SAMPLE

RENTAL HOUSING POLICIES AND PROCEDURES FOR

____

I. PURPOSE

This program will provide good quality affordable rental housing to low and very low income families; will assist tenant families acquire the skills and resources needed to become homeowners; and will assist qualified tenant families purchase their homes at the end of the required affordability period. The program will operate in ____________________________.

II. AUTHORITY

The legal authority of this program comes from the working agreement with Tennessee Housing Development Agency, Public Law 101-625 (National Affordable Housing Act of 1990), as well as State and local laws.

III. PROGRAM RESOURCES

The source of funds for the undertaking of these activities is a grant in the amount of $___________________________________ which ____ has been awarded by Tennessee Housing Development Agency (THDA) through the U.S. Department of Housing and Urban Development Home Investment Partnership Act.

IV. APPLICABLE LAWS

_______________________________________ and its tenants are required to abide by a number of State and Federal laws, and may be required to sign documents certifying their compliance.

1. Equal Opportunity Provisions for Contracts $10,000 and Under, E. O. 11246 clause for contracts over $10,000

2. Notice of Requirement for Affirmative Action to Ensure Equal Employment Opportunity

3. Standard Equal Opportunity Construction Contract specifications

4. Certification of Non-segregated Facilities for Contracts Over $10,000

5. Title VI of Civil Rights Act of 1964 Provisions

6. Section 109 of Housing and Community Development Act of 1974 Provisions

7. Section 3 Compliance Provisions of the HUD Act of 1968

8. Age Discrimination Act of 1975 Provisions

9. Section 504 Affirmative Action for Handicapped Provisions

10. Lead-based Paint Hazard Provisions

11. Access to Records/Maintenance of Records Provisions

12. Conflict of Interest Provisions

13. Certification of Bidder Regarding Equal Employment Opportunity

14. Certification of Bidder Regarding Section 3 and Segregated Facilities

15. Contractor Section 3 Plan Format

16. Subcontractor Certification Regarding Equal Employment Opportunity

17. Subcontractor Certification Regarding Section 3 and Segregated Facilities

18. National Environmental Policy Act of 1969 (NEPA), 24 CFR parts 50 and 58

19. Conflict of Interest provisions in 24 CFR 85.36 and OMB Circular A-110

20. Debarment and Suspension provisions as required by 24 CFR part 24

21. Drug Free Workplace policy

V. AFFIRMATIVE MARKETING PROCEDURES

______________________________ is committed to non-discrimination and equal opportunity in housing, and will seek to attract eligible tenants without regard to race, color, religion, sex, familial status, national origin, age or disability. In order to inform the public and potential tenants of available housing units, _______________________________ will:

1. Make this information known through advertisements and announcements in the local media which include the Equal Opportunity logotype or slogan; and

2. Notify the local PHA or THDA's satellite office to request that applicants on their waiting lists be informed of upcoming vacancies; and

3. Contact community organizations, places of worship, employment centers, fair housing groups or housing counseling agencies to solicit applications from persons in the housing market area who are not likely to apply for housing without special outreach (e.g., racial minorities and female head of households).

VI. TENANT SELECTION - INCOME DETERMINATION

A. **INCOME LIMITS -** HOME funds can only be used to benefit low and very low income households. The income limits applicable are the current "Income Limits for Low-Income and Very Low-Income Families" (adjusted for family size) produced by the Department of Housing and Urban Development. Tennessee figures are list at www.thda.org under the Community Programs tab.

B. **ANNUAL INCOME (GROSS INCOME)** The State's HOME program uses the income definitions of the Section 8 program to determine the annual income (gross income) used to classify a household for purposes of eligibility. 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;

2. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date. In other words, it is the household's *future or expected* ability to pay rather than its past earnings that is used to determine program eligibility. If it is not feasible to anticipate a level of income over a 12-month period, the income anticipated for a shorter period may be annualized, subject to a redetermination at the end of the shorter period; and

3. Which are not specifically excluded in paragraph 6.8 (Income Exclusions) below.

4. Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

5. MONTHLY GROSS INCOME - Monthly gross income is Annual Gross Income divided by 12 months.

C. **ASSETS -** In general terms, an asset is a cash or noncash item that can be converted to cash. There is no asset limitation for participation in the HOME program. Income from assets is, however, recognized as part of Annual Gross Income. Assets have both a market value and a cash value.

