the GRHC will determine market value by examining recent sales of at least three properties in the surrounding or similar neighborhood that possess comparable factors that affect market value.

The GRHC will first use the payoff amount for the loan (mortgage) as the unpaid balance to calculate equity. If the payoff amount is not available, the GRHC will use the basic loan balance information to deduct from the market value in the equity calculation.

Equity in real property and other capital investments is considered in the calculation of asset income **except** for the following types of assets:

- Equity accounts in HUD homeownership programs [24 CFR 5.603(b)]
- The value of a home currently being purchased with assistance under the HCV program Homeownership Option for the first 10 years after the purchase date of the home [24 CFR 5.603(b), Notice PIH 2012-3]
- Equity in owner-occupied cooperatives and manufactured homes in which the family lives [HCV GB, p. 5-25]
- Equity in real property when a family member's main occupation is real estate [HCV GB, p. 5-25]. This real estate is considered a business asset, and income related to this asset will be calculated as described in section 6-I.F.
- Interests in Indian Trust lands [24 CFR 5.603(b)]
- Real property and capital assets that are part of an active business or farming operation [HCV GB, p. 5-25]

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

GRHC Policy

For the purposes of calculating expenses to convert to cash for real property, the GRHC will use ten percent of the market value of the home.

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

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

GRHC Policy

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

Trusts

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

Revocable Trusts

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

Nonrevocable Trusts

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

Retirement Accounts

Company Retirement/Pension Accounts

In order to correctly include or exclude as an asset any amount held in a company retirement or pension account by an employed person, the GRHC must know whether the money is accessible before retirement [HCV GB, p. 5-26].

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

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

IRA, Keogh, and Similar Retirement Savings Accounts

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

Personal Property

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

GRHC Policy

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

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

Necessary items of personal property are not considered assets [24 CFR 5.603(b)].

GRHC Policy

Necessary personal property consists of only those items not held as an investment, and may include clothing, furniture, household furnishings, jewelry, and vehicles, including those specially equipped for persons with disabilities.

Life Insurance

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

6-I.H. PERIODIC PAYMENTS

Periodic payments are forms of income received on a regular basis. HUD regulations specify periodic payments that are and are not included in annual income.

Periodic Payments Included in Annual Income

- Periodic payments from sources such as social security, unemployment and welfare assistance, annuities, insurance policies, retirement funds, and pensions. However, periodic payments from retirement accounts, annuities, and similar forms of investments are counted only after they exceed the amount contributed by the family [24 CFR 5.609(b)(4) and (b)(3)].
- Disability or death benefits and lottery receipts paid periodically, rather than in a single lump sum [24 CFR 5.609(b)(4) and HCV, p. 5-14].

Lump-Sum Payments for the Delayed Start of a Periodic Payment

Most lump-sums received as a result of delays in processing periodic payments, such as unemployment or welfare assistance, are counted as income. However, lump-sum receipts for the delayed start of periodic social security or supplemental security income (SSI) payments are not counted as income. Additionally, any deferred disability benefits that are received in a lump-sum

or in prospective monthly amounts from the Department of Veterans Affairs are to be excluded from annual income [24 CFR 5.609(c)(14)].

GRHC Policy

When a delayed-start payment is received and reported during the period in which the GRHC is processing an annual reexamination, the GRHC will adjust the family share and GRHC subsidy retroactively for the period the payment was intended to cover. The family may pay in full any amount due or request to enter into a repayment agreement with the GRHC.

Treatment of Overpayment Deductions from Social Security Benefits

The GRHC must make a special calculation of annual income when the Social Security Administration (SSA) overpays an individual, resulting in a withholding or deduction from his or her benefit amount until the overpayment is paid in full. The amount and duration of the withholding will vary depending on the amount of the overpayment and the percent of the benefit rate withheld. Regardless of the amount withheld or the length of the withholding period, the GRHC must use the reduced benefit amount after deducting only the amount of the overpayment withholding from the gross benefit amount [Notice PIH 2012-10].

Periodic Payments Excluded from Annual Income

- Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the assisted family, who are unable to live alone) [24 CFR 5.609(c)(2)]. Kinship guardianship assistance payments (Kin-GAP) and other similar guardianship payments are treated the same as foster care payments and are likewise excluded from annual income [Notice PIH 2012-1].

GRHC Policy

The GRHC will exclude payments for the care of foster children and foster adults only if the care is provided through an official arrangement with a local welfare agency [HCV GB, p. 5-18].

- Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home [24 CFR 5.609(c)(16)].
- Amounts received under the Low-Income Home Energy Assistance Program (42 U.S.C. 1626(c)) [24 CFR 5.609(c)(17)].
- Amounts received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q) [24 CFR 5.609(c)(17)].
- Earned Income Tax Credit (EITC) refund payments (26 U.S.C. 32(j)) [24 CFR 5.609(c)(17)]. *Note:* EITC may be paid periodically if the family elects to receive the amount due as part of payroll payments from an employer.
- Lump-sums received as a result of delays in processing Social Security and SSI payments (see section 6-I.H.) [24 CFR 5.609(c)(14)].
- Lump-sums or prospective monthly amounts received as deferred disability benefits from the Department of Veterans Affairs (VA) [24 CFR 5.609(c)(14)].

6-I.I. PAYMENTS IN LIEU OF EARNINGS

Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay, are counted as income [24 CFR 5.609(b)(5)] if they are received either in the form of periodic payments or in the form of a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment. If they are received in a one-time lump sum (as a settlement, for instance), they are treated as lump-sum receipts [24 CFR 5.609(c)(3)]. (See also the discussion of periodic payments in section 6-I.H and the discussion of lump-sum receipts in section 6-I.G.)

6-I.J. WELFARE ASSISTANCE

Overview

Welfare assistance is counted in annual income. Welfare assistance includes Temporary Assistance for Needy Families (TANF) and any payments to individuals or families based on need that are made under programs funded separately or jointly by federal, state, or local governments [24 CFR 5.603(b)].

Sanctions Resulting in the Reduction of Welfare Benefits [24 CFR 5.615]

The GRHC must make a special calculation of annual income when the welfare agency imposes certain sanctions on certain families. The full text of the regulation at 24 CFR 5.615 is provided as Exhibit 6-5. The requirements are summarized below. This rule applies only if a family was receiving HCV assistance at the time the sanction was imposed.

Covered Families

The families covered by 24 CFR 5.615 are those “who receive welfare assistance or other public assistance benefits (‘welfare benefits’) from a State or other public agency (‘welfare agency’) under a program for which Federal, State or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance” [24 CFR 5.615(b)]

Imputed Income

When a welfare agency imposes a sanction that reduces a family's welfare income because the family commits fraud or fails to comply with the agency's economic self-sufficiency program or work activities requirement, the GRHC must include in annual income “imputed” welfare income. The GRHC must request that the welfare agency provide the reason for the reduction of benefits and the amount of the reduction of benefits. The imputed welfare income is the amount that the benefits were reduced as a result of the sanction.

This requirement does not apply to reductions in welfare benefits: (1) at the expiration of the lifetime or other time limit on the payment of welfare benefits, (2) if a family member is unable to find employment even though the family member has complied with the welfare agency economic self-sufficiency or work activities requirements, or (3) because a family member has not complied with other welfare agency requirements [24 CFR 5.615(b)(2)].

Offsets

The amount of the imputed welfare income is offset by the amount of additional income the family begins to receive after the sanction is imposed. When the additional income equals or

exceeds the imputed welfare income, the imputed income is reduced to zero [24 CFR 5.615(c)(4)].

6-I.K. PERIODIC AND DETERMINABLE ALLOWANCES [24 CFR 5.609(b)(7)]

Annual income includes periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing with an assisted family.

Alimony and Child Support

The GRHC must count alimony or child support amounts awarded as part of a divorce or separation agreement.

GRHC Policy

The GRHC will count court-awarded amounts for alimony and child support unless the GRHC verifies that: (1) the payments are not being made, and (2) the family has made reasonable efforts to collect amounts due, including filing with courts or agencies responsible for enforcing payments [HCV GB, pp. 5-23 and 5-47].

Families who do not have court-awarded alimony and child support awards are not required to seek a court award and are not required to take independent legal action to obtain collection.

Regular Contributions or Gifts

The GRHC must count as income regular monetary and nonmonetary contributions or gifts from persons not residing with an assisted family [24 CFR 5.609(b)(7)]. Temporary, nonrecurring, or sporadic income and gifts are not counted [24 CFR 5.609(c)(9)].

GRHC Policy

Examples of regular contributions include: (1) regular payment of a family's bills (e.g., utilities, telephone, rent, credit cards, and car payments), (2) cash or other liquid assets provided to any family member on a regular basis, and (3) "in-kind" contributions such as groceries and clothing provided to a family on a regular basis.

Nonmonetary contributions will be valued at the cost of purchasing the items, as determined by the GRHC. For contributions that may vary from month to month (e.g., utility payments), the GRHC will include an average amount based upon past history.

6-I.L. STUDENT FINANCIAL ASSISTANCE [24 CFR 5.609(b)(9); Notice PIH 2015-21]

In 2005, Congress passed a law (for Section 8 programs only) requiring that certain student financial assistance be included in annual income. Prior to that, the full amount of student financial assistance was excluded. For some students, the full exclusion still applies.

Student Financial Assistance Included in Annual Income [24 CFR 5.609(b)(9); FR 4/10/06; Notice PIH 2015-21]

The regulation requiring the inclusion of certain student financial assistance applies only to students who satisfy all of the following conditions:

- They are enrolled in an institution of higher education, as defined under the Higher Education Act (HEA) of 1965.
- They are seeking or receiving Section 8 assistance on their own—that is, apart from their parents—through the HCV program, the project-based voucher program, or the moderate rehabilitation program.
- They are under 24 years of age **OR** they have no dependent children.

For students who satisfy these three conditions, any financial assistance in excess of tuition and any other required fees and charges received: (1) under the 1965 HEA, (2) from a private source, or (3) from an institution of higher education, as defined under the 1965 HEA, must be included in annual income.

To determine annual income in accordance with the above requirements, the GRHC will use the definitions of *dependent child*, *institution of higher education*, and *parents* in section 3-II.E, along with the following definitions [FR 4/10/06, pp. 18148-18150]:

- *Assistance under the Higher Education Act of 1965* includes Pell Grants, Federal Supplement Educational Opportunity Grants, Academic Achievement Incentive Scholarships, State Assistance under the Leveraging Educational Assistance Partnership Program, the Robert G. Byrd Honors Scholarship Program, and Federal Work Study programs.
- *Assistance from private sources* means assistance from nongovernmental sources, including parents, guardians, and other persons not residing with the student in an HCV assisted unit.
- *Tuition and fees* are defined in the same manner in which the Department of Education defines *tuition and fees* [Notice PIH 2015-21].
 - This is the amount of tuition and required fees covering a full academic year most frequently charged to students.
 - The amount represents what a typical student would be charged and may not be the same for all students at an institution.
 - If tuition is charged on a per-credit-hour basis, the average full-time credit hour load for an academic year is used to estimate average tuition.
 - Required fees include all fixed-sum charges that are required of a large proportion of all students. Examples include, but are not limited to, writing and science lab fees and fees specific to the student's major or program (i.e., nursing program).
 - Expenses related to attending an institution of higher education must **not** be included as tuition. Examples include, but are not limited to, room and board, books, supplies, meal plans, transportation and parking, student health insurance plans, and other non-fixed-sum charges.

