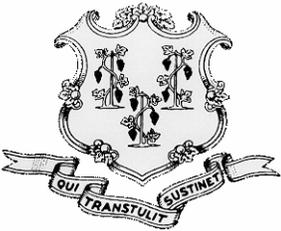


DRAFT

Asset & Property Management Manual

**A MANUAL FOR THE MANAGEMENT OF CHFA FINANCED HOUSING
AND DECD FINANCED HOUSING**



Introduction

Purpose: The purpose of this Manual is to provide the sponsor/owner/housing authority with a one source “rule book” on the policies and procedures governing the management of the Connecticut Housing Finance Authority (CHFA) and/or Department of Economic and Community Development (DECD) financed housing. This Manual supplements, but does not supersede, the owner’s rights and responsibilities under the Statutes, Regulations, Loan Documents, and Assistance Agreement between the owner and CHFA/DECD.

Format and Applicability: Chapter 1 contains information on Civil Rights and Nondiscrimination requirements. Chapters 2 through 8 contain occupancy requirements that are specific to each of the CHFA’s seven (7) major housing programs. Also included are requirements of the Congregate Housing program, for which housing subsidy and support services subsidy are provided by DECD. Chapter 9 contains administrative requirements that apply to all owners. Chapter 10 contains information regarding use of Repairs, Maintenance and Replacement Reserves and Chapter 11 contains suggested policies and procedures and reporting requirements.

Questions: Questions regarding this Manual should be directed to the CHFA’s Asset Management Division. Questions specific to the Rental Assistance Program and Congregate Housing/Services Subsidy should be directed to DECD.

NOTHING IN THIS MANUAL SHALL SUPERSEDE STATE LAW OR PROGRAM REGULATIONS.

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Chapter 1

CIVIL RIGHTS AND NONDISCRIMINATION REQUIREMENTS

1-1 Introduction

- A. Owners of CHFA/DECD multifamily/elderly properties are subject to several important federal civil rights laws affecting both admission and occupancy. These requirements seek to ensure that all applicants have equal access to affordable housing and that owners treat all tenants equitably. In addition, Connecticut has additional. Their own civil rights laws that affect rental housing.
- B. This chapter provides an overview of key federal civil rights and nondiscrimination requirements that pertain to admissions and occupancy in properties subject to this manual. It includes state of Connecticut statute and regulations pertaining to Affirmative Fair Marketing and Outreach. It also presents examples to help explain these requirements and notes how to address circumstances when federal, state, and local requirements overlap.
- C. The remaining chapters in the handbook will also refer to these requirements as they apply to the admissions or occupancy activities covered in that chapter.
- D. This chapter is organized into four sections:
 - **Section 1: Applicable Laws** provides an overview of key federal/civil rights laws relevant to occupancy. State of Connecticut Statute and Regulations are included in this section.
 - **Section 2: Nondiscrimination Requirements Under the Fair Housing Act** summarizes the key nondiscrimination requirements established under the Fair Housing Act that are applicable to housing.
 - **Section 3: Additional Nondiscrimination and Accessibility Requirements for Persons with Disabilities** explains the requirements and procedures that owners must follow to ensure nondiscrimination and accessibility of their properties to persons with disabilities as required by Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act.
 - **Section 4: Housing Discrimination Complaints and Compliance Reviews** provides information about an owner’s responsibilities in the event of a housing discrimination complaint and key references regarding fair housing compliance reviews.

1-2 Key Terms

- A. There are a number of technical terms used in this chapter that have very specific definitions established by federal statute or regulations, or by HUD. These terms are listed in Figure 1-1 and their definitions can be found in the Glossary to this handbook. It is important to be familiar with these definitions when reading this chapter.

- B. The terms “disability” and “persons with disabilities” are used in two contexts – for civil rights protections, and for program eligibility purposes. Each use has specific definitions.
 - 1. When used in context of protection from discrimination or improving the accessibility of housing, the civil rights-related definitions apply.
 - 2. When used in the context of eligibility under multifamily/elderly subsidized housing programs, the program eligibility definitions apply.

Figure 1-1: Key Terms

<ul style="list-style-type: none"> • Accessible • Accessible route • Adaptability • Alteration • Auxiliary aids • Disability • Fair Housing Act • Familial status 	<ul style="list-style-type: none"> • Federal financial assistance • Federally assisted housing • Person with disabilities (as defined for civil rights protections) <ul style="list-style-type: none"> • Prohibited bases • Qualified persons with disabilities <ul style="list-style-type: none"> • Recipient • Section 504 • Title VI – D
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Section 1: Applicable Laws

1-3 Key Regulations and Statute- NOTE THAT STATE OF CONNECTICUT STATUTE AND REGULATIONS ARE LISTED FIRST, FOLLOWED BY FEDERAL LAWS. WHERE THERE IS CONFLICT, THE MORE STRINGENT LAW SHALL APPLY.

1-4 Connecticut Regulations

STATE OF CONNECTICUT SECTION:

AFFIRMATIVE FAIR MARKETING AND OUTREACH REQUIREMENTS

In accordance with state statute, section 8-37ee: Establishment of affirmative duty for entities participating in programs assisted or supervised by state housing agencies (CHFA and DECD included) to promote fair housing:

(a) Each entity participating in any program administered by a housing agency , as defined in section 8-37aa (includes CHFA and DECD), under this title shall have an affirmative duty to promote fair housing in each housing development that is assisted or supervised under any provision of this title.

(b) Any entity applying for financial assistance under any program administered by a housing agency established by this title shall submit an affirmative fair housing marketing plan to such housing agency for its approval. Such plan shall have provisions for recruitment of an applicant pool that includes residents of municipalities of relatively high concentrations of minority populations. The housing agency shall periodically review each plan to assure that to the extent practicable such an applicant pool is created and may require that a plan be revised by the entity submitting it.