1. MARKET VALUE - The market value of an asset is simply its dollar value on the open market. For example, a stock's market value is the price quoted on a stock exchange on a particular day, and a property's market value is the amount it would sell for on the open market. This may be determined by comparing the property with similar, recently sold properties.

2. CASH VALUE - The cash value of an asset is the market value less reasonable expenses required to convert the asset to cash, including:

   a. Penalties or fees for converting financial holdings. Any penalties, fees, or transaction charges levied when an asset is converted to cash are deducted from the market value to determine its cash value (e.g., penalties charged for premature withdrawal of a certificate of deposit, the transaction fee for converting mutual funds, or broker fees for converting stocks to cash); and/or

   b. Costs for selling real property. Settlement costs, real estate transaction fees, payment of mortgages/liens against the property, and any legal fees associated with the sale of real property are deducted from the market value to determine equity in the real estate.

   c. Under Section 8 rules, only the cash value (rather than market value) of an item is counted as an asset.

D. **INCOME FROM ASSETS -** The income counted is the actual income generated by the asset (e.g., interest on a savings or checking account.) The income is counted even if the household elects not to receive it. For example, although a household may elect to reinvest the interest of dividends from an asset, the interest or dividends is still counted as income.

1. The income from assets included in Annual Gross Income is the income that is anticipated to be received during the coming 12 months.

    a. To obtain the anticipated interest on a savings account, the current account balance can be multiplied by the current interest rate applicable to the account; or

    b. If the value of the account is not anticipated to change in the near future and interest rates have been stable, a copy of the IRS 1099 form showing past interest earned can be used.

    c. Checking account balances (as well as savings account balances) are considered an asset. This is a recognition that some households keep assets in their checking accounts, and is not intended to count monthly income as an asset. Grantees should use the average monthly balance over a 6-month period as the cash value of the checking account.

2. When an Asset Produces Little or No Income:

    a. If the family's assets are $5,000 or less, actual income from assets (e.g., interest on a checking account) is not counted as annual income. For example, if a family has $600 in a non-interest bearing checking account, no actual income would be counted because the family has no actual income from assets and the total amount of all assets is less than $5,000.

    b. If the family's assets are greater than $5,000, income from assets is computed as the greater of:

        i. actual income from assets, or

        ii. imputed income from assets based on a passbook rate applied to the cash value of all assets. For example, if a family has $3,000 in a non-interest bearing checking account and $5,500 in an interest-bearing savings account, the two amounts are added together. Use the standard passbook rate to determine the annual income from assets for this family.

3. Applicants who dispose of assets for less than fair market value (i.e., value on the open market in an "arm's length" transaction) have, in essence, voluntarily reduced their ability to afford housing. Section 8 rules require, therefore, that any asset disposed of for less than fair market value during the 2 years preceding the income determination be counted as if the household still owned the asset.

    a. The value to be included as an asset is the difference between the cash value of the asset and the amount that was actually received (if any) in the disposition of the asset (less any fees associated with disposal of property, such as a brokerage fee).

    b. Each applicant must certify whether an asset has been disposed of for less than fair market value. Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce or separation is not included in this calculation.

c. These procedures are followed to eliminate the need for an assets limitation and to penalize people who give away assets for the purpose of receiving assistance or paying a lower rent.

E. **ASSETS INCLUDE:**

1. Amounts in savings accounts and six month average balance for checking accounts.

2. Stocks, bonds, savings certificates, money market funds and other investment accounts.

3. Equity in real property or other capital investments. Equity if 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. *DO NOT INCLUDE EQUITY OF PRINCIPAL RESIDENCE AS AN ASSET FOR HOMEOWNER REHABILITATION PROGRAMS.*

4. The cash value of trusts that are available to the household.

5. IRA, Keogh and similar retirement savings accounts, even though withdrawal would result in penalty.

6. Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.

7. Assets which, although owned by more than one person, allow unrestricted access by the applicant.

8. Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.

9. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.

10. Cash value of life insurance policies.

11. Assets disposed of for less than fair market value during two years preceding certification or recertification.

F. **ASSETS DO NOT INCLUDE:**

a. Necessary personal property, except as noted under paragraph 6.5(9) (Assets Include) above

b. Interest in Indian Trust lands

c. Assets that are part of an active business or farming operation.