Student Financial Assistance Excluded from Annual Income [24 CFR 5.609(c)(6)]

Any student financial assistance not subject to inclusion under 24 CFR 5.609(b)(9) is fully excluded from annual income under 24 CFR 5.609(c)(6), whether it is paid directly to the student or to the educational institution the student is attending. This includes any financial assistance received by:

- Students residing with parents who are seeking or receiving Section 8 assistance

- Students who are enrolled in an educational institution that does **not** meet the 1965 HEA definition of *institution of higher education*
- Students who are over 23 **AND** have at least one dependent child, as defined in section 3-II.E
- Students who are receiving financial assistance through a governmental program not authorized under the 1965 HEA.

6-I.M. ADDITIONAL EXCLUSIONS FROM ANNUAL INCOME

Other exclusions contained in 24 CFR 5.609(c) that have not been discussed earlier in this chapter include the following:

- Reimbursement of medical expenses [24 CFR 5.609(c)(4)]
- Amounts received by participants in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred and which are made solely to allow participation in a specific program [24 CFR 5.609(c)(8)(iii)]
- Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS) [(24 CFR 5.609(c)(8)(ii)]
- Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era [24 CFR 5.609(c)(10)]
- Adoption assistance payments in excess of \$480 per adopted child [24 CFR 5.609(c)(12)]
- Refunds or rebates on property taxes paid on the dwelling unit [24 CFR 5.609(c)(15)]
- Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home [24 CFR 5.609(c)(16)]
- Amounts specifically excluded by any other federal statute [24 CFR 5.609(c)(17), FR Notice 5/20/14]. HUD publishes an updated list of these exclusions periodically. It includes:
 - (a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 (b))
 - (b) Benefits under Section 1780 of the School Lunch Act and Child Nutrition Act of 1966, including WIC
 - (c) Payments to volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058)
 - (d) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c))
 - (e) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e)
 - (f) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f))
 - (g) Payments received under programs funded in whole or in part under the Workforce Investment Act of 1998 (29 U.S.C. 2931)

- (h) Deferred disability benefits from the Department of Veterans Affairs, whether received as a lump sum or in monthly prospective amounts
- (i) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04)
- (j) Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b))
- (k) A lump sum or periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the United States District Court case entitled *Elouise Cobell et al. v. Ken Salazar et al.*, for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010
- (l) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408)
- (m) Benefits under the Indian Veterans Housing Opportunity Act of 2010 (only applies to Native American housing programs)
- (n) Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f))
- (o) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in *In Re Agent Orange* product liability litigation, M.D.L. No. 381 (E.D.N.Y.)
- (p) Payments received under 38 U.S.C. 1833(c) to children of Vietnam veterans born with spinal bifida, children of women Vietnam veterans born with certain birth defects, and children of certain Korean service veterans born with spinal bifida
- (q) Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721)
- (r) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q)
- (s) Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j))
- (t) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433)
- (u) Amounts of scholarships funded under Title IV of the Higher Education Act of 1965j, including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu). For Section 8 programs, the exception found in § 237 of Public Law 109-249 applies and requires that the amount of financial assistance in excess of tuition and mandatory fees shall be considered income in accordance with the provisions codified at 24 CFR 5.609(b)(9), except for those

persons with disabilities as defined by 42 U.S.C. 1437a(b)(3)(E) (Pub. L. 109–249) (See Section 6-I.L. for exceptions.)

- (v) Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))
- (w) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602)
- (x) Any amounts in an "individual development account" as provided by the Assets for Independence Act, as amended in 2002
- (y) Payments made from the proceeds of Indian tribal trust cases as described in Notice PIH 2013–30, "Exclusion from Income of Payments under Recent Tribal Trust Settlements" (25 U.S.C. 117b(a))
- (z) Major disaster and emergency assistance received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act and comparable disaster assistance provided by states, local governments, and disaster assistance organizations

PART II: ADJUSTED INCOME

6-II.A. INTRODUCTION

Overview

HUD regulations require GRHCs to deduct from annual income any of five mandatory deductions for which a family qualifies. The resulting amount is the family's adjusted income. Mandatory deductions are found in 24 CFR 5.611.

5.611(a) Mandatory deductions. In determining adjusted income, the responsible entity [GRHC] must deduct the following amounts from annual income:

- (1) \$480 for each dependent;
- (2) \$400 for any elderly family or disabled family;
- (3) The sum of the following, to the extent the sum exceeds three percent of annual income:
 - (i) Unreimbursed medical expenses of any elderly family or disabled family;
 - (ii) Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus; and
- (4) Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education.

This part covers policies related to these mandatory deductions. Verification requirements related to these deductions are found in Chapter 7.

Anticipating Expenses

GRHC Policy

Generally, the GRHC will use current circumstances to anticipate expenses. When possible, for costs that are expected to fluctuate during the year (e.g., child care during school and nonschool periods and cyclical medical expenses), the GRHC will estimate costs based on historic data and known future costs.

If a family has an accumulated debt for medical or disability assistance expenses, the GRHC will include as an eligible expense the portion of the debt that the family expects to pay during the period for which the income determination is being made. However, amounts previously deducted will not be allowed even if the amounts were not paid as expected in a preceding period. The GRHC may require the family to provide documentation of payments made in the preceding year.

6-II.B. DEPENDENT DEDUCTION

An allowance of \$480 is deducted from annual income for each dependent [24 CFR 5.611(a)(1)]. *Dependent* is defined as any family member other than the head, spouse, or cohead who is under the age of 18 or who is 18 or older and is a person with disabilities or a full-time student. Foster children, foster adults, and live-in aides are never considered dependents [24 CFR 5.603(b)].

6-II.C. ELDERLY OR DISABLED FAMILY DEDUCTION

A single deduction of \$400 is taken for any elderly or disabled family [24 CFR 5.611(a)(2)]. An *elderly family* is a family whose head, spouse, cohead, or sole member is 62 years of age or older, and a *disabled family* is a family whose head, spouse, cohead, or sole member is a person with disabilities [24 CFR 5.403].

6-II.D. MEDICAL EXPENSES DEDUCTION [24 CFR 5.611(a)(3)(i)]

Unreimbursed medical expenses may be deducted to the extent that, in combination with any disability assistance expenses, they exceed three percent of annual income.

The medical expense deduction is permitted only for families in which the head, spouse, or cohead is at least 62 or is a person with disabilities. If a family is eligible for a medical expense deduction, the medical expenses of all family members are counted [VG, p. 28].

Definition of *Medical Expenses*

HUD regulations define *medical expenses* at 24 CFR 5.603(b) to mean “medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is computed, and that are not covered by insurance.”

GRHC Policy

The most current IRS Publication 502, *Medical and Dental Expenses*, will be used as a reference to determine the costs that qualify as medical expenses.

Summary of Allowable Medical Expenses from IRS Publication 502	
<p>Services of medical professionals</p> <p>Surgery and medical procedures that are necessary, legal, noncosmetic</p> <p>Services of medical facilities</p> <p>Hospitalization, long-term care, and in-home nursing services</p> <p>Prescription medicines and insulin, but <u>not</u> nonprescription medicines even if recommended by a doctor</p> <p>Improvements to housing directly related to medical needs (e.g., ramps for a wheel chair, handrails)</p>	<p>Substance abuse treatment programs</p> <p>Psychiatric treatment</p> <p>Ambulance services and some costs of transportation related to medical expenses</p> <p>The cost and care of necessary equipment related to a medical condition (e.g., eyeglasses/lenses, hearing aids, crutches, and artificial teeth)</p> <p>Cost and continuing care of necessary service animals</p> <p>Medical insurance premiums or the cost of a health maintenance organization (HMO)</p>
<p>Note: This chart provides a summary of eligible medical expenses only. Detailed information is provided in IRS Publication 502. Medical expenses are considered only to the extent they are not reimbursed by insurance or some other source.</p>	

Families That Qualify for Both Medical and Disability Assistance Expenses

GRHC Policy

This policy applies only to families in which the head, spouse, or cohead is 62 or older or is a person with disabilities.

When expenses anticipated by a family could be defined as either medical or disability assistance expenses, the GRHC will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.

6-II.E. DISABILITY ASSISTANCE EXPENSES DEDUCTION [24 CFR 5.603(b) and 24 CFR 5.611(a)(3)(ii)]

Reasonable expenses for attendant care and auxiliary apparatus for a disabled family member may be deducted if they: (1) are necessary to enable a family member 18 years or older to work, (2) are not paid to a family member or reimbursed by an outside source, (3) in combination with any medical expenses, exceed three percent of annual income, and (4) do not exceed the earned income received by the family member who is enabled to work.

Earned Income Limit on the Disability Assistance Expense Deduction

A family can qualify for the disability assistance expense deduction only if at least one family member (who may be the person with disabilities) is enabled to work [24 CFR 5.603(b)].

The disability expense deduction is capped by the amount of “earned income received by family members who are 18 years of age or older and who are able to work” because of the expense [24 CFR 5.611(a)(3)(ii)]. The earned income used for this purpose is the amount verified before any earned income disallowances or income exclusions are applied.

GRHC Policy

The family must identify the family members enabled to work as a result of the disability assistance expenses. In evaluating the family’s request, the GRHC will consider factors such as how the work schedule of the relevant family members relates to the hours of care provided, the time required for transportation, the relationship of the family members to the person with disabilities, and any special needs of the person with disabilities that might determine which family members are enabled to work.

When the GRHC determines that the disability assistance expenses enable more than one family member to work, the expenses will be capped by the sum of the family members’ incomes.

Eligible Disability Expenses

Examples of auxiliary apparatus are provided in the *HCV Guidebook* as follows: “Auxiliary apparatus are items such as wheelchairs, ramps, adaptations to vehicles, or special equipment to enable a blind person to read or type, but only if these items are directly related to permitting the disabled person or other family member to work” [HCV GB, p. 5-30].

HUD advises GRHCs to further define and describe auxiliary apparatus [VG, p. 30].

Eligible Auxiliary Apparatus

GRHC Policy

Expenses incurred for maintaining or repairing an auxiliary apparatus are eligible. In the case of an apparatus that is specially adapted to accommodate a person with disabilities (e.g., a vehicle or computer), the cost to maintain the special adaptations (but not maintenance of the apparatus itself) is an eligible expense. The cost of service animals trained to give assistance to persons with disabilities, including the cost of acquiring the animal, veterinary care, food, grooming, and other continuing costs of care, will be included.

Eligible Attendant Care

The family determines the type of attendant care that is appropriate for the person with disabilities.

GRHC Policy

Attendant care includes, but is not limited to, reasonable costs for home medical care, nursing services, in-home or center-based care services, interpreters for persons with hearing impairments, and readers for persons with visual disabilities.

Attendant care expenses will be included for the period that the person enabled to work is employed plus reasonable transportation time. The cost of general housekeeping and personal services is not an eligible attendant care expense. However, if the person

enabled to work is the person with disabilities, personal services necessary to enable the person with disabilities to work are eligible.

If the care attendant also provides other services to the family, the GRHC will prorate the cost and allow only that portion of the expenses attributable to attendant care that enables a family member to work. For example, if the care provider also cares for a child who is not the person with disabilities, the cost of care must be prorated. Unless otherwise specified by the care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

Payments to Family Members

No disability assistance expenses may be deducted for payments to a member of an assisted family [24 CFR 5.603(b)]. However, expenses paid to a relative who is not a member of the assisted family may be deducted if they are not reimbursed by an outside source.