Sec. 8-37ee-17. Compliance for existing state assisted units

Each owner of five or more state assisted housing units shall comply with these requirements within at least one year of the effective date of this regulation.
Effective date- Effective February 2, 1994

Sec. 8-37ee-300. General information

(a) This manual should be used in conjunction with the Fair Housing regulations under Section 8-37ee-1 through Section 8-37ee-17 of the Regulations of Connecticut State Agencies, and the instructions accompanying the Affirmative Fair Housing Market Form included in this manual.

(b) The purpose of this manual is to assist recipients of state financial assistance from the department (now CHFA) in understanding what shall be required of them, as well as to further implement the provisions of Section 8-37ee-1 through Section 8-37ee-17 of the Regulations of Connecticut State Agencies.

(c) The Affirmative Fair Housing Marketing Plan shall be submitted on the form, and in the manner, prescribed by the department (now CHFA). The plan shall include all of the techniques which recipients intend to employ to assure that marketing is broad-based and that prospective buyers and/or renters of varied income groups, including persons with physical disabilities would feel welcome to apply. At least twenty percent (20%) of the units shall be promoted to the "least likely to apply" group.

Sec. 8-37ee-301. Definitions

All terms defined in Section 8-37ee-1 of the Regulations of Connecticut State Agencies shall have the meanings set forth there.

The following apply to Section 8-37ee-300 through Section 8-37ee-314 of the Regulations of Connecticut State Agencies:

- (1) "Least likely to apply" means those persons who, in the main, do not live in the area of the development because of racial or ethnic patterns, perceived community attitudes, price or other factor, and thus need additional outreach to inform them of their opportunity to live in the development. In predominantly white areas, these shall be minority groups; in predominantly minority areas, these shall be white groups.
- (2) "Recipient" means a person, organization or individual who applies or may receive state financial assistance from the department.
- (3) "Resident" means a person, including an applicant, living or working in the municipality in which the housing is located. Durational residency requirements are not permitted.

Sec. 8-37ee-302. Affirmative fair housing marketing process

(a) Assessing Affirmative Marketing Needs

Recipient plans shall identify the group(s) "least likely to apply" to the housing through the submission of relevant demographic data. Data may be derived from the U.S. Census, municipal sources, regional planning agencies, civil rights groups, fair housing officers, social service agencies, and like organizations. Source documentation shall be clearly identified.

(b) Affirmative Marketing Outreach

(1) Mechanisms - Recipients' plans shall determine and identify the most appropriate outreach mechanisms which should include: newspaper, radio, television, and other media advertisements as well as flyers and announcements to social service agencies and other organizations with the desire and capacity to inform potential applicants of the availability of housing. These mechanisms or organizations shall represent those most likely to be read, heard, seen by, or in contact with applicants least likely to apply.

(2) Locale - Recipients' plans shall provide for the dissemination of information at a minimum in (a) the largest city located in the nearest Primary Metropolitan Statistical Area or Areas, (b) the regional planning area, and (c) any other areas which are likely to contain high minority populations and where public transportation or public highways and/or job availability make it likely that minorities might wish to move where the development is

located.

(3) Time frame - Recipients' plans shall identify the time frame, duration, and frequency of the materials to be announced or distributed. At a minimum affirmative fair housing marketing shall begin prior to general marketing. There shall be at least three (3) documented efforts with updated materials as necessary: the first at the beginning of construction; the second at approximately 50 percent completion; and the final, six to eight weeks prior to completion.

(4) Notice of Intent to Begin Marketing - Recipients are required to give notice to the department no later than 90 days prior to engaging in sales or rental marketing activities.

(5) Prominence - Recipients' plans shall provide that any materials shall be prominently displayed or appear where they are most likely to be read or seen, e.g. not in the "legal notices" section of the paper but in more prominent ads.

(6) Content - Recipients' plans shall identify the content of the materials to be used which at a minimum shall: (a) identify the location of the housing; (b) provide a narrative description of the housing; (c) identify when the application process shall begin and end; (d) be neutral in the sense of encouraging all potentially eligible applicants to apply; (e) include a contact person and telephone number; (f) display the fair housing logo and clearly state the owner's commitment to Fair Housing and non-discrimination; (g) where relevant, be provided in both English and Spanish; (h) where there is any advertising depicting persons, depict persons of both sexes and persons of majority and minority groups; (i) describe the application and selection process as stated in Section 8-37ee-304 and Section 8-37ee-305 of these regulations; and (j) include the fair housing policy statement as stated in Section 8-37ee-311 below.

(7) Community contacts - Recipients' plans shall identify community contacts which shall include individuals and organizations that are well known in the area who can reach and assist those least likely to apply. These may include church groups, housing counseling groups, legal services organizations, labor unions, minority and women's organizations, shelters, social service agencies, housing authorities, and town officials. Each of these entities shall receive appropriate materials as described in subsection (5) with additional instructions, if necessary.

(8) Counseling and application assistance - Recipients' plans shall provide that either the contact person or a housing counseling organization, fair housing officer, or other similar party is trained in fair housing and its requirements and is ready and willing to assist all applicants including the least likely to apply with the application process.

(9) Follow-up - Recipients' plans shall provide for follow-up meetings or telephonic reports from the various outreach organizations listed in subsection (7) in order to evaluate the effectiveness of the affirmative marketing. Where organizations determine that few potential applicants are displaying an interest, alternative approaches should be considered.

(10) Public inspection - Recipient approved plans shall be available for public inspection.

Sec. 8-37ee-303. Application process

- (a) The application period shall extend for at least 90 days before initial occupancy. An application deadline shall be established when all applications shall be completed and returned. Applications received after the deadline shall not be considered unless there is: (1) an insufficient number of initial applicants; and/or (2) the department determines that more affirmative marketing is necessary.
- (b) Recipients shall use a standard application form furnished by the department included in this manual.
- (c) Anyone seeking to apply shall be given the opportunity to do so.
- (d) Anyone needing help in filling out the forms shall be assisted.
- (e) Each application received shall be immediately dated and time stamped.
- (f) Each applicant shall be given a receipt with the date and time on it.
- (g) Each applicant shall have a control number assigned in chronological order.
- (h) A file shall be opened for each applicant. The file shall remain confidential information.
- (i) Selection shall occur at least thirty (30) days before scheduled occupancy to prevent vacancies.