<u>NOTE</u>: Rental properties are considered personal assets held as an investment rather than business assets unless real estate is the applicant/tenant's main occupation.

d. Assets not accessible to the family and which provide no income to the family.

e. Vehicles especially equipped for the handicapped.

f. Equity in owner-occupied cooperatives and manufactured homes in which the family lives.

G. **INCOME INCLUSIONS -** The following are used to determine the annual income (gross income) of an applicant's household for purposes of eligibility:

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

2. The net income for the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income; however, an allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness cannot be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. 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 includes the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook saving rate, as determined by HUD.

4. The full amount of periodic payments 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 Supplemental Security Income (SSI) or Social Security).

5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see paragraph (3) under Income Exclusions).

6. Welfare Assistance. 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 welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is 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 persons not residing in the dwelling.

8. All regular pay, special pay and allowances of a member of the Armed Forces (see paragraph (8) under Income Exclusions).

H. **INCOME EXCLUSIONS -** The following are excluded from a household's income for purposes of determining eligibility:

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 individuals 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 for payments in lieu of earnings – see paragraph (5) of Income Inclusions.

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.

6. Certain increases in income of a disabled member of the family residing in HOME assisted housing or receiving HOME tenant-based rental assistance (see 7. under L: Determining Whose Income to Count).

7. The full amount of student financial assistance paid directly to the student or to the educational institution;

8. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

9. a. Amounts received under training programs funded by HUD.

   b. 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).

   c. 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.) which are made solely to allow participation in a specific program.

   d. Amount received under a resident's 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 owner or manager 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 governing board. No resident may receive more than one such stipend during the same period of time.

   e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded must be received under employment training programs with clearly defined goals and objectives, are excluded only for the period during which the family member participates in the employment training program.

10. Temporary, nonrecurring or sporadic income (including gifts).

11. 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.

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

13. Adoption assistance payments in excess of $480 per adopted child.

14. For public housing only, the earnings and benefits to any family member resulting from participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, Section 22 of the 1937 Act, or any comparable federal, state or local law during the exclusion period.

15. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

16. 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.

17. Amounts paid by a state agency to a family with 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.

18. 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 exclusions set forth in 24 CFR 5.609(c) apply. The following is a list of types of income that qualify for that exclusion (9/27/89 regulations):

    a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;

    b. Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through VISTA; Retired Senior Volunteer Program, Foster Grandparents Program, youthful offenders incarceration alternatives, senior companions);

    c. Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(a));

    d. Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 259e);

    e. Payments or allowances made under the department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));

    f. Payments received under programs funded in whole or in part under the Job Training Partnership Act;

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

    h. The first $2,000 of per capita shares received from judgement funds awarded by the Indian Claims Commission or the Court of Claims (25 U.S.C. 1407-1408) or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117);

i. Amounts of scholarships funded under Title IV of the Higher Education Act of 1965 including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);

j. Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056(f));

k. Any earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;

l. Payments received after January 1, 1989 from the Agent Orange Settlement Fund or any other funds established pursuant to the settlement in the In Re Agent Orange product liability litigation MDL No. 381 (E.D.N.Y.)

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

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

o. Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job corps, veterans employment programs, state job training programs and career intern programs, Americorps);

p. Payments made by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;

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

r. 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;

s. 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); and

t. Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998.

I. **TIMING OF INCOME CERTIFICATIONS -** All households that receive HOME assistance must be income eligible. At a minimum, income certification must be completed before assistance begins. A preliminary determination of eligibility may be made much earlier in the process.

1. Application processing is labor intensive. Early screening for income eligibility can eliminate excessive work in processing an ineligible applicant.

2. Establishing a deadline for formal eligibility determinations is a challenging part of the planning process. Generally, the HOME Program permits verification dated no earlier than 6 months prior to eligibility.

3. The Grantee must calculate the annual income of the household by projecting the prevailing rate of income of the family at the time the Grantee determines that the family is income eligible. The eligibility of a household must be re-determined if more than six months elapses between the date

the Grantee determines that a household is income-eligible and the date HOME assistance is provided.

a. For homeowner rehabilitation projects, the date assistance is provided is the date of the rehabilitation contract.

b. For homeownership programs, the income eligibility of the families is timed as follows:

i. In the case of a contract to purchase existing housing, it is the date of the purchase;

ii. In the case of a lease-purchase agreement for existing housing or for housing to be constructed, it is the date the lease-purchase agreement is signed; and

iii. In the case of a contract to purchase housing to be constructed, it is the date the contract is signed.