Necessary and Reasonable Expenses

The family determines the type of care or auxiliary apparatus to be provided and must describe how the expenses enable a family member to work. The family must certify that the disability assistance expenses are necessary and are not paid or reimbursed by any other source.

GRHC Policy

The GRHC determines the reasonableness of the expenses based on typical costs of care or apparatus in the locality. To establish typical costs, the GRHC will collect information from organizations that provide services and support to persons with disabilities. A family may present, and the GRHC will consider, the family's justification for costs that exceed typical costs in the area.

Families That Qualify for Both Medical and Disability Assistance Expenses

GRHC Policy

This policy applies only to families in which the head or spouse is 62 or older or is a person with disabilities.

When expenses anticipated by a family could be defined as either medical or disability assistance expenses, the GRHC will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.

6-II.F. CHILD CARE EXPENSE DEDUCTION

HUD defines *child care expenses* at 24 CFR 5.603(b) as “amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.”

Clarifying the Meaning of *Child* for This Deduction

Child care expenses do not include child support payments made to another on behalf of a minor who is not living in an assisted family's household [VG, p. 26]. However, child care expenses for

foster children that are living in the assisted family's household are included when determining the family's child care expenses [HCV GB, p. 5-29].

Qualifying for the Deduction

Determining Who Is Enabled to Pursue an Eligible Activity

GRHC Policy

The family must identify the family member(s) enabled to pursue an eligible activity. The term *eligible activity* in this section means any of the activities that may make the family eligible for a child care deduction (seeking work, pursuing an education, or being gainfully employed).

In evaluating the family's request, the GRHC will consider factors such as how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

Seeking Work

GRHC Policy

If the child care expense being claimed is to enable a family member to seek employment, the family must provide evidence of the family member's efforts to obtain employment at each reexamination. The deduction may be reduced or denied if the family member's job search efforts are not commensurate with the child care expense being allowed by the GRHC.

Furthering Education

GRHC Policy

If the child care expense being claimed is to enable a family member to further his or her education, the member must be enrolled in school (academic or vocational) or participating in a formal training program. The family member is not required to be a full-time student, but the time spent in educational activities must be commensurate with the child care claimed.

Being Gainfully Employed

GRHC Policy

If the child care expense being claimed is to enable a family member to be gainfully employed, the family must provide evidence of the family member's employment during the time that child care is being provided. Gainful employment is any legal work activity (full- or part-time) for which a family member is compensated.

Earned Income Limit on Child Care Expense Deduction

When a family member looks for work or furthers his or her education, there is no cap on the amount that may be deducted for child care – although the care must still be necessary and reasonable. However, when child care enables a family member to work, the deduction is capped by “the amount of employment income that is included in annual income” [24 CFR 5.603(b)].

The earned income used for this purpose is the amount of earned income verified after any earned income disallowances or income exclusions are applied.

When the person who is enabled to work is a person with disabilities who receives the earned income disallowance (EID) or a full-time student whose earned income above \$480 is excluded, child care costs related to enabling a family member to work may not exceed the portion of the person's earned income that actually is included in annual income. For example, if a family member who qualifies for the EID makes \$15,000 but because of the EID only \$5,000 is included in annual income, child care expenses are limited to \$5,000.

The GRHC must not limit the deduction to the least expensive type of child care. If the care allows the family to pursue more than one eligible activity, including work, the cap is calculated in proportion to the amount of time spent working [HCV GB, p. 5-30].

GRHC Policy

When the child care expense being claimed is to enable a family member to work, only one family member's income will be considered for a given period of time. When more than one family member works during a given period, the GRHC generally will limit allowable child care expenses to the earned income of the lowest-paid member. The family may provide information that supports a request to designate another family member as the person enabled to work.

Eligible Child Care Expenses

The type of care to be provided is determined by the assisted family. The GRHC may not refuse to give a family the child care expense deduction because there is an adult family member in the household that may be available to provide child care [VG, p. 26].

Allowable Child Care Activities

GRHC Policy

For school-age children, costs attributable to public or private school activities during standard school hours are not considered. Expenses incurred for supervised activities after school or during school holidays (e.g., summer day camp, after-school sports league) are allowable forms of child care.

The costs of general housekeeping and personal services are not eligible. Likewise, child care expenses paid to a family member who lives in the family's unit are not eligible; however, payments for child care to relatives who do not live in the unit are eligible.

If a child care provider also renders other services to a family or child care is used to enable a family member to conduct activities that are not eligible for consideration, the GRHC will prorate the costs and allow only that portion of the expenses that is attributable to child care for eligible activities. For example, if the care provider also cares for a child with disabilities who is 13 or older, the cost of care will be prorated.

Unless otherwise specified by the child care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

Necessary and Reasonable Costs

Child care expenses will be considered necessary if: (1) a family adequately explains how the care enables a family member to work, actively seek employment, or further his or her education,

and (2) the family certifies, and the child care provider verifies, that the expenses are not paid or reimbursed by any other source.

GRHC Policy

Child care expenses will be considered for the time required for the eligible activity plus reasonable transportation time. For child care that enables a family member to go to school, the time allowed may include not more than one study hour for each hour spent in class.

To establish the reasonableness of child care costs, the GRHC will use the schedule of child care costs from the local welfare agency. Families may present, and the GRHC will consider, justification for costs that exceed typical costs in the area.

PART III: CALCULATING FAMILY SHARE AND GRHC SUBSIDY

6-III.A. OVERVIEW OF RENT AND SUBSIDY CALCULATIONS

TTP Formula [24 CFR 5.628]

HUD regulations specify the formula for calculating the total tenant payment (TTP) for an assisted family. TTP is the highest of the following amounts, rounded to the nearest dollar:

- 30 percent of the family's monthly adjusted income (adjusted income is defined in Part II)
- 10 percent of the family's monthly gross income (annual income, as defined in Part I, divided by 12)
- The welfare rent (in as-paid states only)
- A minimum rent between \$0 and \$50 that is established by the GRHC

The GRHC has authority to suspend and exempt families from minimum rent when a financial hardship exists, as defined in section 6-III.B.

The amount that a family pays for rent and utilities (the family share) will never be less than the family's TTP but may be greater than the TTP depending on the rent charged for the unit the family selects.

Welfare Rent [24 CFR 5.628]

GRHC Policy

Welfare rent does not apply in this locality.

Minimum Rent [24 CFR 5.630]

GRHC Policy

The minimum rent for this locality is \$50.

Family Share [24 CFR 982.305(a)(5)]

If a family chooses a unit with a gross rent (rent to owner plus an allowance for tenant-paid utilities) that exceeds the GRHC's applicable payment standard: (1) the family will pay more than the TTP, and (2) at initial occupancy the GRHC may not approve the tenancy if it would require the family share to exceed 40 percent of the family's monthly adjusted income. The

income used for this determination must have been verified no earlier than 60 days before the family's voucher was issued. (For a discussion of the application of payment standards, see section 6-III.C.)

GRHC Subsidy [24 CFR 982.505(b)]

The GRHC will pay a monthly housing assistance payment (HAP) for a family that is equal to the lower of (1) the applicable payment standard for the family minus the family's TTP or (2) the gross rent for the family's unit minus the TTP. (For a discussion of the application of payment standards, see section 6-III.C.)

Utility Reimbursement [24 CFR 982.514(b); 982.514(c)]

When the GRHC subsidy for a family exceeds the rent to owner, the family is due a utility reimbursement. HUD permits the GRHC to pay the reimbursement to the family or directly to the utility provider.

GRHC Policy

The GRHC will make utility reimbursements to the family.

The GRHC may make all utility reimbursement payments to qualifying families on a monthly basis or may make quarterly payments when the monthly reimbursement amount is \$15.00 or less. Reimbursements must be made once per calendar-year quarter and must be prorated if the family leaves the program in advance of its next quarterly reimbursement. The GRHC must also adopt hardship policies for families for whom receiving quarterly reimbursement would create a financial hardship.

GRHC Policy

The GRHC will issue all utility reimbursements monthly.

6-III.B. FINANCIAL HARDSHIPS AFFECTING MINIMUM RENT [24 CFR 5.630]

GRHC Policy

The financial hardship rules described below do not apply in this jurisdiction because the GRHC has established a minimum rent of \$50.

Overview

If the GRHC establishes a minimum rent greater than zero, the GRHC must grant an exemption from the minimum rent if a family is unable to pay the minimum rent because of financial hardship.

The financial hardship exemption applies only to families required to pay the minimum rent. If a family's TTP is higher than the minimum rent, the family is not eligible for a hardship exemption. If the GRHC determines that a hardship exists, the family share is the highest of the remaining components of the family's calculated TTP.

HUD-Defined Financial Hardship

Financial hardship includes the following situations:

- (1) The family has lost eligibility for or is awaiting an eligibility determination for a federal, state, or local assistance program. This includes a family member who is a noncitizen

lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.

GRHC Policy

A hardship will be considered to exist only if the loss of eligibility has an impact on the family's ability to pay the minimum rent.

For a family waiting for a determination of eligibility, the hardship period will end as of the first of the month following: (1) implementation of assistance, if approved, or (2) the decision to deny assistance. A family whose request for assistance is denied may request a hardship exemption based upon one of the other allowable hardship circumstances.

- (2) The family would be evicted because it is unable to pay the minimum rent.

GRHC Policy

For a family to qualify under this provision, the cause of the potential eviction must be the family's failure to pay rent to the owner or tenant-paid utilities.

- (3) Family income has decreased because of changed family circumstances, including the loss of employment.
- (4) A death has occurred in the family.

GRHC Policy

In order to qualify under this provision, a family must describe how the death has created a financial hardship (e.g., because of funeral-related expenses or the loss of the family member's income).

- (5) The family has experienced other circumstances determined by the GRHC.

GRHC Policy

The GRHC has not established any additional hardship criteria.

Implementation of Hardship Exemption

Determination of Hardship

When a family requests a financial hardship exemption, the GRHC must suspend the minimum rent requirement beginning the first of the month following the family's request.

The GRHC then determines whether the financial hardship exists and whether the hardship is temporary or long-term.

GRHC Policy

The GRHC defines temporary hardship as a hardship expected to last 90 days or less. Long-term hardship is defined as a hardship expected to last more than 90 days.

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

Example: Impact of Minimum Rent Exemption	
Assume the GRHC has established a minimum rent of \$35.	
Family Share – No Hardship	Family Share – With Hardship
\$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
\$35 Minimum rent	\$35 Minimum rent
Minimum rent applies. TTP = \$35	Hardship exemption granted. TTP = \$15

GRHC Policy

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 GRHC will make the determination of hardship within 30 calendar days.

No Financial Hardship

If the GRHC determines there is no financial hardship, the GRHC will reinstate the minimum rent and require the family to repay the amounts suspended.

GRHC Policy

The GRHC will require the family to repay the suspended amount within 30 calendar days of the GRHC’s notice that a hardship exemption has not been granted.

Temporary Hardship

If the GRHC determines that a qualifying financial hardship is temporary, the GRHC must suspend the minimum rent for the 90-day period beginning the first of the month following the date of the family’s request for a hardship exemption.