Sec. 8-37ee-304. Selection process

- (a) Recipients should develop a written selection plan which covers the tenant selection process they intend to use. Such plan should include, at a minimum, the following:
 - (1) Procedures for accepting applications and screening applicants;
 - (2) Fair housing requirements;
 - (3) When applicants may be rejected; and
 - (4) Procedures for selecting applicants from the waiting list(s).
- (b) At a minimum, the following factors shall be used to screen applicants:
 - (1) demonstrated ability to pay rent on time;

- (2) housekeeping habits based on visits to the applicant's current residence;
 - (3) comments from former landlords; endorsement from at least two is preferred; and
 - (4) Credit checks may be obtained. These may be useful when no rental payment history is available. A lack of credit history, as opposed to a poor credit history, is not sufficient grounds to reject an applicant. Recipients should try to obtain all credit checks, landlord and personal references and so forth before the home visit and interview so that if negative information is received the applicant shall be given the opportunity to explain the circumstances.
- (c) Recipients shall also prepare one Occupant Selection List which shall be subdivided by the number of units available and bedroom size. The following guidelines shall be used to determine minimum and maximum housing capacity:

Bedroom Size	Minimum	Maximum
00 (single room occupancy)	1	1
0 (efficiency unit)	1	1
1	1	2
2	2	4
3	3	6
4	5	8

Sec. 8-37ee-305. Selection methodology

(a) For purposes of fairness and equity the department (now CHFA) allows either a point system or a purely random lottery selection method. However, if there is a tie score under the point system method and there is a limited number of units available for persons with the same point score, the random selection method or first come, first serve (chronological order) shall be used in conjunction with the point system to select which applicant gets the unit.

(b) Point System Selection Method

(1) Point systems may be altered by CHFA to comply with fair housing goals. Where a program dictates other kinds of requirements, e.g. limited equity cooperatives may look for participants willing to put in sweat equity, points for such neutral categories may be added with the approval of the Commissioner.

(A) Calculation of Points - The applicant receives the full point score or none; subjective practical scoring is not allowed. Where department program requirements mandate selection criteria such as age, income, etc., applicants shall first meet that standard. Where an applicant does not meet the program requirements, the applicant may be rejected without further analysis.

(2) The following is the Department’s (now CHFA administered) approved point system that recipients shall use.

POINT SYSTEM METHOD

- (i) **SUBSTANDARD HOUSING** 25 point maximum
 - condemned or verified serious housing code violations 25 points
 - inadequate heating, plumbing, or cooking facilities 20 points
- (ii) **LIVING SITUATION** 25 point maximum
 - living in documented physically or emotionally abusive situation 25 points
 - living in a shelter or transitional housing 25 points
 - living in temporary housing with others because of conditions beyond applicant's control (condemnation, foreclosure, fire, loss of job, etc.) 20 points
 - living in overcrowded conditions in own housing unit (e.g. 1.5 persons per room) 15 points
- (iii) **INCOME/RENT RATIO** 15 point maximum

currently paying more than
50% of income for rent
or housing 15 points

currently paying between
31-50% of income for
rent/housing 10 points

(iv) (OPTIONAL) RESIDENT OR
LEAST LIKELY TO APPLY APPLICANT 10 points

(a) If this resident selection category is used, the 10 points shall be awarded to both residents and least likely to apply applicants. However, if the owner chooses, more points may be awarded to the least likely to apply applicants (e.g. 15, 20, 25 points, etc.).

(3) Points shall be added up for each applicant. The department (now CHFA) recommends that the recipient create a pool of candidates with the highest score and which exceed the number of available units by bedroom size by at least three times. Applicants shall be selected by a lottery.

(4) If the number of applicants does not exceed the number of available units by bedroom size by at least three times applicants may be selected on a first come first serve basis.

(b) Random Selection Method - Lottery

If recipients select the random selection method the factors they shall use in determining selection shall include:

- (1) Determining the income eligibility of all applicants;
- (2) Pre-screening/interviewing for credit worthiness and other reasonable common rental or ownership criteria; and for verification of applicant information.
- (3) Putting all applicants with favorable interviews, that is, having no ground for disqualification based on subsection (e) of this section, back in the pool and choosing by a lottery system.

(c) Interview or Home Visit

(1) Ideally all applicants meeting income guidelines should be interviewed. When a large number of applicants apply, recipients may conduct interviews and/or home visits

with only those who meet the minimum threshold point score, so long as the number of interviewees significantly exceeds the number of available units.

(2) The interview should be used for purposes of verifying and clarifying information in the application as well as exploring the ability and willingness of the applicant to meet financial commitments and to assume the other responsibilities of tenancy or ownership. Points should not be added or subtracted as a result of the home visit and interview unless information on the application was erroneous.

(e) Grounds for disqualification

(1) Applicants may be disqualified from final selection upon documentary verification of any of the following: (A) the applicant or any member of the applicant's household has a history of disturbing neighbors, destroying property, or living or housekeeping habits which would substantially interfere with the health, safety, or peaceful enjoyment of other residents; (B) the applicant has a history of rental nonpayments within the past 12 months without reasonable justification (justification might be: substandard housing, loss of a job, etc.); (C) the applicant has knowingly falsified information in the application process; or (D) the applicant cannot demonstrate an ability to pay the base rent.

(2) Applicants deemed ineligible, for whatever reason(s), shall be notified in writing, before the final selection, of the reason(s) for rejection and their right to appeal within ten days of the rejection. Recipients should inform applicants that an appeal should be made immediately to assure their return to the applicant pool if they prevail. An impartial hearing officer shall be chosen by the recipient who shall issue a written opinion within five days of the hearing. All appeals should be heard within five days of the request.

(3) Applicants still aggrieved shall be informed of their right to appeal the decision of the hearing officer to the department's affirmative action office. Such appeal shall be made in writing, and brought within ten days of the adverse decision.