J. **INCOME VERIFICATION -** Grantees must examine at least 2 months of source documents evidencing annual income (e.g. wage statement, interest statement, unemployment compensation statement) for each member of the family. Grantees must verify and retain documentation of all information collected to determine a household's income. Under the Section 8 Program, there are three forms of verification which are acceptable: third-party, review of documents, and applicant certification.

1. THIRD-PARTY VERIFICATION - Under this form of verification, a third party (e.g., employer, Social Security Administration, or public assistance agency) is contacted to provide information. Although written requests and responses are generally preferred, conversations with a third party are acceptable if documented through a memorandum to the file that notes the contact person and date of the call.

a. To conduct third party verifications, a Grantee must obtain a written release from the household that authorizes the third party to release required information.

b. Third-party verifications are helpful because they provide independent verification of information and permit Grantees to determine if any changes to current circumstances are anticipated. Some third-party providers may, however, be unwilling or unable to provide the needed information in a timely manner.

2. REVIEW OF DOCUMENTS - Documents provided by the applicant (such as pay stubs, IRS returns, etc.) may be most appropriate for certain types of income and can be used as an alternative to third-party verifications. Copies of documents should be retained in project files.

Grantees should be aware that although easier to obtain than third-party verifications, a review of documents often does not provide needed information. For instance, a pay stub may not provide sufficient information about average number of hours worked, over-time, tips and bonuses.

3. APPLICANT CERTIFICATION - When no other form of verification is possible, a certification by the applicant may be used. For example, it may be necessary to use an applicant certification for an applicant whose income comes from "odd jobs" paid for in cash.

Applicant certification is the least reliable form of verification and may be subject to abuse. In some cases, the applicant certification can be supplemented by looking at the applicant's past history. The Grantee can review the previous year's income tax return to determine if the current year's income is consistent with activity for the previous year.

K. **CALCULATION METHODOLOGIES -** Grantees must establish methodologies that treat all households consistently and avoid confusion.

1. It is important to understand the basis on which applicants are paid (hourly, weekly or monthly, and with or without over-time). An applicant who is paid "twice a month" may actually be paid either twice a month (24 times a year) or every two weeks (26 times a year).

2. It is important to clarify whether over-time is sporadic or a predictable component of an applicant's income.

3. Annual salaries are counted as Annual Income regardless of the payment method. For instance a teacher receives an annual salary whether paid on a 9- or 12-month period.

L. **DETERMINING WHOSE INCOME TO COUNT -** Knowing whose income to count is as important as knowing which income to count. Under the Section 8 definition of income, the following income *is not counted*:

1. INCOME OF LIVE-IN AIDES - If a household includes a paid live-in aide (whether paid by the family or a social service program), the income of the live-in aide, regardless of its source, is not counted. (Except under unusual circumstances, a related person can never be considered a live-in aide);

2. INCOME ATTRIBUTABLE TO THE CARE OF FOSTER CHILDREN - Foster children are not counted as family members when determining family size to compare with the Income Limits. Thus, the income a household receives for the care of foster children is not included; and

3. EARNED INCOME OF MINORS - Earned income of minors (age 18 and under) is not counted. However, unearned income attributable to a minor (e.g., child support, AFDC payments, and other benefits paid on behalf of a minor) is counted.

4. TEMPORARILY ABSENT FAMILY MEMBERS - The income of temporarily absent family members is counted in Annual Income - regardless of the amount the absent family member contributes to the household. For example, a construction worker earns $600/week at a temporary job on the other side of the State. He keeps $200/week for expenses and sends $400/week home to his family. The entire $600/week is counted in the family's income;

5. ADULT STUDENTS LIVING AWAY FROM HOME - If the adult student is counted as a member of the household in determining the Income Limit used for eligibility of the family, the first $480 of the student’s income must be counted in the family’s income. Note, however, that the $480 limit does not apply to a student who is head of household or spouse (their full income must be counted); and

6. PERMANENTLY ABSENT FAMILY MEMBER - If a family member is permanently absent from the household (e.g., a spouse who is in a nursing home), the head of household has the choice of either counting that person as a member of the household, and including income attributable to that person as household income, or specifying that the person is no longer a member of the household.