At the end of the 90-day suspension period, the family must resume payment of the minimum rent and must repay the GRHC the amounts suspended. HUD requires the GRHC to offer a reasonable repayment agreement, on terms and conditions established by the GRHC. The GRHC also may determine that circumstances have changed and the hardship is now a long-term hardship.

GRHC Policy

The GRHC will enter into a repayment agreement in accordance with the procedures found in Chapter 16 of this plan.

Long-Term Hardship

If the GRHC determines that the financial hardship is long-term, the GRHC must exempt the family from the minimum rent requirement for so long as the hardship continues. The exemption will apply from the first of the month following the family’s request until the end of the

qualifying hardship. When the financial hardship has been determined to be long-term, the family is not required to repay the minimum rent.

GRHC Policy

The hardship period ends when any of the following circumstances apply:

- (1) At an interim or annual reexamination, the family's calculated TTP is greater than the minimum rent.
- (2) For hardship conditions based on loss of income, the hardship condition will continue to be recognized until new sources of income are received that are at least equal to the amount lost. For example, if a hardship is approved because a family no longer receives a \$60/month child support payment, the hardship will continue to exist until the family receives at least \$60/month in income from another source or once again begins to receive the child support.
- (3) For hardship conditions based upon hardship-related expenses, the minimum rent exemption will continue to be recognized until the cumulative amount exempted is equal to the expense incurred.

6-III.C. APPLYING PAYMENT STANDARDS [24 CFR 982.505; [982.503\(b\)](#)]

Overview

The GRHC's schedule of payment standards is used to calculate housing assistance payments for HCV families. This section covers the application of the GRHC's payment standards. The establishment and revision of the GRHC's payment standard schedule are covered in Chapter 16.

Payment standard is defined as "the maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family)" [24 CFR 982.4(b)].

The payment standard for a family is the lower of (1) the payment standard for the family unit size, which is defined as the appropriate number of bedrooms for the family under the GRHC's subsidy standards [24 CFR 982.4(b)], or (2) the payment standard for the size of the dwelling unit rented by the family.

If the GRHC has established an exception payment standard for a designated part of an FMR area and a family's unit is located in the exception area, the GRHC must use the appropriate payment standard for the exception area.

The GRHC is required to pay a monthly housing assistance payment (HAP) for a family that is the lower of (1) the payment standard for the family minus the family's TTP or (2) the gross rent for the family's unit minus the TTP.

If during the term of the HAP contract for a family's unit, the owner lowers the rent, the GRHC will recalculate the HAP using the lower of the initial payment standard or the gross rent for the unit [HCV GB, p. 7-8].

Changes in Payment Standards

When the GRHC revises its payment standards during the term of the HAP contract for a family's unit, it will apply the new payment standards in accordance with HUD regulations.

Decreases

If the amount on the payment standard schedule is decreased during the term of the HAP contract, the lower payment standard generally will be used beginning at the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard. The GRHC will determine the payment standard for the family as follows:

Step 1: At the first regular reexamination following the decrease in the payment standard, the GRHC will determine the payment standard for the family using the lower of the payment standard for the family unit size or the size of the dwelling unit rented by the family.

Step 2: The GRHC will compare the payment standard from step 1 to the payment standard last used to calculate the monthly housing assistance payment for the family. The payment standard used by the GRHC at the first regular reexamination following the decrease in the payment standard will be the higher of these two payment standards. The GRHC will advise the family that the application of the lower payment standard will be deferred until the second regular reexamination following the effective date of the decrease in the payment standard.

Step 3: At the second regular reexamination following the decrease in the payment standard, the lower payment standard will be used to calculate the monthly housing assistance payment for the family unless the GRHC has subsequently increased the payment standard, in which case the payment standard will be determined in accordance with procedures for increases in payment standards described below.

Increases

If the payment standard is increased during the term of the HAP contract, the increased payment standard will be used to calculate the monthly housing assistance payment for the family beginning on the effective date of the family's first regular reexamination on or after the effective date of the increase in the payment standard.

Families requiring or requesting interim reexaminations will not have their HAP payments calculated using the higher payment standard until their next annual reexamination [HCV GB, p. 7-8].

Changes in Family Unit Size

Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard for the family beginning at the family's first regular reexamination following the change in family unit size.

Reasonable Accommodation

If a family requires a higher payment standard as a reasonable accommodation for a family member who is a person with disabilities, the GRHC is allowed to establish a higher payment standard for the family **of not more than 120 percent of the published FMR.**

6-III.D. APPLYING UTILITY ALLOWANCES [24 CFR 982.517]

Overview

A GRHC-established utility allowance schedule is used in determining family share and GRHC subsidy. A family's utility allowance is determined by the size of dwelling unit leased by a

family or the voucher unit size for which the family qualifies using GRHC subsidy standards, whichever is the lowest of the two. See Chapter 5 for information on the GRHC's subsidy standards.

For policies on establishing and updating utility allowances, see Chapter 16.

Reasonable Accommodation

HCV program regulations require a GRHC to approve a utility allowance amount higher than shown on the GRHC's schedule if a higher allowance is needed as a reasonable accommodation for a family member with a disability. For example, if a family member with a disability requires such an accommodation, the GRHC will approve an allowance for air-conditioning, even if the GRHC has determined that an allowance for air-conditioning generally is not needed.

The family must request the higher allowance and provide the GRHC with an explanation of the need for the reasonable accommodation and information about the amount of additional allowance required [HCV GB, p. 18-8].

Utility Allowance Revisions

At reexamination, the GRHC must use the GRHC current utility allowance schedule [24 CFR 982.517(d)(2)].

GRHC Policy

Revised utility allowances will be applied to a family's rent and subsidy calculations at the first annual reexamination that is effective after the allowance is adopted.

6-III.E. PRORATED ASSISTANCE FOR MIXED FAMILIES [24 CFR 5.520]

HUD regulations prohibit assistance to ineligible family members. A *mixed family* is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible family members. The GRHC must prorate the assistance provided to a mixed family. The GRHC will first determine assistance as if all family members were eligible and then prorate the assistance based upon the percentage of family members that actually are eligible. For example, if the GRHC subsidy for a family is calculated at \$500 and two of four family members are ineligible, the GRHC subsidy would be reduced to \$250.

EXHIBIT 6-1: 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 260.31¹; 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)

¹ Text of 45 CFR 260.31 follows.

(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.

<p style="text-align: center;">HHS DEFINITION OF "ASSISTANCE"</p>
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45 CFR: GENERAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

260.31 What does the term "assistance" mean?

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

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

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

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

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

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

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

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

(iii) Will not extend beyond four months.

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

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

(4) Refundable earned income tax credits;

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

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

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

EXHIBIT 6-2: ANNUAL INCOME EXCLUSIONS

24 CFR 5.609

(c) Annual income does not include the following:

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);
- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (5) Income of a live-in aide, as defined in Sec. 5.403;
- (6) 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 GRHC 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 GRHC's governing board. No resident may receive more than one such stipend during the same period of time;
- (v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;
- (9) Temporary, nonrecurring or sporadic income (including gifts);
- (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(12) Adoption assistance payments in excess of \$480 per adopted child;

(13) [Reserved]

(14) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or 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 GRHCs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. [See Section 6-I.M. for a list of benefits that qualify for this exclusion.]

EXHIBIT 6-3: TREATMENT OF FAMILY ASSETS

24 CFR 5.603(b) Net Family Assets

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

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

(3) In determining net family assets, GRHCs 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 6-4: EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES

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

(a) Applicable programs. The disallowance of earned income provided by this section is applicable only to the following programs: HOME Investment Partnerships Program (24

CFR part 92); Housing Opportunities for Persons with AIDS (24 CFR part 574); Supportive Housing Program (24 CFR part 583); and the Housing Choice Voucher Program (24 CFR part 982).

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

Baseline income. The annual income immediately prior to implementation of the disallowance described in paragraph (c)(1) of this section of a person with disabilities (who is a member of a qualified family).

Disallowance. Exclusion from annual income.

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

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

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

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

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

(c) Disallowance of increase in annual income—

(1) Initial twelve month exclusion. During the 12-month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the 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 GRHCse-in. Upon expiration of the 12-month period defined in paragraph (c)(1) of this section and for the subsequent 12-month period, the responsible entity must exclude from annual income of a qualified family at least 50 percent of any increase in income of such family member as a result of employment over the family member's baseline income.

(3) Maximum 2-year disallowance. The disallowance of increased income of an

individual family member who is a person with disabilities as provided in paragraph (c)(1) or (c)(2) of this section is limited to a lifetime 24-month period. The disallowance applies for a maximum of 12 months for disallowance under paragraph (c)(1) of this section and a maximum of 12 months for disallowance under paragraph (c)(2) of this section, during the 24-month period starting from the initial exclusion under paragraph (c)(1) of this section.

(4) Effect of changes on currently participating families. Families eligible for and participating in the disallowance of earned income under this section prior to *May 9, 2016* will continue to be governed by this section in effect as it existed immediately prior to that date (see 24 CFR parts 0 to 199, revised as of April 1, 2016).

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

EXHIBIT 6-5: THE EFFECT OF WELFARE BENEFIT REDUCTION

24 CFR 5.615

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

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

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

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

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

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

Specified welfare benefit reduction.

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

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

(i) at expiration of a lifetime or other time limit on the payment of welfare benefits;

(ii) because a family member is not able to obtain employment, even though the family member has complied with welfare agency economic self-sufficiency or work activities requirements; or

(iii) because a family member has not complied with other welfare agency requirements.

(c) Imputed welfare income.

(1) A family's annual income includes the amount of imputed welfare income (because of a specified welfare benefits reduction, as specified in notice to the GRHC 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 GRHC, the welfare agency will inform the GRHC 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 GRHC of any subsequent changes in the term or amount of such specified welfare benefit reduction. The GRHC 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 GRHC'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 GRHC 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 GRHC 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 GRHC decision.

(1) Public housing. If a public housing tenant claims that the GRHC has not correctly calculated the amount of imputed welfare income in accordance with HUD requirements, and if the GRHC denies the family's request to modify such amount, the GRHC shall give the tenant written notice of such denial, with a brief explanation of the basis for the GRHC determination of the amount of imputed welfare income. The GRHC notice shall also state that if the tenant does not agree with the GRHC determination, the tenant may request a grievance hearing in accordance with part 966, subpart B of this title to review the GRHC determination. The tenant is not required to pay an escrow deposit pursuant to Sec. 966.55(e) for the portion of tenant rent attributable to the imputed welfare income in order to obtain a grievance hearing on the GRHC determination.

(2) Section 8 participant. A participant in the Section 8 tenant-based assistance program may request an informal hearing, in accordance with Sec. 982.555 of this title, to review the GRHC 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 GRHC denies the family's request to modify such amount, the GRHC shall give the family written notice of such denial, with a brief explanation of the

basis for the GRHC determination of the amount of imputed welfare income. Such notice shall also state that if the family does not agree with the GRHC determination, the family may request an informal hearing on the determination under the GRHC hearing procedure.

(e) GRHC relation with welfare agency.

(1) The GRHC must ask welfare agencies to inform the GRHC 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 GRHC 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 GRHC 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 GRHC. However, the GRHC 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 GRHC shall be entitled to rely on the welfare agency notice to the GRHC of the welfare agency's determination of a specified welfare benefits reduction.