(4) Recipients shall keep the following materials on file for at least three years: (1) application; (2) initial rejection notice; (3) any applicant reply; (4) the recipient's final response; and (5) all interview and verified information on which the rejection was based.

Sec. 8-37ee-306. Insufficient number of least likely to apply applicants

(a) If CHFA finds, at any stage, that there is an insufficient amount of least likely to apply candidates due to a lack of good faith affirmative fair marketing it shall have the right to

require additional outreach until such time as a sufficient effort has been expended or a sufficient number of applicants is available. Such additional outreach may delay the occupancy of units.

(b) Where the department (now CHFA) determines that good faith efforts have been made to recruit applicants who are least likely to apply and there is still an insufficient number of eligible applicants, recipients shall be given permission to rent or sell units to other eligible applicants.

(c) The department's (now CHFA) determination of the owner's good faith efforts shall include, but not be limited to: substantiating that the outreach which it stated in its Affirmative Fair Housing Marketing Plan was actually completed; that such efforts met time and durational requirements; that the marketing approach was amended or enhanced when found deficient; and that there were particular local, regional, and/or market reasons for the failure of the Affirmative Fair Housing Marketing Plan to attract a sufficient pool of applicants who are least likely to apply. The owner shall develop and maintain adequate documentation in a manner prescribed by the department of its good faith efforts.

Sec. 8-37ee-314. Fair housing compliance existing state assisted units

(a) Each owner of five or more state assisted housing units shall develop an affirmative fair housing marketing plan for each such development as described in Section 8-37ee-302, and selection procedures as described in Section 8-37ee-304 of these regulations.

(b) Each owner of state assisted housing shall evaluate its waiting list for each development to determine whether or not the waiting list provides for racial and economic diversity as required by Public Act 91-362.

(c) If there are either insufficient families who are least likely to apply on the list or near the top of the list such that they might be housed within the next year, then the units shall be affirmatively fair marketed.

(d) Eligible applicants currently on the waiting list may not be removed from such list unless duly purged. However, once any additions are to be made to the list, all requirements of this manual shall apply to the new applicants.

(e) Owners of currently assisted state housing shall be expected to comply with all other requirements of this manual within a reasonable time after its effective date and, at a maximum, within one year of such date.

1-5 FEDERAL REGULATIONS:

This paragraph identifies key regulatory and statutory citations pertaining to Section 1: Applicable Laws. The citations and their title (or topic) are listed below:

- A. 24 CFR, part 1 Title VI of the Civil Rights Act of 1964
- B. 24 CFR, part 8 Section 504 of the Rehabilitation Act of 1973
- C. 24 CFR, part 100 et seq Fair Housing Act
- D. 24 CFR, part 146 Age Discrimination Act of 1975
- E. 24 CFR 200.600 Affirmative Fair Marketing Regulations
- F. 24 CFR 880.612a, 881.601, 883.701, 884.223a, 886.329a (Allows preference occupancy by elderly families in certain Section 8 developments)
- G. 42 U.S.C. 13641 Title VI, Subtitle D of Housing and Community Development of 1992 (Sets forth criteria under which certain HUD-subsidized multifamily properties can choose to serve elderly only, or set-aside a portion of the property for elderly only)
- H. Uniform Federal Accessibility Standards (UFAS), effective July 11, 1988; individual copies are available from the Architectural and Transportation Barriers Compliance Board, 1331 F Street, NW, Suite 1000, Washington, D.C. 20004-1111, Telephone: 202-272-0080, TTY: 202-272-0082, email address: info@access-board.gov. Orders of 25 or more copies will be referred to the publisher.

1-6 General Provisions

- A. Federal civil rights laws addressing fair housing prohibit discrimination against applicants or tenants based on one or more of the following classifications:
 - 1. Race;
 - 2. Color;
 - 3. National origin;
 - 4. Sex;
 - 5. Age;
 - 6. Disability;
 - 7. Religion; and
 - 8. Familial status.

NOTE: Familial status refers to families living with children under the age of 18, regardless of age or number of children. Familial status also includes pregnant women, families that are planning to adopt, and families that have or are planning to have foster children or to become guardians of children.

- B. There are multiple laws that address the rights of tenants in multifamily housing. The remaining paragraphs in this section provide brief descriptions of the key federal civil rights laws regarding fair housing and accessibility that pertain to multifamily housing, along with reference to their implementing regulations..
- C. Owners must be familiar with the regulations implementing these civil rights laws regarding fair housing and program accessibility, and with the applicable HUD Notices explaining those requirements. HUD’s Office of Fair Housing and Equal Opportunity (FHEO) also provide technical assistance on these requirements.
- D. Other applicable laws and regulations include the following:
 - 1. Connecticut civil rights laws or local ordinances pertaining to housing; and

Note: Owners may be subject to local and/or state laws that prohibit discrimination based upon membership in other classes (e.g., marital status or sexual orientation).
 - 2. Any other legislation protecting the individual rights of tenants, applicants, or staff that may subsequently be enacted.

1-7 Fair Housing Act, Title VIII of the Civil Rights Act of 1968

A. General

The Fair Housing Act prohibits discrimination in most housing and housing-related transactions with respect to the following bases:

- 1. Race;
- 2. Color;
- 3. Religion;
- 4. Sex;
- 5. Disability;

- 6. Familial status; or
- 7. National origin.

The Act applies to all housing units subject to this handbook.

B. Prohibited Actions

Under the Fair Housing Act, owners or other housing providers must not take any of the actions listed below based on race, color, religion, sex, disability, familial status, or national origin:

- 1. Deny anyone the opportunity to apply to rent housing, or deny to any qualified applicant the opportunity to lease housing suitable to his or her needs;
- 2. Provide anyone housing that is different from that provided to others;
- 3. Subject anyone to segregation, even if by floor or wing;
- 4. Restrict anyone's access to any benefit enjoyed by others in connection with the housing program;
- 5. Treat anyone differently in determining eligibility or other requirements for admission, in use of the housing amenities, facilities or programs, or in the terms and conditions of a lease. See paragraph 1-7C for a discussion of the owner's obligation to provide reasonable accommodations to persons with disabilities;
- 6. Deny anyone access to the same level of services;

NOTE: An owner should be certain that all services at the project are supplied in a nondiscriminatory fashion. For example, there cannot be a preference for providing a service to persons of a specific religion, even if the agency providing the service is a faith-based organization.