7. PERSONS WITH DISABILITES – During the annual recertification of a family’s income, increases in the income of a disabled member of qualified families residing in HOME assisted housing or receiving HOME tenant- based rental assistance is excluded. 24 CFR 5.61(a) outlines the eligible increases in income. These exclusions from annual income are of limited duration. The full amount of increase to an eligible family’s annual income is excluded for the cumulative

12-month period beginning on the date the disabled family member is first employed or the family first experiences an increase in annual income attributable to the employment. During the second cumulative 12-month period, 50 percent of the increase in income is excluded. The disallowance of increased income of an individual family member who is a person with disabilities is limited to a lifetime 48-month period.

M. **USING ADJUSTED GROSS INCOME** – Adjusted Gross Income is _not_ used for HOME homeowner rehabilitation programs, homeownership programs, or for determining tenant eligibility for rental housing programs. Adjusted Gross Income is needed only to calculate:

1. The rent for a tenant in a HOME assisted rental unit whose rent must be adjusted because the household income increases above 80 percent of the area median; and

2. A household's eligibility for and the amount of assistance to be provided under the Uniform Relocation Act or Section 104(d) relocations and tenant assistance requirements

N. **CALCULATING ADJUSTED GROSS INCOME -** Adjusted gross income is the annual gross income minus any of the five following deductions (also called allowances) that apply to the household. The household's eligibility for deductions depends, in part, on the type of household that it is. Monthly adjusted income is Annual Adjusted Income divided by 12 months.

1. FOR ALL HOUSEHOLDS:

   a. $480 for each dependent. (A dependent is a person, other than the head or spouse, who is under 18, or handicapped or disabled, or a full-time student of any age)

   b. Reasonable child care expenses (for children 12 and under) that enable a family member to work or go to school and are not reimbursed. The allowable expenses cannot exceed the income generated by that household member during the period the care is being provided. To document that the anticipated child care expenses can be deducted, the household must (1) identify the child(ren) who will be cared for; (2) identify the family member who is enabled to work or attend school because of child care (generally the person with the lowest income – the person who would quit work to take care of the children if no child care were available – is considered the family member enabled to work). This family member must provide documentation that he or she is employed, actively looking for work or is currently enrolled in a vocational program or degree-granting institution. The family member does not need to be a full time student. (3) demonstrate that no other adult household member is available to care for the child; (4) identify the child care provider; and (5) provide documentation of costs.

   c. Expenses (in excess of 3% annual gross income) for the care of a handicapped or disabled family member that enable that person or another person to work (includes care attendant and necessary equipment and apparatus). Expenses may be deducted only if (1) they are reasonable; (2) they are not reimbursed from another source, such as insurance; (3) they do not exceed the amount of income generated by the person enabled to work; and (4) they are in excess of three percent of annual income.

2. FOR ELDERLY OR DISABLED HOUSEHOLDS ONLY:

   a. An elderly household is any household in which the head, spouse, or sole member is 62 years of age or older. For example, a husband, age 59, and wife, age 62, would be considered an elderly household.

b. A disabled household is any household in which the head, spouse or sole member is a person with disabilities. For example, a husband, age 42, and wife, age 38 and disabled, would be considered a disabled household.

c. Living with an elderly or disabled relative does not qualify a household for this deduction unless the relative is the head or spouse of the family. For example, if a non-elderly, non-disabled couple take in an elderly parent; this is not a qualified elderly or disabled household. But if the couple moves in with the elderly or disabled parent, the parent is the head of household and the family is qualified for the deduction.

d. Medical expenses in excess of 3% of annual income that are not reimbursed by insurance or other sources.

e. Any household that meets the definition of an elderly or disabled household is entitled to a deduction of $400 per household.

VII. TENANT APPLICATION

a. An applicant must have on file with ______________________________ a completed Application for Rental Housing Assistance (RH-3), including all information and documentation in support of the application. This information and documentation must be submitted to __________________________________ at least ten (10) days after the request for these documents is mailed or hand-delivered to the applicant.