Chapter 8

HOUSING QUALITY STANDARDS AND RENT REASONABLENESS DETERMINATIONS

[24 CFR 982 Subpart I and 24 CFR 982.507]

INTRODUCTION

HUD requires that all units occupied by families receiving Housing Choice Voucher (HCV) assistance meet HUD's Housing Quality Standards (HQS) and permits the GRHC to establish additional requirements. The use of the term "HQS" in this plan refers to the combination of both HUD and GRHC-established requirements.

All units must pass an HQS inspection prior to the approval of a lease and at least once every 24 months during the term of the contract, and at other times as needed, to determine that the unit meets HQS. Effective July 1, 2014, GRHCs may establish a policy for performing unit inspections biennially rather than annually. This policy could apply to some or all assisted units. GRHCs still have the option to inspect every unit annually. See Section 8-II.G for further details.

HUD also requires GRHCs to determine that rents for units under the program are reasonable when compared to comparable unassisted units in the market area.

This chapter explains HUD and GRHC requirements related to housing quality and rent reasonableness as follows:

Part I. Physical Standards. This part discusses the physical standards required of units occupied by HCV-assisted families and identifies decisions about the acceptability of the unit that may be made by the family based upon the family's preference. It also identifies life-threatening conditions that must be addressed on an expedited basis.

Part II. The Inspection Process. This part describes the types of inspections the GRHC will make and the steps that will be taken when units do not meet HQS.

Part III. Rent Reasonableness Determinations. This part discusses the policies the GRHC will use to make rent reasonableness determinations.

Special HQS requirements for homeownership, manufactured homes, and other special housing types are discussed in Chapter 15 to the extent that they apply in this jurisdiction.

PART I: PHYSICAL STANDARDS

8-I.A. 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 GRHC to enforce minimum HQS but also recognizes that certain judgments about the acceptability of the unit are left to the family. For example, the GRHC must ensure that the unit contains the required sanitary facilities, but the family decides whether the cosmetic appearance of the facilities is acceptable. Exhibit 8-2 summarizes those items that are considered tenant preferences.

Modifications to Provide Accessibility

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

GRHC Policy

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

8-I.B. ADDITIONAL LOCAL REQUIREMENTS

The GRHC may impose variations to the HQS as long as the additional criteria are not likely to adversely affect the health or safety of participant families or severely restrict housing choices for families. HUD approval is required for variations to the HQS. HUD approval is not required if the variations are clarifications of HUD's acceptability criteria or performance standards [24 CFR 982.401(a)(4)].

Thermal Environment [HCV GB p.10-7]

The GRHC must define a "healthy living environment" for the local climate. This may be done by establishing a temperature that the heating system must be capable of maintaining, that is appropriate for the local climate.

GRHC Policy

The heating system must be capable of maintaining an interior temperature of 65 degrees Fahrenheit between October 1 and May 1.

Clarifications of HUD Requirements

GRHC Policy

As permitted by HUD, the GRHC has adopted the following specific requirements that elaborate on HUD standards.

Walls

In areas where plaster or drywall is sagging, severely cracked, or otherwise damaged, it must be repaired or replaced.

Windows

Window sashes must be in good condition, solid and intact, and properly fitted to the window frame. Damaged or deteriorated sashes must be replaced.

Windows must be weather-stripped as needed to ensure a weather-tight seal.

Window screens must be in good condition (applies only if screens are present).

Doors

All exterior doors must be weather-tight to avoid any air or water infiltration, be lockable, have no holes, have all trim intact, and have a threshold.

All interior doors must have no holes, have all trim intact, and be openable without the use of a key.

Floors

All wood floors must be sanded to a smooth surface and sealed. Any loose or warped boards must be resecured and made level. If they cannot be leveled, they must be replaced.

All floors must be in a finished state. Raw wood or unsealed concrete is not permitted.

All floors should have some type of base shoe, trim, or sealing for a "finished look." Vinyl base shoe is permitted.

Sinks

All sinks and commode water lines must have shut off valves, unless faucets are wall mounted.

All sinks must have functioning stoppers.

Toilets

All worn or cracked toilet seats and tank lids must be replaced and toilet tank lid must fit properly.

Security

If window security bars or security screens are present on emergency exit windows, they must be equipped with a quick release system. The owner is responsible for ensuring that the family is instructed on the use of the quick release system.

8-I.C. LIFE-THREATENING CONDITIONS [24 CFR 982.404(a)]

HUD requires the GRHC to define life-threatening conditions and to notify the owner or the family (whichever is responsible) of the corrections required. The responsible party must correct life-threatening conditions within 24 hours of GRHC notification.

GRHC Policy

The following are considered life-threatening conditions:

- Any condition that jeopardizes the security of the unit
- Major plumbing leaks or flooding, waterlogged ceiling or floor in imminent danger of falling
- Natural or LP gas or fuel oil leaks
- Any electrical problem or condition that could result in shock or fire
- Absence of a working heating system when outside temperature is below 60 degrees Fahrenheit.
- Utilities not in service, including no running hot water
- Conditions that present the imminent possibility of injury
- Obstacles that prevent safe entrance or exit from the unit
- Absence of a functioning toilet in the unit
- Inoperable smoke detectors

If an owner fails to correct life-threatening conditions as required by the GRHC, the GRHC will enforce the HQS in accordance with HUD requirements. See 8-II-G.

If a family fails to correct a family-caused life-threatening condition as required by the GRHC, the GRHC will enforce the family obligations. See 8-II.H.

The owner will be required to repair an inoperable smoke detector unless the GRHC 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.

8-I.D. OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]

Family Responsibilities

The family is responsible for correcting the following HQS deficiencies:

- Tenant-paid utilities not in service
- Failure to provide or maintain appliances owned by the family
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear that results in a breach of the HQS. "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.

8-I.E. SPECIAL REQUIREMENTS FOR CHILDREN WITH ENVIRONMENTAL INTERVENTION BLOOD LEAD LEVEL [24 CFR 35.1225]

If a GRHC 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 GRHC 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 GRHC, 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 GRHC will take action in accordance with Section 8-II.G.

GRHC reporting requirements, and data collection and record keeping responsibilities related to children with an environmental intervention blood lead level are discussed in Chapter 16.

8-I.F. VIOLATION OF HQS SPACE STANDARDS [24 CFR 982.401, 24 CFR 982.403]

A dwelling unit must:

- Provide adequate space and security for the family
- Have at least one bedroom or living/sleeping room for each two persons

A unit that does not meet these HQS space standards is defined as *overcrowded*.

A living room may be used as sleeping (bedroom) space, but no more than two persons may occupy the space [HCV GB p. 10-6]. A bedroom or living/sleeping room must have at least:

- One window
- Two electrical outlets in proper operating condition (permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets)

If the GRHC determines that a unit is overcrowded because of an increase in family size or a change in family composition, the GRHC must issue the family a new voucher, and the family and GRHC must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the GRHC must terminate the HAP contract in accordance with its terms.

PART II: THE INSPECTION PROCESS

8-II.A. OVERVIEW [24 CFR 982.405]

Types of Inspections

The GRHC conducts the following types of inspections as needed. Each type of inspection is discussed in the paragraphs that follow.

- *Initial Inspections.* The GRHC conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program. The unit must pass the HQS inspection on or before the effective date of the HAP Contract.
- *Annual/Biennial Inspections.* HUD requires the GRHC to inspect each unit under lease at least annually or biennially, depending on GRHC policy, to confirm that the unit still meets HQS. The inspection may be conducted in conjunction with the family's annual reexamination but also may be conducted separately.
- *Special Inspections.* A special inspection may be requested by the owner, the family, or a third party as a result of problems identified with a unit between annual inspections.
- *Quality Control Inspections.* HUD requires that a sample of units be inspected by a supervisor or other qualified individual to evaluate the work of the inspector(s) and to ensure that inspections are performed in compliance with the HQS.

Inspection of GRHC-Owned Units [24 CFR 982.352(b)]

The GRHC must obtain the services of an independent entity to perform all HQS inspections in cases where an HCV family is receiving assistance in a GRHC-owned unit. A GRHC-owned unit is defined as a unit that is owned by the GRHC that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the GRHC). The independent agency must communicate the results of each inspection to the family and the GRHC. The independent agency must be approved by HUD, and may be the unit of general local government for the GRHC jurisdiction (unless the GRHC is itself the unit of general local government or an agency of such government).

Inspection Costs [Notice PIH 2016-05]

The GRHC may not charge the family for unit inspections or reinspections [24 CFR 982.405(e)]. In the case of inspections of GRHC-owned units, the GRHC may compensate the independent agency from ongoing administrative fee for inspections performed. The GRHC and the independent agency may not charge the family any fee or charge for the inspection [24 CFR.982.352(b)].

The GRHC may not charge the owner for the inspection of the unit prior to the initial term of the lease or for a first inspection during assisted occupancy of the unit. However, the GRHC may charge a reasonable fee to owners for reinspections in two situations: when the owner notifies the GRHC that a repair has been made but the deficiency has not been corrected, and when the time for repairs has elapsed and the deficiency has not been corrected. Fees may not be imposed for tenant-caused damages, for cases in which the inspector could not gain access to the unit, or for new deficiencies discovered during a reinspection.

The owner may not pass the cost of a reinspection fee to the family. Reinspection fees must be added to the GRHC's administrative fee reserves and may only be used for activities related to the provision of tenant-based assistance.

GRHC Policy

The GRHC will charge a fee of \$25.00 for failed reinspections.

Notice and Scheduling

The family must allow the GRHC to inspect the unit at reasonable times with reasonable notice [24 CFR 982.551(d)].

GRHC Policy

Both the family and the owner will be given reasonable notice of all inspections. Except in the case of a life-threatening emergency, reasonable notice is considered to be not less than 48 hours. Inspections may be scheduled between 8:00 a.m. and 7:00 p.m. Generally inspections will be conducted on business days only. In the case of a life-threatening emergency, the GRHC will give as much notice as possible, given the nature of the emergency.

Owner and Family Inspection Attendance

HUD permits the GRHC to set policy regarding family and owner presence at the time of inspection [HCV GB p. 10-27].

GRHC Policy

When a family occupies the unit at the time of inspection an adult family member must be present for the inspection. The presence of the owner or the owner's representative is encouraged but is not required.

At initial inspection of a vacant unit, the GRHC 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.

8-II.B. INITIAL HQS INSPECTION [24 CFR 982.401(a)]

Timing of Initial Inspections

HUD requires the unit to pass HQS before the effective date of the lease and HAP Contract. HUD requires GRHCs 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). For GRHCs with 1,250 or more budgeted units, to the extent practicable such inspection and determination must be completed within 15 days. The 15-day period is suspended for any period during which the unit is not available for inspection [982.305(b)(2)].

GRHC Policy

The GRHC 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).

Inspection Results and Reinspections

GRHC Policy

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 GRHC for good cause. The GRHC will reinspect the unit within 5 business days of the date the owner notifies the GRHC that the required corrections have been made.

If the time period for correcting the deficiencies (or any GRHC-approved extension) has elapsed, or the unit fails HQS at the time of the reinspection, the GRHC will notify the owner and the family that the unit has been rejected and that the family must search for another unit. The GRHC 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 after the owner has made repairs, if they are unable to locate another suitable unit.

Utilities

Generally, at initial lease-up the owner is responsible for demonstrating that all utilities are in working order including those utilities that the family will be responsible for paying.