- 7. Deny anyone the opportunity to participate in a planning or advisory group that is an integral part of the housing program;
- 8. Publish or cause to be published an advertisement or notice indicating the availability of housing that prefers or excludes persons;
- 9. Discriminate in the provision of brokerage services or in residential real estate transactions;

10. Discriminate against someone because of that person's relation to or association with another individual; or
11. Retaliate against, threaten, or act in any manner to intimidate someone because he or she has exercised rights under the Fair Housing Act.

C. Additional Protections for Persons with Disabilities

Although the Fair Housing Act generally requires applicants to be given equal treatment and prohibits discrimination against anyone with respect to the prohibited bases, there are certain 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. Specifically, the Fair Housing Act requires housing providers to provide "reasonable accommodations" to persons with disabilities. This means an owner 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. In addition, the Fair Housing Act contains specific accessibility requirements that apply to the design and construction of new multifamily housing built for first occupancy after March 13, 1991.

D. Fair Housing Poster

Owners of HUD-subsidized multifamily housing must also display the Fair Housing poster required by the Fair Housing Act and HUD regulations at 24 CFR, part 110.

1-8 Title VI of the Civil Rights Act of 1964

- A. Title VI prohibits all recipients of federal financial assistance from discriminating based on race, color, or national origin. Title VI applies to any program or activity receiving federal financial assistance, not just housing. Each federal agency has its own Title VI regulations. Thus, owners must remember that if they receive funds from any other federal agency, they will be subject to those agencies' Title VI rules, in addition to HUD's Title VI regulations, which are found at 24 CFR, part 1.
- B. In housing, Title VI and the Fair Housing Act apply to many of the same types of activities. However, HUD has broader investigative authority in complaints related to violations of Title VI and the authority to impose different types of remedies than it does in cases involving violations of the Fair Housing Act.

- C. Title VI regulations require that recipients have an affirmative obligation to take reasonable steps to remove or overcome any discriminatory practice or usage that subjects individuals to discrimination based on race, color, or national origin. The regulations also require that, even in the absence of prior discrimination, recipients should take affirmative steps to overcome the effects of conditions that results in limiting participation by persons of a particular race, color, or national origin.
- D. Title VI regulations also require that owners maintain racial and ethnic data showing the extent to which members of minority groups are beneficiaries of federal financial assistance.

1-9 Age Discrimination Act of 1975

- A. This Act prohibits discrimination based upon age in federally assisted and funded programs or activities, except in limited circumstances.
- B. It is not a violation of the Act to use age as a screening criteria in a particular program if age distinctions are permitted by statute for that program or if age distinctions are a factor necessary for the normal operation of the program or the achievement of a statutory objective of the program or activity.

1-10 Section 504 of the Rehabilitation Act of 1973

- A. Section 504 prohibits discrimination based upon disability in all programs or activities operated by recipients of federal financial assistance. Although Section 504 often overlaps with the disability discrimination prohibitions of the Fair Housing Act, it differs in that it also imposes broader affirmative obligations on owners to make their programs as a whole, accessible to persons with disabilities. These obligations include the following:
 - 1. Making and paying for reasonable structural modifications to units and/or common areas that are needed by applicants and tenants with disabilities, unless these modifications would change the fundamental nature of the project or result in undue financial and administrative burdens;
 - 2. Operating housing that is not segregated based upon disability or type of disability, unless authorized by federal statute or executive order;
 - 3. Providing auxiliary aids and services necessary for effective communication with persons with disabilities;
 - 4. Developing a transition plan to ensure that structural changes are properly implemented to meet program accessibility requirements; and

5. Performing a self-evaluation of the owner's program and policies to ensure that they do not discriminate based on disability.
 6. Operating their programs in the most integrated setting appropriate to the needs of qualified individuals with disabilities.
- B. Furthermore, the Section 504 regulations establish affirmative accessibility requirements for newly constructed or rehabilitated housing, including providing a minimum percentage of accessible units. In order for a unit to be considered accessible, it must meet the requirements of the Uniform Federal Accessibility Standards (UFAS).
- C. The Section 504 regulations also require that recipients not discriminate in employment based upon disability.

1-11 Required Data and Record-Keeping

A. Required Data

1. Owners must collect and maintain various types of information regarding prospective and current tenants to help establish compliance with program requirements.
2. For subsidized multifamily housing, HUD requires owners to gather data about the race and ethnicity of applicants and tenants so that HUD can easily spot possible discrimination, track racial or ethnic concentrations, and focus enforcement actions on owners with racially or ethnically identifiable properties. For example, the Department might investigate a situation in which there is a sizable eligible population of a given race or ethnicity in the area, but a particular property does not house any members of that population. Ethnicity and Race of applicants and tenants is determined by self certification rather than an observation of the owner. The Department also requires that owners report the numbers of persons with disabilities served by their programs.
3. To avoid the risk of violating civil rights and nondiscrimination requirements when seeking to gather such data, owners should consistently ask the same questions of all prospective and current tenants. Also, owners should avoid asking for information only from certain populations and not others. For example, instead of asking only some applicants about their race, owners should have a means of seeking this information from all applicants.