B. The applicant must be income eligible. An applicant's reported gross annual income shall be verified by written evidence which may include, but is not limited to:

1. Pay stubs;

2. Certified statements from employers;

3. Self-employment accounting records certified by an independent accountant;

4. Income tax returns;

5. Bank statements; and

6. Eligibility letters from the Social Security Administration and/or the Department of Human Services.

C. Applicants shall present evidence of their ability to pay the required rents. Acceptable evidence shall include:

1. A valid Section 8 Voucher or Certificate;

2. A gross income at least three and one-third (3.33) times greater than the applicable gross rent (e.g., an income of $1,320/month for a rent of $396/month);

3. A successful history of paying rent higher than the applicable HOME rent for the immediate prior twelve months. This is only acceptable in cases where an applicant's living conditions or circumstances would be substantially improved by moving into a ___________________________ HOME unit; or

4. Other verifiable evidence acceptable to _________________________.

E. A credit report may be used to verify a reported credit history.

F. A criminal background check may be used in the application process.

VII. TENANT SELECTION/OCCUPANCY REQUIREMENTS

A. HOME rental units must achieve initial occupancy within 18 months of project completion. For units not leased within 6 months, the grantee must provide a plan for enhanced marketing of the project. If there is no initial occupancy within 18 months, the HOME funds must be repaid to THDA.

B. Qualified applicants with completed applications will be selected for available rental units on a first come, first served basis. To be considered *complete*, the application and all requested documentation must be received by _____________________________________.

C. All qualified applicants will be placed on a waiting list according to chronological order, based on the date __________________________________ received the completed application. All applicants who are placed on a waiting list will be so notified.

D. All applicants who are rejected for any cause shall be notified of the reason(s) for their rejection. Said notification shall be hand-delivered or mailed to the applicant at his/her/their last known address within ten (10) days after rejection of the application.

VIII. TENANT LEASE PROTECTIONS

A. Tenants will be required to sign a lease. If the tenant is a Section 8 Voucher or Certificate user, the lease will be the same Section 8 lease that would be signed with any landlord. If the tenant does not have a Section 8 Voucher or Certificate, the lease will be the HOME lease (RH-6). In either case, the lease protects both the tenant and ________________________________, and sets forth the tenant's responsibilities as well as _______________________________________ responsibilities and obligations as a landlord. The lease, between the tenant and ____________________________ will be for at least ONE year, unless by mutual consent the tenant and _____________________________________ agree to a lesser term.

B. ____ may not terminate the tenancy or refuse to renew the lease of a tenant except for serious or repeated violation of the terms of the lease; for violation of applicable federal, state or local law; for completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services; or for other good cause. Good cause does not include an increase in the tenant's income or refusal of the tenant to purchase the housing. Any termination of refusal to renew must be preceded by not less than 30 days by the owner's service upon the tenant of a written notice specifying the grounds for the action.

C. ____ must maintain the total development in compliance with all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code, HOME-assisted rental new construction must meet the Standard Building Code and HOME-assisted rental rehabilitation must meet the Standard Housing Code. All other HOME-assisted rental housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet all applicable state and local housing quality standards and code requirements and if there are no such standards, or code requirements, the housing must meet the ongoing property standards as specified by HUD based on the HUD Physical Inspection procedures (Uniform Physical Conditions Standards (UPCS)). Prescribed by HUD pursuant to 24CFR5.705.

D. ____ may not refuse to lease a HOME-assisted unit to a family which holds a rental certificate (Rental Certificate Program) or a rental voucher (Rental Voucher Program) or a comparable document under the HOME program.

E. ____ is required by the Fair Housing Act to give all applicants and tenants equal treatment and is prohibited from discriminating against anyone with respect to race, color, religion, sex, disability, familial status, or national origin. However, there are limited circumstances when the Act requires a housing provider to treat persons with disabilities differently, to enable them to have equal access to, or enjoyment of, housing and other housing-related programs. The Fair Housing Act requires owners to provide "reasonable accommodation" to persons with disabilities. This means that ______________________ may have to modify rules, policies, practices, procedures, and/or services to afford a person with a disability an equal opportunity to use and enjoy the housing.

F. Certain Lease Terms are prohibited. These include:

1. *AGREEMENT TO BE SUED* - Agreement by the tenant to be sued, admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.

2. *TREATMENT OF PROPERTY* - Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties.

   a. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with the state law.

3. *EXCUSING THE OWNER FROM RESPONSIBILITY* - Agreement by the tenant not to hold the owner or the owner's agents legally responsible for actions or failure to act, whether intentional or negligent.

4. *WAIVER OF NOTICE* - Agreement by the tenant that the owner may institute a lawsuit without notice to the tenant.

5. *WAIVER OF LEGAL PROCEEDINGS* - Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense or before a court decision on the rights of the parties.