GRHC Policy

If utility service is not available for testing at the time of the initial inspection, the GRHC will allow the utilities to be placed in service after the unit has met all other HQS requirements. The GRHC will reinspect the unit to confirm that utilities are operational before the HAP contract is executed by the GRHC.

Appliances

GRHC Policy

If the family is responsible for supplying the stove and/or refrigerator, the GRHC will allow the stove and refrigerator to be placed in the unit after the unit has met all other HQS requirements. The required appliances must be in place before the HAP contract is executed by the GRHC. The GRHC will execute the HAP contract based upon a certification from the family that the appliances have been installed and are working. A confirmatory inspection will be scheduled within 30 days of HAP contract approval.

8-II.C. ANNUAL/BIENNIAL HQS INSPECTIONS [24 CFR 982.405; 982.406, Notice PIH 2016-05]

GRHC Policy

Each unit under HAP contract must be inspected within 12 months of the last full HQS inspection.

The GRHC will not rely on alternative inspection standards.

GRHC_Scheduling the Inspection

GRHC Policy

If an adult family member cannot be present on the scheduled date, the family should request that the GRHC reschedule the inspection. The GRHC and family will agree on a new inspection date that generally should take place within 5 business days of the originally-scheduled date. The GRHC may schedule an inspection more than 5 business days after the original date for good cause.

If the family misses the first scheduled appointment without requesting a new inspection date, the GRHC will automatically schedule a second inspection. If the family misses two scheduled inspections without GRHC approval, the GRHC will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

8-II.D. SPECIAL INSPECTIONS [24 CFR 982.405(g)]

If a participant or government official reports a life-threatening condition which the owner would be required to repair within 24 hours, the GRHC must inspect the unit within 24 hours of notification. If the reported condition is not life-threatening, the GRHC must inspect the unit within 15 days of notification.

GRHC Policy

During a special inspection, the GRHC generally will inspect only those deficiencies that were reported. However, the inspector will record any additional HQS deficiencies that are observed and will require the responsible party to make the necessary repairs.

If the annual inspection has been scheduled or is due within 90 days of the date the special inspection is scheduled the GRHC may elect to conduct a full annual inspection.

8-II.E. QUALITY CONTROL INSPECTIONS [24 CFR 982.405(b); HCV GB, p. 10-32]

HUD requires a GRHC supervisor or other qualified person to conduct quality control inspections of a sample of units to ensure that each inspector is conducting accurate and complete inspections and that there is consistency in the application of the HQS.

The unit sample must include only units that have been inspected within the preceding 3 months. The selected sample will include (1) each type of inspection (initial, annual, and special), (2) inspections completed by each inspector, and (3) units from a cross-section of neighborhoods.

8-II.F. INSPECTION RESULTS AND REINSPECTIONS FOR UNITS UNDER HAP CONTRACT

Notification of Corrective Actions

The owner and the family will be notified in writing of the results of all inspections. When an inspection identifies HQS failures, the GRHC will determine (1) whether or not the failure is a life-threatening condition and (2) whether the family or owner is responsible.

GRHC Policy

When life-threatening conditions are identified, the GRHC will immediately notify both parties by telephone, facsimile, or email. The notice will specify who is responsible for correcting the violation. The corrective actions must be taken within 24 hours of the GRHC's notice.

When failures that are not life-threatening are identified, the GRHC will send the owner and the family a written notification of the inspection results within 5 business days of the inspection. The written notice will specify who is responsible for correcting the violation, and the time frame within which the failure must be corrected. Generally not more than 30 days will be allowed for the correction.

The notice of inspection results will inform the owner that if life-threatening conditions are not corrected within 24 hours, and non-life threatening conditions are not corrected within the specified time frame (or any GRHC-approved extension), the owner's HAP will be abated in accordance with GRHC policy (see 8-II.G.). Likewise, in the case of family caused deficiencies, the notice will inform the family that if corrections are not made within the specified time frame (or any GRHC-approved extension, if applicable) the family's assistance will be terminated in accordance with GRHC policy (see Chapter 12).

Extensions

For conditions that are life-threatening, the GRHC cannot grant an extension to the 24 hour corrective action period. For conditions that are not life-threatening, the GRHC may grant an exception to the required time frames for correcting the violation, if the GRHC determines that an extension is appropriate [24 CFR 982.404].

GRHC Policy

Extensions will be granted in cases where the GRHC has determined that the owner has made a good faith effort to correct the deficiencies and is unable to for reasons beyond the owner's control. Reasons may include, but are not limited to:

A repair cannot be completed because required parts or services are not available.

A repair cannot be completed because of weather conditions.

A reasonable accommodation is needed because the family includes a person with disabilities.

The length of the extension will be determined on a case by case basis, but will not exceed 60 days, except in the case of delays caused by weather conditions. In the case of weather conditions, extensions may be continued until the weather has improved sufficiently to make repairs possible. The necessary repairs must be made within 15 calendar days, once the weather conditions have subsided.

Reinspections

GRHC Policy

The GRHC will conduct a reinspection immediately following the end of the corrective period, or any GRHC approved extension.

The family and owner will be given reasonable notice of the reinspection appointment. If the deficiencies have not been corrected by the time of the reinspection, the GRHC will send a notice of abatement to the owner, or in the case of family caused violations, a notice of termination to the family, in accordance with GRHC policies. If the GRHC is unable to gain entry to the unit in order to conduct the scheduled reinspection, the GRHC will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

8-II.G. ENFORCING OWNER COMPLIANCE

If the owner fails to maintain the dwelling unit in accordance with HQS, the GRHC must take prompt and vigorous action to enforce the owner obligations.

HAP Abatement

If an owner fails to correct HQS deficiencies by the time specified by the GRHC, HUD requires the GRHC to abate housing assistance payments no later than the first of the month following the specified correction period (including any approved extension) [24 CFR 985.3(f)]. No retroactive payments will be made to the owner for the period of time the rent was abated. Owner rents are not abated as a result of HQS failures that are the family's responsibility.

GRHC Policy

The GRHC will make all HAP abatements effective the first of the month following the expiration of the GRHC specified correction period (including any extension).

The GRHC will inspect abated units within 15 business days of the owner's notification that the work has been completed. Payment will resume effective on the day the unit passes inspection.

During any abatement period the family continues to be responsible for its share of the rent. The owner must not seek payment from the family for abated amounts and may not use the abatement as cause for eviction.

HAP Contract Termination

The GRHC must decide how long any abatement period will continue before the HAP contract will be terminated. The GRHC should not terminate the contract until the family finds another unit, provided the family does so in a reasonable time [HCV GB p. 10-29] and must give the owner reasonable notice of the termination. The GRHC will issue a voucher to permit the family to move to another unit as described in Chapter 10.

GRHC Policy

The maximum length of time that HAP may be abated is 90 days. However, if the owner completes corrections and notifies the GRHC before the termination date of the HAP contract, the GRHC may rescind the termination notice if (1) the family still resides in the unit and wishes to remain in the unit and (2) the unit passes inspection.

Reasonable notice of HAP contract termination by the GRHC is 30 days.

8-II.H. ENFORCING FAMILY COMPLIANCE WITH HQS [24 CFR 982.404(b)]

Families are responsible for correcting any HQS violations listed in paragraph 8.I.D. If the family fails to correct a violation within the period allowed by the GRHC (and any extensions), the GRHC will terminate the family's assistance, according to the policies described in Chapter 12.

If the owner carries out a repair for which the family is responsible under the lease, the owner may bill the family for the cost of the repair.

PART III: RENT REASONABLENESS [24 CFR 982.507]

8-III.A. OVERVIEW

Except in the case of certain LIHTC- and HOME-assisted units, no HAP contract can be approved until the GRHC has determined that the rent for the unit is reasonable. The purpose of the rent reasonableness test is to ensure that a fair rent is paid for each unit rented under the HCV program.

HUD regulations define a reasonable rent as one that does not exceed the rent charged for comparable, unassisted units in the same market area. HUD also requires that owners not charge more for assisted units than for comparable units on the premises. This part explains the method used to determine whether a unit's rent is reasonable.

GRHC-Owned Units [24 CFR 982.352(b)]

In cases where an HCV family is receiving assistance in a GRHC-owned unit, the GRHC must obtain the services of an independent entity to determine rent reasonableness in accordance with program requirements, and to assist the family in negotiating the contract rent when the family requests assistance. A GRHC-owned unit is defined as a unit that is owned by the GRHC that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the GRHC). The independent agency must communicate the results of the rent reasonableness determination to the family and the GRHC. The independent agency must be approved by HUD, and may be the unit of general local government for the GRHC jurisdiction (unless the GRHC is itself the unit of general local government or an agency of such government).

8-III.B. WHEN RENT REASONABLENESS DETERMINATIONS ARE REQUIRED

Owner-Initiated Rent Determinations

The GRHC must make a rent reasonableness determination at initial occupancy and whenever the owner requests a rent adjustment.

The owner and family first negotiate the rent for a unit. The GRHC (or independent agency in the case of GRHC-owned units) will assist the family with the negotiations upon request. At initial occupancy the GRHC must determine whether the proposed rent is reasonable before a HAP Contract is signed. The owner must not change the rent during the initial lease term. Subsequent requests for rent adjustments must be consistent with the lease between the owner and the family. Rent increases will not be approved unless any failed items identified by the most recent HQS inspection have been corrected.

GRHC Policy

After the initial occupancy period, the owner may request a rent adjustment in accordance with the owner's lease. For rent increase requests after initial lease-up, the GRHC 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 GRHC will consider unit size and length of tenancy in the other units.

The GRHC 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 GRHC's receipt of the owner's request or on the date specified by the owner, whichever is later.

GRHC- and HUD-Initiated Rent Reasonableness Determinations

HUD requires the GRHC to make a determination of rent reasonableness (even if the owner has not requested a change) if there is a 5 percent decrease in the Fair Market Rent that goes into effect at least 60 days before the contract anniversary date. HUD also may direct the GRHC to make a determination at any other time. The GRHC may decide that a new determination of rent reasonableness is needed at any time.

GRHC Policy

In addition to the instances described above, the GRHC will make a determination of rent reasonableness at any time after the initial occupancy period if: (1) the GRHC determines that the initial rent reasonableness determination was in error or (2) the GRHC determines that the information provided by the owner about the unit or other units on the same premises was incorrect.

LIHTC- and HOME-Assisted Units [24 CFR 982.507(c)]

For units receiving low-income housing tax credits (LIHTCs) or units assisted under HUD's HOME Investment Partnerships (HOME) Program, a rent comparison with unassisted units is not required if the voucher rent does not exceed the rent for other LIHTC- or HOME-assisted units in the project that are not occupied by families with tenant-based assistance.

For LIHTCs, if the rent requested by the owner does exceed the LIHTC rents for non-voucher families, the GRHC must perform a rent comparability study in accordance with program regulations. In such cases, the rent shall not exceed the lesser of: (1) the reasonable rent as determined from the rent comparability study; or (2) the payment standard established by the GRHC for the unit size involved.

8-III.C. HOW COMPARABILITY IS ESTABLISHED

Factors to Consider

HUD requires GRHCs to take into consideration the factors listed below when determining rent comparability. The GRHC may use these factors to make upward or downward adjustments to the rents of comparison units when the units are not identical to the HCV-assisted unit.