B. Record-Keeping

1. Records. Owners must keep civil rights related records in accordance with 24 CFR 1.6, 8.55(b), and 107.30. The civil rights related records include race and ethnicity data, compliance with 504, and compliance with Executive Order 11063.
2. Access to Records. Owners are required to allow HUD staff and Contract Administrators access to the relevant records for their properties and other sources of information, as necessary, for determining compliance with civil rights and nondiscrimination requirements.
 - a.. In the following situations, HUD or the Contract Administrator may request information from owners: when an individual complains to HUD that he/she has been the subject of discrimination; when HUD FHEO staff performs a review of an owner's overall compliance with civil rights and nondiscrimination requirements; or when HUD Multifamily Housing staff looks for indicators of noncompliance on behalf of FHEO as part of a management review.
 - b. When performing limited reviews of civil rights and nondiscrimination requirements as part of a management review, HUD Multifamily Housing staff should use the checklists and operating procedures developed between the Office of Fair Housing and Equal Opportunity and the Office of Multifamily Housing to determine the relevant information needed from the owner to conduct the review.

1-12 Principles for Addressing Overlapping Federal, State, and Local Requirements

Agency	Street	City	State	Zip	Phone
Connecticut Commission on Human Rights and Opportunities	21 Grand St.	Hartford	CT	06106	860-541-3400
Connecticut Fair Housing Center, Inc	221 Main Street	Hartford	CT	06106	860-247-4400

Connecticut State Fair Housing Law

Summary	Cite	Other Information
Unlawful discriminatory practice to refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, creed, color, national origin, ancestry, sex, marital status, age, lawful source of income or familial status. religion, sexual orientation, disability		Complaints must generally be filed within 180 days of the date of the alleged act of discrimination or within 180 days of the date that you became aware of the act. Complaints must be in writing and under oath.

Section 2: Nondiscrimination Requirements Under the Fair Housing Act

1-13 General – Federal Fair Housing Act

The Federal Fair Housing Act prohibits discrimination in housing on the basis of race, color, religion, sex, disability, familial status, or national origin. Owners are responsible for ensuring that the policies and practices used in properties covered by this handbook do not incorporate prohibited practices. This section provides an overview of these requirements. Owners are fully responsible for understanding and complying with the requirements applicable to their properties.

1-14 Unlawful Refusal to Rent or Negotiate for Rental

- A. Owners may not refuse, either directly or indirectly, to rent or negotiate for rental of a dwelling based on an individual's race, color, religion, sex, disability, familial status, or national origin, or those of a person associated with the individual. See Connecticut State Fair Housing law for additional categories.
- B. Examples of prohibited activities based on race, color, religion, sex, disability, familial status, or national origin include, but are not limited to, the following:
 - 1. Setting different rental fees for a person;
 - 2. Not applying the screening criteria outlined in the tenant selection plan uniformly to all applicants;
 - 3. Restricting selection of persons with disabilities in housing and
 - 4. Preventing a household with children under age 6 from occupying a unit even if there are lead hazards in the unit. The owner must advise the household of the hazards, but the choice to occupy the unit is the household's.

NOTE: Owners may affirmatively market lead-hazard-free units to families with children under the age of 6.

1-15 Other Prohibited Rental Activities

- A. Owners must not engage in activities that steer potential tenants away from or toward particular units by words or actions based on race, color, religion, sex, disability, familial status, or national origin.
- B. Owners must not make housing units and related services unavailable to any potential tenants based upon race, color, religion, sex, disability, familial status, or national origin.
- C. Such prohibited actions include the following:
 - 1. Discouraging anyone from inspecting or renting a unit in a community, neighborhood, or property;
 - 2. Discouraging anyone from renting a unit by exaggerating the problems a unit or failing to inform a person of the good points of the unit in a community, neighborhood, or property;
 - 3. Assigning any person to a particular section of a community, neighborhood, or project, or to a particular floor of a building, because

race, color, religion, sex, disability, familial status, or national origin, except when assigning an accessible unit to a person with a disability who needs the features of the unit; and

4. Denying or delaying the processing of an application made by a renter.

1-16 Discrimination in the Representation of Available Dwellings

- A. Owners must not purposely provide false information to applicants about the availability of units that limits the living options of prospective tenants based on race, color, religion, sex, disability, familial status, or national origin of the applicant or persons associated with the applicant.
- B. Examples of such prohibited actions include, but are not limited to, the following:
 1. Indicating by words or actions that an available unit has already been rented;
 2. Using deeds, trusts, or other lease requirements to keep a potential tenant from renting an available unit;
 3. Refusing to inform interested individuals, either verbally or through actions, that suitably priced units are available to be rented; and
 4. Providing false or inaccurate information about the availability of units to anyone, (including discrimination testers), regardless of whether the person is actually looking for housing.

1-17 Discrimination in Terms, Conditions, Privileges, Services, and Facilities

- A. Owners must not deny or limit services based on race, color, religion, sex, disability, familial status, or national origin of the applicant, tenant, or a person associated with the applicant or tenant.
- B. Prohibited activities include, but are not limited to, the following:
 1. Using different requirements in leases. Examples include charging different rents, charging different security deposits, or requiring persons with disabilities who use electric wheelchairs or motorized scooters to have personal liability insurance.

NOTE: This prohibition includes the use of different house rules for different tenants. For instance, owners must not have more stringent noise requirements for families with children than for families without children.

2. Failing to provide or delaying maintenance on rental units;
 3. Failing to process a rental offer;
 4. Limiting the use of privileges, services, or facilities associated with renting a unit; and
 5. Denying or limiting services because the renter failed or refused to provide sexual favors, or providing extra benefits to an individual in exchange for the provision of sexual favors.
- C. Federal discrimination laws generally prohibit housing providers from implementing policies or practices that appear to be neutral on their face but have a significant adverse or disproportionate impact on persons based on race, color, religion, sex, national origin, familial status, or disability.