6. *WAIVER OF A JURY TRIAL* - Agreement by the tenant to waive any right to a jury trial.

7. *WAIVER OF RIGHT TO APPEAL COURT DECISION* - Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court a decision in connection with the lease.

8. *TENANT CHARGEABLE WITH COST OF LEGAL ACTIONS REGARDLESS OF OUTCOME* - Agreement be the tenant to pay attorney fees or other legal costs even if the tenant wins the court proceeding be the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

IX. SECURITY DEPOSITS

A. Tenants will be required to make a reasonable security deposit. You will be permitted to make said deposit in equal monthly installments of the first six (6) months of your lease term. The specific amount and manner for handling the security deposit will be set forth in the lease. A security deposit shall not exceed the lower of one month's rent or 30% of the tenant's gross monthly income.

X. RENT LEVELS

A. Rents are controlled for the length of the applicable affordability period. These rents are determined on an annual basis by HUD. ____________________________________ will be provided with these rents, which include all utilities. The utilities paid by tenants must be subtracted from the rents provided to determine the maximum allowable rents. The applicable utility allowance is provided by the local PHA or THDA. HOME rent limits are on file and open for public inspection in _____________________________'s office.

B. HOME rents may increase or decrease from year to year. If rents are increased, tenants will be notified in writing at least 30 days in advance. HOME rents may not rise above the limits set by HUD.

C. Rents for each HOME-assisted rental project must be submitted to THDA annually for review and approval.

D. Grantees with rental projects of 10 or more units must submit an annual report of the project's financial condition to THDA. In the event that a problem is identified (i.e. the project expenses significantly exceed the revenues), THDA may implement corrective action(s) to restore the financial viability of the project. Such actions may include more frequent reporting, technical assistance or the institution of a substitute owner or manager.

XI. INCOME RECERTIFICATON

A. As long as the rental unit is governed by the HOME "affordability period" of 5 to 20 years, tenant income must be rechecked and re-certified on an annual basis. The annual re-certification is required by the HOME regulations and helps to insure that the program continues to serve low or very low income households.

B. Should the income of a household rise above the HOME income limits, adjusted by family size, the household *will not* be evicted or be required to move. The household would, however, be required to pay higher rent. In such a case, HOME regulations require that these tenants pay 30% of their *adjusted* gross monthly income for rent and utilities

XII. DEFINITIONS

FULL-TIME EMPLOYMENT
A job at which a person regularly spends 31 or more hours per week.

HANDICAPPED OR DISABLED

A person who has been declared disabled for the purposes of Social Security or who has been certified as disabled or handicapped by a qualified public or private agency.

HOMELESS
A family is homeless if they lack a fixed, regular, adequate night-time, and has a primary night-time residence for individuals that is either a supervised public or private shelter; an institution that provides temporary residence for individuals intended to be institutionalized; or a public or private place not designed for or ordinarily used for sleeping.

HOUSEHOLD
All persons who regularly reside together in a single housing unit.

INVOLUNTARILY DISPLACED
An individual or a family is involuntarily displaced if they are displaced from the home they have been occupying or if they will be displaced within six months from the date of certification because of fires, disasters, government action, or action by a private owner that the tenant could not control or prevent (not to include eviction for cause or a reasonable increase in rent); or actual or threatened physical violence that has occurred recently or is of a continuous nature.

MORE THAN 50% OF INCOME FOR HOUSING
A family paying more than 50% of their gross monthly income for rent and utilities combined. Utilities include electricity, water, heating fuel, and sewer, if available. A family may document actual utility bills or use the lowest applicable utility allowance published by THDA or the local PHA.

OVERCROWDED CONDITIONS
A household is overcrowded if there is an average of three or more persons per bedroom; or if there is no bedroom space for any member(s) of the household.

PART-TIME EMPLOYMENT
A job at which a person regularly works at least 10 but no more than 30 hours per week.

SUBSTANDARD HOUSING
A housing unit is substandard if it does not have operable indoor plumbing; does not have a useable flush toilet, bathtub or shower inside the unit for the exclusive use of the family; does not have electricity, or has inadequate or unsafe electrical service; does not have a safe and adequate source of heat; does not have a kitchen; has been declared unfit for habitation by any agency of government; or is dilapidated to the point that it does not provide decent, safe and sanitary shelter or has one or more critical defects in sufficient number to require considerable repair or rebuilding. Any one of these conditions qualify a unit as substandard.