- Location and age
- Unit size including the number of rooms and square footage of rooms
- The type of unit including construction type (e.g., single family, duplex, garden, low-rise, high-rise)
- The quality of the units including the quality of the original construction, maintenance and improvements made
- Amenities, services, and utilities included in the rent

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 GRHC 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 GRHC information regarding rents charged for other units on the premises.

8-III.D. GRHC RENT REASONABLENESS METHODOLOGY

How Market Data Is Collected

GRHC Policy

The GRHC will collect and maintain data on market rents in the GRHC's jurisdiction. Information sources include newspapers, realtors, market surveys, inquiries of owners and other available sources. The data will be maintained by bedroom size and market areas. Market areas may be defined by zip codes, census tract, neighborhood, and identifiable natural or man-made boundaries. The data will be updated on an ongoing basis and rent information that is more than 12 months old will be eliminated from the database.

How Rents Are Determined

GRHC Policy

The rent for a unit proposed for HCV assistance will be compared to the rent charged for comparable units in the same market area. The GRHC will develop a range of prices for comparable units by bedroom size within defined market areas. Units proposed for HCV assistance will be compared to the units within this rent range. Because units may be similar, but not exactly like the unit proposed for HCV assistance, the GRHC may make adjustments to the range of prices to account for these differences.

The adjustment must reflect the local market. Not all differences in units require adjustments (e.g., the presence or absence of a garbage disposal may not affect the rent in some market areas).

Adjustments may vary by unit type (e.g., a second bathroom may be more valuable in a three-bedroom unit than in a two-bedroom).

The adjustment must reflect the rental value of the difference—not its construction costs (e.g., it might cost \$20,000 to put on a new roof, but the new roof might not make any difference in what a tenant would be willing to pay because rental units are presumed to have functioning roofs).

When a comparable project offers rent concessions (e.g., first month rent-free, or reduced rent) reported monthly rents will be adjusted accordingly. For example, if a comparable project reports rents of \$500/month but new tenants receive the first month's rent free, the actual rent for the unit would be calculated as follows: $\$500 \times 11 \text{ months} = 5500/12 \text{ months} = \text{actual monthly rent of } \488 .

The GRHC will notify the owner of the rent the GRHC can approve based upon its analysis of rents for comparable units. The owner may submit information about other comparable units in the market area. The GRHC will confirm the accuracy of the information provided and consider this additional information when making rent determinations. The owner must submit any additional information within 5 business days of the GRHC's request for information or the owner's request to submit information.

EXHIBIT 8-1: OVERVIEW OF HUD HOUSING QUALITY STANDARDS

Note: This document provides an overview of HQS. For more detailed information see the following documents:

- 24 CFR 982.401, Housing Quality Standards (HQS)
- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (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 GRHC
- 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 GRHC). 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.

<p style="text-align: center;">EXHIBIT 8-2: SUMMARY OF TENANT PREFERENCE AREAS RELATED TO HOUSING QUALITY</p>
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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 of 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 11

REEXAMINATIONS

INTRODUCTION

The GRHC is required to reexamine each family's income and composition at least annually, and to adjust the family's level of assistance accordingly. Interim reexaminations are also needed in certain situations. This chapter discusses both annual and interim reexaminations, and the recalculation of family share and subsidy that occurs as a result. HUD regulations and GRHC policies concerning reexaminations are presented in three parts:

Part I: Annual Reexaminations. This part discusses the process for conducting annual reexaminations.

Part II: Interim Reexaminations. This part details the requirements for families to report changes in family income and composition between annual reexaminations.

Part III: Recalculating Family Share and Subsidy Amount. This part discusses the recalculation of family share and subsidy amounts based on the results of annual and interim reexaminations.

Policies governing reasonable accommodation, family privacy, required family cooperation, and program abuse, as described elsewhere in this plan, apply to both annual and interim reexaminations.

PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]

11-I.A. OVERVIEW

The GRHC must conduct a reexamination of family income and composition at least annually. This includes gathering and verifying current information about family composition, income, and expenses. Based on this updated information, the family's income and rent must be recalculated. This part discusses the schedule for annual reexaminations, the information to be collected and verified, and annual reexamination effective dates.

11-I.B STREAMLINED ANNUAL REEXAMINATIONS [24 CFR 982.516(b)]

HUD permits GRHCs to streamline the income determination process for family members with fixed sources of income. While third-party verification of all income sources must be obtained during the intake process and every three years thereafter, in the intervening years the GRHC may determine income from fixed sources by applying a verified cost of living adjustment (COLA) or rate of interest. The GRHC may, however, obtain third-party verification of all income, regardless of the source. Further, upon request of the family, the GRHC must perform third-party verification of all income sources.

Fixed sources of income include Social Security and SSI benefits, pensions, annuities, disability or death benefits, and other sources of income subject to a COLA or rate of interest. The determination of fixed income may be streamlined even if the family also receives income from other non-fixed sources.

GRHC Policy

The GRHC will streamline the annual reexamination process by applying the verified COLA or interest rate to fixed-income sources. The GRHC will document in the file how the determination that a source of income was fixed was made.

If a family member with a fixed source of income is added, the GRHC will use third-party verification of all income amounts for that family member.

If verification of the COLA or rate of interest is not available, the GRHC will obtain third-party verification of income amounts.

Third-party verification of fixed sources of income will be obtained during the intake process and at least once every three years thereafter.

11-I.C. SCHEDULING ANNUAL REEXAMINATIONS

The GRHC must establish a policy to ensure that the annual reexamination for each family is completed *within* a 12-month period, and may require reexaminations more frequently [HCV GB p. 12-1].

GRHC Policy

The GRHC will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, the GRHC will schedule annual reexamination effective dates to coincide with the family's anniversary date.

Anniversary date is defined as 12 months from the effective date of the family's last annual reexamination or, during a family's first year in the program, from the effective date of the family's initial examination (admission).

If the family moves to a new unit, the GRHC will perform a new annual reexamination.

The GRHC also may schedule an annual reexamination for completion prior to the anniversary date for administrative purposes.

Notification of and Participation in the Annual Reexamination Process

The GRHC is required to obtain the information needed to conduct annual reexaminations. How that information will be collected is left to the discretion of the GRHC. However, GRHCs should give tenants who were not provided the opportunity the option to complete Form HUD-92006 at this time [Notice PIH 2009-36].

GRHC Policy

Families generally are required to participate in an annual reexamination interview, which must be attended by the head of household, spouse, or cohead. If participation in an in-person interview poses a hardship because of a family member's disability, the family should contact the GRHC to request a reasonable accommodation (see Chapter 2).

Notification of annual reexamination interviews will be sent by first-class mail and will contain the date, time, and location of the interview. In addition, it will inform the family of the information and documentation that must be brought to the interview.

If the family is unable to attend a scheduled interview, the family should contact the GRHC in advance of the interview to schedule a new appointment. If a family does not

attend the scheduled interview, the GRHC will send a second notification with a new interview date and appointment time.

If a family fails to attend two scheduled interviews without GRHC approval, or if the notice is returned by the post office with no forwarding address, a notice of termination (see Chapter 12) will be sent to the family's address of record, and to any alternate address provided in the family's file.

An advocate, interpreter, or other assistant may assist the family in the interview process. The family and the GRHC must execute a certification attesting to the role and the assistance provided by any such third party.

11-I.D. CONDUCTING ANNUAL REEXAMINATIONS

As part of the annual reexamination process, families are required to provide updated information to the GRHC regarding the family's income, expenses, and composition [24 CFR 982.551(b)].

GRHC Policy

Families will be asked to bring all required information (as described in the reexamination notice) to the reexamination appointment. The required information will include a GRHC-designated reexamination form, an Authorization for the Release of Information/Privacy Act Notice, as well as supporting documents or forms related to the family's income, expenses, and family composition.

Any required documents or information that the family is unable to provide at the time of the interview must be provided within 10 business days of the interview. If the family is unable to obtain the information or materials within the required time frame, the family may request an extension.

If the family does not provide the required documents or information within the required time period (plus any extensions), the family will be sent a notice of termination (See Chapter 12).

Additionally, HUD recommends that at annual reexaminations GRHCs ask whether the tenant, or any member of the tenant's household, is subject to a lifetime sex offender registration requirement in any state [Notice PIH 2012-28].

GRHC Policy

At the annual reexamination, the GRHC will ask whether the tenant, or any member of the tenant's household, is subject to a lifetime sex offender registration requirement in any state. The GRHC will use the Dru Sjodin National Sex Offender database to verify the information provided by the tenant.

If the GRHC proposes to terminate assistance based on lifetime sex offender registration information, the GRHC must notify the household of the proposed action and must provide the subject of the record and the tenant a copy of the record and an opportunity to dispute the accuracy and relevance of the information prior to termination. [24 CFR 5.903(f) and 5.905(d)]. (See Chapter 12.)

The information provided by the family generally must be verified in accordance with the policies in Chapter 7. Unless the family reports a change, or the GRHC has reason to believe a change has occurred in information previously reported by the family, certain types of information that are verified at admission typically do not need to be re-verified on an annual basis. These include:

- Legal identity
- Age
- Social security numbers
- A person's disability status
- Citizenship or immigration status

If adding a new family member to the unit causes overcrowding according to the housing quality standards (HQS) (see Chapter 8), the GRHC must issue the family a new voucher, and the family and GRHC must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the GRHC must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

11-I.E. DETERMINING ONGOING ELIGIBILITY OF CERTAIN STUDENTS [24 CFR 982.552(b)(5)]

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

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

Students who reside with parents in an HCV assisted unit are not subject to this provision. It is limited to students who are receiving assistance on their own, separately from their parents.

GRHC Policy

During the annual reexamination process, the GRHC will determine the ongoing eligibility of each student who is subject to the eligibility restrictions in 24 CFR 5.612 by reviewing the student's individual income as well as the income of the student's parents. If the student has been determined "independent" from his/her parents based on the policies in Sections 3-II.E and 7-II.E, the parents' income will not be reviewed.

If the student is no longer income eligible based on his/her own income or the income of his/her parents, the student's assistance will be terminated in accordance with the policies in Section 12-I.D.

If the student continues to be income eligible based on his/her own income and the income of his/her parents (if applicable), the GRHC will process a reexamination in accordance with the policies in this chapter.

11-I.F. EFFECTIVE DATES

The GRHC must establish policies concerning the effective date of changes that result from an annual reexamination [24 CFR 982.516].

GRHC Policy

In general, an *increase* in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date, and the family will be notified at least 30 days in advance.

If less than 30 days remain before the scheduled effective date, the increase will take effect on the first of the month following the end of the 30-day notice period.

If a family moves to a new unit, the increase will take effect on the effective date of the new lease and HAP contract, and no 30-day notice is required.

If the GRHC chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by the GRHC, but will always allow for the 30-day notice period.

If the family causes a delay in processing the annual reexamination, *increases* in the family share of the rent will be applied retroactively, to the scheduled effective date of the annual reexamination. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

In general, a *decrease* in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date.

If a family moves to a new unit, the decrease will take effect on the effective date of the new lease and HAP contract.

If the GRHC chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by the GRHC.

If the family causes a delay in processing the annual reexamination, *decreases* in the family share of the rent will be applied prospectively, from the first day of the month following completion of the reexamination processing.