1-18 Discrimination in Marketing, Statements, and Notices

- A. Owners must market available units in a nondiscriminatory manner.
1. This requirement covers printed or published notices, statements, or advertisements. Examples of notices and statements include any applications, flyers, brochures, deeds, signs, banners, posters, billboards, or other documents used to market available units.
 2. The marketing requirement also covers oral notices or statements.
- B. Actions prohibited by this requirement include, but are not limited to, the following:
1. Using words, phrases, photographs, illustrations, symbols, or forms that suggest that units are available or not available to certain people based on race, color, religion, sex, disability, familial status, or national origin;
 2. Expressing to agents, brokers, employees, prospective renters, or any other person a preference for or limitation on any renter based on race, color, religion, sex, disability, familial status, or national origin;
 3. Selecting media or locations for advertising the renting of units that are unlikely to attract particular people to apply for occupancy at the property because of race, color, religion, sex, disability, familial status, or national origin; and

4. Refusing to advertise for the rental of units or requiring different charges or terms for such advertising based on race, color, religion, sex, disability, familial status, or national origin.

1-19 Retaliatory Occupancy Practices, Coercion, Intimidation, and Interference

- A. It is unlawful to coerce, intimidate, threaten, or interfere with any person's exercise or enjoyment of any Fair Housing right described in this chapter. It is also unlawful to take such action on account of a person's actions to aid or encourage any other person in the exercise or enjoyment of any Fair Housing rights described in this chapter.
- B. Some examples of threatening activities based on race, color, religion, sex, disability, familial status, or national origin include, but are not limited to, the following:
 1. Intimidating or threatening a person verbally, in writing, or in some other way that results in that person being denied the benefits of living in a unit (including creating an environment hostile to applicants or tenants with respect to one or more of the prohibited bases listed above);
 2. Threatening, intimidating, or interfering with a person's enjoyment of a dwelling because of the race, color, religion, sex, disability, familial status, or national origin of such person, or of visitors or associates of such person (including sexual harassment);
 3. Threatening an employee or agent with firing or other negative action for any legal, non-discriminating, pro-regulatory, effort to help someone rent a unit;
 4. Intimidating or threatening any person because that person is engaging in activities designed to make other persons aware of Fair Housing rights, or encouraging such other persons to exercise their Fair Housing rights as described in this chapter;
 5. Failing to investigate and address allegations that a tenant or group of tenants is harassing or threatening another tenant because of that tenant's race, color, national origin, sex, religion, disability, or familial status.
 6. Retaliating against a person who has made a complaint, testified, or in any way assisted with proceedings under the Fair Housing Act.

Section 3: Additional Nondiscrimination and Accessibility Requirements for Persons with Disabilities

Subsection 1: Overview and General Requirements

1-20 Key Regulations

This paragraph identifies key regulations pertaining to Section 3: Additional Nondiscrimination and Accessibility Requirements for Persons with Disabilities. The citations and their titles are listed below.

- A. 24 CFR, part 8 – Nondiscrimination Based on Handicap in Federally Assisted Programs and Activities of the Department of Housing and Urban Development. (Section 504 of the Rehabilitation Act of 1973)
- B. 24 CFR, part 100 – Discriminatory Conduct under the Fair Housing Act.
- C. 24 CFR, part 108 – Compliance Procedures for Affirmative Fair Housing Marketing.

1-21 Introduction

- A. As discussed in Paragraph 1-7 above, the Fair Housing Act establishes specific nondiscrimination and accessibility requirements for housing sold and rented in the United States for nearly all housing, regardless of whether the housing receives any federal financial assistance.
- B. Section 504 of the Rehabilitation Act of 1973 prohibits discrimination against persons with disabilities and establishes accessibility requirements by recipients of federal financial assistance in both housing and non-housing programs. Although there is significant overlap between the Fair Housing Act nondiscrimination requirements with respect to disability and Section 504, Section 504 imposes additional broader obligations on recipients of federal financial assistance. Properties covered by this handbook are subject to the requirements of Section 504 and therefore, owners of such properties have affirmative obligations to establish and implement nondiscrimination policies and to ensure required accessibility to persons with disabilities.
- C. Section 504 establishes certain affirmative accessibility standards that owners must meet regardless of whether or not an applicant or tenant has made an individual request for a reasonable accommodation.)
 - 1. The owner’s obligations include making the property physically accessible as well as operating and administering the property to enable persons with disabilities to have equal access to participate in the program.

2. This means not only that units and common areas must be physically accessible, but that owners also must ensure effective communications with applicants, tenants, and the public, and that policies regarding how the property is operated do not adversely affect applicants, tenants, and the public.
 3. Under both the Fair Housing Act and Section 504, housing providers are obligated to provide reasonable accommodations to allow applicants with disabilities to meet the requirements of tenancy. The requirement to provide a reasonable accommodation is present at all times throughout the tenancy of a person with disabilities, including during lease enforcement.
 4. In all discussions of accessibility under Section 504, a unit cannot be considered fully accessible unless it meets the requirements of the Uniform Federal Accessibility Standards, 24 CFR 8.32. Note that UFAS does not consider a unit to be fully accessible if it is not on an accessible route.
- D. This section discusses how Section 504 and the disability/accessibility provisions of the Fair Housing Act apply to housing, and it addresses situations where both laws apply. In this respect, where a property is subject to more than one law or nondiscrimination or accessibility standard, it is necessary to comply with all applicable requirements. In some cases, it may be possible to do this by complying with the stricter requirement. Section 504 and the Fair Housing Act overlap, but in many ways Section 504 is the more stringent of the two.
- E. For purposes of this section, the requirements and procedures described refer to Section 504, unless the Fair Housing Act is specifically referenced.
- F. This section continues with an overview of key requirements regarding nondiscrimination and accessibility and then covers the following topics in more detail.
1. Subsection 2: Policies and Procedures to Ensure Nondiscrimination and Promote Accessibility.
 2. Subsection 3: Physical Accessibility.
 3. Subsection 4: Reasonable Accommodations.
 4. Subsection 5: Additional Fair Housing Act Requirements.

1-22 Definition of Persons with Disabilities for Civil Rights Protections versus Program Eligibility Purposes

A. Definitions with Respect to Civil Rights Protections

1. Section 504 establishes definitions for “**persons with disabilities**” and “**disability**” that differ from the definitions established in multifamily subsidized housing program regulations for purposes of determining program eligibility.
2. The complete Section 504 definition of these terms is included in the Glossary and identified as:
 - a. “Persons with disabilities;” and
 - b. “Disability.”
3. When the handbook uses these terms with respect to civil rights protections, it is usually in the context of nondiscrimination or accessibility requirements, such as a discussion of requests for reasonable accommodations by applicants or tenants. In this context, the civil rights-related definitions apply.