Delays in reexamination processing are considered to be caused by the family if the family fails to provide information requested by the GRHC by the date specified, and this delay prevents the GRHC from completing the reexamination as scheduled.

PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]

11-II.A. OVERVIEW

Family circumstances may change between annual reexaminations. HUD and GRHC policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the GRHC must process interim reexaminations to reflect those changes. HUD regulations also permit the GRHC to conduct interim reexaminations of income or family composition at any time. When an interim reexamination is conducted, only those factors that have changed are verified and adjusted [HCV GB, p. 12-10].

In addition to specifying what information the family must report, HUD regulations permit the family to request an interim determination if other aspects of the family's income or composition changes. The GRHC must complete the interim reexamination within a reasonable time after the family's request.

This part includes HUD and GRHC policies describing what changes families are required to report, what changes families may choose to report, and how the GRHC will process both GRHC- and family-initiated interim reexaminations.

11-II.B. CHANGES IN FAMILY AND HOUSEHOLD COMPOSITION

The family is required to report all changes in family composition. The GRHC must adopt policies prescribing when and under what conditions the family must report changes in income and family composition. However, due to family obligations under the program, the GRHC has limited discretion in this area.

GRHC Policy

The GRHC will conduct interim reexaminations to account for any changes in household composition that occur between annual reexaminations.

New Family Members Not Requiring GRHC Approval

The addition of a family member as a result of birth, adoption, or court-awarded custody does not require GRHC approval. However, the family is required to promptly notify the GRHC of the addition [24 CFR 982.551(h)(2)].

GRHC Policy

The family must inform the GRHC of the birth, adoption, or court-awarded custody of a child within 10 business days.

New Family and Household Members Requiring Approval

With the exception of children who join the family as a result of birth, adoption, or court-awarded custody, a family must request GRHC approval to add a new family member [24 CFR 982.551(h)(2)] or other household member (live-in aide or foster child) [24 CFR 982.551(h)(4)].

When any new family member is added, the GRHC must make appropriate adjustments in the family share of the rent and the HAP payment **at the effective date of either the annual or interim reexamination** [24 CFR 982.516(e) (2)].

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

GRHC Policy

Families must request GRHC approval to add a new family member, live-in aide, foster child, or foster adult. This includes any person not on the lease who is expected to stay in the unit for more than 30 consecutive days or 90 cumulative days within a 12-month period and therefore no longer qualifies as a "guest." Requests must be made in writing and approved by the GRHC prior to the individual moving into the unit.

The GRHC will not approve the addition of a new family or household member unless the individual meets the GRHC's eligibility criteria (see Chapter 3) and documentation requirements (see Chapter 7, Part II).

The GRHC will not approve the addition of a foster child or foster adult if it will cause a violation of HQS space standards.

If the GRHC determines an individual meets the GRHC's eligibility criteria and documentation requirements, the GRHC will provide written approval to the family. If the approval of a new family member or live-in aide will cause overcrowding according to HQS standards, the approval letter will explain that the family will be issued a voucher and will be required to move.

If the GRHC determines that an individual does not meet the GRHC's eligibility criteria or documentation requirements, the GRHC will notify the family in writing of its decision to deny approval of the new family or household member and the reasons for the denial.

The GRHC will make its determination within 10 business days of receiving all information required to verify the individual's eligibility.

Departure of a Family or Household Member

Families must promptly notify the GRHC if any family member no longer lives in the unit [24 CFR 982.551(h)(3)]. Because household members are considered when determining the family unit (voucher) size [24 CFR 982.402], the GRHC also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit.

GRHC Policy

If a household member ceases to reside in the unit, the family must inform the GRHC within 10 business days. This requirement also applies to a family member who has been considered temporarily absent at the point that the family concludes the individual is permanently absent.

If a live-in aide, foster child, or foster adult ceases to reside in the unit, the family must inform the GRHC within 10 business days.

11-II.C. CHANGES AFFECTING INCOME OR EXPENSES

Interim reexaminations can be scheduled either because the GRHC has reason to believe that changes in income or expenses may have occurred, or because the family reports a change. When a family reports a change, the GRHC may take different actions depending on whether the family reported the change voluntarily, or because it was required to do so.

GRHC-Initiated Interim Reexaminations

GRHC-initiated interim reexaminations are those that are scheduled based on circumstances or criteria defined by the GRHC. They are not scheduled because of changes reported by the family.

GRHC Policy

The GRHC will conduct interim reexaminations in each of the following instances:

For families receiving the Earned Income Disallowance (EID), the GRHC will conduct an interim reexamination at the start and **conclusion of the 24-month eligibility period.**

If the family has reported zero income, the GRHC will conduct an interim reexamination every 3 months as long as the family continues to report that they have no income.

If at the time of the annual reexamination, it is not feasible to anticipate a level of income for the next 12 months (e.g. seasonal or cyclic income), the GRHC will schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.

If at the time of the annual reexamination, tenant declarations were used on a provisional basis due to the lack of third-party verification, and third-party verification becomes available, the GRHC will conduct an interim reexamination.

The GRHC may conduct an interim reexamination at any time in order to correct an error in a previous reexamination, or to investigate a tenant fraud complaint.

Family-Initiated Interim Reexaminations

The GRHC must adopt policies prescribing when and under what conditions the family must report changes in family income or expenses [24 CFR 982.516(c)]. In addition, HUD regulations require that the family be permitted to obtain an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)].

Required Reporting

HUD regulations give the GRHC the freedom to determine the circumstances under which families will be required to report changes affecting income.

GRHC Policy

Families are required to report all increases in earned income, including new employment, within 10 business days of the date the change takes effect.

The GRHC will only conduct interim reexaminations for families that qualify for the earned income disallowance (EID), and only when the EID family's share of rent will change as a result of the increase. In all other cases, the GRHC will note the information in the tenant file, but will not conduct an interim reexamination.

Families are not required to report any other changes in income or expenses.

Optional Reporting

The family may request an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)]. The GRHC must process the request if the family reports a change that will result in a reduced family income [HCV GB, p. 12-9].

If a family reports a decrease in income from the loss of welfare benefits due to fraud or non-compliance with a welfare agency requirement to participate in an economic self-sufficiency program, the family's share of the rent will not be reduced [24 CFR 5.615]. For more information regarding the requirement to impute welfare income see Chapter 6.

GRHC Policy

If a family reports a change that it was not required to report and that would result in an increase in the family share of the rent, the GRHC will note the information in the tenant file, but will not conduct an interim reexamination.

If a family reports a change that it was not required to report and that would result in a decrease in the family share of rent, the GRHC will conduct an interim reexamination. See Section 11-II.D. for effective dates.

Families may report changes in income or expenses at any time.

11-II.D. PROCESSING THE INTERIM REEXAMINATION

Method of Reporting

GRHC Policy

The family may notify the GRHC of changes either orally or in writing. If the family provides oral notice, the GRHC may also require the family to submit the changes in writing.

Generally, the family will not be required to attend an interview for an interim reexamination. However, if the GRHC determines that an interview is warranted, the family may be required to attend.

Based on the type of change reported, the GRHC will determine the documentation the family will be required to submit. The family must submit any required information or documents within 10 business days of receiving a request from the GRHC. This time frame may be extended for good cause with GRHC approval. The GRHC will accept required documentation by mail, by fax, or in person.

Effective Dates

The GRHC must establish the time frames in which any changes that result from an interim reexamination will take effect [24 CFR 982.516(d)]. The changes may be applied either retroactively or prospectively, depending on whether there is to be an increase or a decrease in the family share of the rent, and whether the family reported any required information within the required time frames [HCV GB, p. 12-10].

GRHC Policy

If the family share of the rent is to *increase*:

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

If a family fails to report a change within the required time frames, or fails to provide all required information within the required time frames, the increase will be applied retroactively, to the date it would have been effective had the information been provided on a timely basis. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

If the family share of the rent is to *decrease*:

The decrease will be effective on the first day of the month following the month in which the change was reported and all required documentation was submitted. In cases where the change cannot be verified until after the date the change would have become effective, the change will be made retroactively.

PART III: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT

11-III.A. OVERVIEW

After gathering and verifying required information for an annual or interim reexamination, the GRHC must recalculate the family share of the rent and the subsidy amount, and notify the family and owner of the changes [24 CFR 982.516(d)(2), HCV 12-6 and 12-10]. While the basic policies that govern these calculations are provided in Chapter 6, this part lays out policies that affect these calculations during a reexamination.

11-III.B. CHANGES IN PAYMENT STANDARDS AND UTILITY ALLOWANCES

In order to calculate the family share of the rent and HAP amount correctly, changes in payment standards, subsidy standards, or utility allowances may need to be updated and included in the GRHC's calculations.

Specific policies governing how subsidy standards, payment standards, and utility allowances are applied are discussed below.

Payment Standards [24 CFR 982.505]

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

When the GRHC changes its payment standards or the family's situation changes, new payment standards are applied at the following times:

- If the GRHC's payment standard amount changes during the term of the HAP contract, the date on which the new standard is applied depends on whether the standard has increased or decreased:
 - If the payment standard amount has *increased*, the increased payment standard will be applied at the *first annual* reexamination following the effective date of the increase in the payment standard.
 - If the payment standard amount has *decreased*, the decreased payment standard will be applied at the *second annual* reexamination following the effective date of the decrease in the payment standard.
- If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place) the current payment standard applicable to the family will be used when the new HAP contract is processed.

Subsidy Standards [24 CFR 982.505(c)(4)]

If there is a change in the family unit size that would apply to a family during the HAP contract term, either due to a change in family composition, or a change in the GRHC's subsidy standards (see Chapter 5), the new family unit size must be used to determine the payment standard amount for the family at the family's *first annual* reexamination following the change in family unit size.

Utility Allowances [24 CFR 982.517(d)]

The family share of the rent and HAP calculations must reflect any changes in the family's utility arrangement with the owner, or in the GRHC's utility allowance schedule [HCV GB, p. 12-5]. Chapter 16 discusses how utility allowance schedules are established.

When there are changes in the utility arrangement with the owner, the GRHC must use the utility allowances in effect at the time the new lease and HAP contract are executed.

At reexamination, the GRHC must use the GRHC current utility allowance schedule [24 CFR 982.517(d)(2)].

GRHC Policy

Revised utility allowances will be applied to a family's rent and subsidy calculations at the first annual reexamination after the allowance is adopted.

11-III.C. NOTIFICATION OF NEW FAMILY SHARE AND HAP AMOUNT

The GRHC must notify the owner and family of any changes in the amount of the HAP payment [HUD-52641, HAP Contract]. The notice must include the following information [HCV GB, p. 12-6]:

- The amount and effective date of the new HAP payment
- The amount and effective date of the new family share of the rent
- The amount and effective date of the new tenant rent to owner

The family must be given an opportunity for an informal hearing regarding the GRHC's determination of their annual or adjusted income, and the use of such income to compute the housing assistance payment [24 CFR 982.555(a)(1)(i)] (see Chapter 16).

GRHC Policy

The notice to the family will include the annual and adjusted income amounts that were used to calculate the family share of the rent and the housing assistance payment. The notice also will state the procedures for requesting an informal hearing.

11-III.D. DISCREPANCIES

During an annual or interim reexamination, the GRHC may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, the GRHC may discover errors made by the GRHC. When errors resulting in the overpayment or underpayment of subsidy are discovered, corrections will be made in accordance with the policies in Chapter 13.