Note: A person who meets the definition of a person with disabilities as defined for civil rights protections may or may not meet the definition of a person with disabilities as defined for program eligibility purposes.

1-23 Applicability

This section covers the nondiscrimination and accessibility requirements applicable to the occupancy of existing housing for which the owner receives federal financial assistance.

NOTE: For the related accessibility requirements that apply to the development of new properties, refer to the HUD Handbooks and other HUD guidance specific to the program providing assistance to the project, the Section 504 regulations and program regulations.

1-24 Overview of Key Requirements

A. Nondiscrimination and Accessibility Requirements

Under Section 504, owners must operate each existing housing project so that, when viewed in its entirety, it is readily accessible to and usable by persons with disabilities. This includes the following actions by owners:

1. Making modifications to policies and practices so they do not discriminate against persons with disabilities.
2. Taking appropriate steps to ensure effective communication with applicants, tenants, and the public. Owners must use requests by persons with disabilities to determine which alterations and auxiliary aids are necessary.

NOTE: HUD encourages owners to provide auxiliary aids, as necessary, as a routine property expense. HUD assumes that requests for auxiliary aids will not normally result in undue financial and administrative burden.

3. Taking required steps to meet the 5% threshold for units fully accessible to persons with mobility impairments and the 2% requirement for units accessible for persons with visual and hearing impairments.
4. Making public spaces and dwelling units accessible, provided that the changes do not result in an undue financial and administrative burden or require fundamental alterations in the nature of their programs.
5. Responding to reasonable accommodations requests from tenants or applicants with disabilities for adjustments to policies or physical alterations.

B. Projects with Multiple Contracts

When a project is covered by more than one assistance contract, it is considered to be one project as long as it meets the definition of a project shown below as defined in 24 CFR 8.3.

“Project” means the whole of one or more residential structures and appurtenant structures, equipment, roads, walks, and parking lots that are covered by a single contract for federal financial assistance or application for assistance, or are treated as a whole for processing purposes, whether or not located on a common site. [24 CFR 8.3]

C. Allowable Methods of Compliance

Owners may comply through such means as reassigning services to accessible buildings, providing housing services or related services at alternate sites, or altering existing facilities. Also, owners may use any other methods that result in making the project and its activities readily accessible to and usable by persons with disabilities.

Examples of such other methods include offering an alternate rental office location; putting up signs identifying facilities for persons with disabilities; relocating/enlarging a parking space for persons with disabilities in compliance with UFAS; installing a visual smoke detector; installing a ramp; or making curb cuts or modifying curbs.

D. Prioritizing Methods

In deciding on ways to achieve accessibility for persons with disabilities, owners must give priority to methods that offer housing in the most integrated setting possible (i.e., a setting that enables qualified persons with disabilities and persons without disabilities to interact to the fullest extent possible).

E. Accessible Unit Requirements

To the maximum extent feasible and subject to reasonable health and safety requirements, accessible units must be:

1. Distributed throughout the project and site; and
2. Made available in a sufficient range of sizes and amenities so that the choice of living arrangements of qualified persons with disabilities is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

See Exhibit 1-1 for an explanation of reasonable requirements

NOTE: Any housing constructed for first occupancy after March 13, 1991, must be designed in accordance with the design and construction requirements of the Fair Housing Act in addition to the Section 504 requirements on accessibility.

1-25 Technical Resources

- A. Regulation implementing Section 504 of the Rehabilitation Act of 1973 [24 CFR, part 8] and preamble [FR Vol. 53, No. 106, 10216].
- B. Regulation implementing the Fair Housing Amendments Act of 1988 [24 CFR, part 100] and preamble [FR Vol. 54, No. 13, 3232].
- C. Uniform Federal Accessibility Standards (UFAS). Individual copies are available from the Architectural and Transportation Barriers Compliance Board, 1331 F Street, NW, Suite 1000, Washington, D.C. 20004-1111, Telephone: 202-272-0080, TTY: 202-272-0082, email address: info@access-board.gov. Orders of 25 or more copies will be referred to the publisher.

- D. Adaptable Housing, Marketable Accessible Housing for Everyone, November 1987 (HUD-1124-PD4).
- E. Listing of ADA Regulations and Technical Assistance Materials, Department of Justice, available on the Web at <http://www.usdoj.gov/crt/ada/pubicat.htm>.
- F. Title II Technical Assistance Manual, Department of Justice, available on the Web at <http://www.usdoj.gov/crt/ada/taman2.html>.

NOTE: This manual addresses not only Title II, but also Title III of the ADA, which applies to public accommodations and commercial facilities. Although this publication is written for ADA requirements, its principles are also applicable to Section 504 compliance.

Subsection 2: Policies and Procedures to Ensure Nondiscrimination and Promote Accessibility

1-26 Nondiscrimination in Owner Policies

- A. Both Section 504 and the Fair Housing Act prohibit owners from following policies or practices that discriminate overtly on the basis of disability.

Example – Discriminatory Policies and Practices

An owner may not have a policy requiring tenants with disabilities to carry personal liability insurance, when it does not require tenants without disabilities to carry such insurance.

An owner may not have a policy which prohibits tenants from having live-in-aides or using assistive devices in certain parts of the premises.

- B. Owners are also obligated to modify any neutral policies which have the effect of discriminating on the basis of disability.

Example – Neutral Discrimination Policies

An owner must modify a “no animals” policy to allow a tenant with a disability who needs an assistance animal as a result of his or her disability, to have that animal.

NOTE: Housing policies that owners can demonstrate are essential to the project will not be regarded as discriminatory under this requirement if modifications to such policies would result in a fundamental alteration in the nature of the housing program or activity or undue financial and administrative burden.

- C. Owners must not fail to provide reasonable accommodations when such accommodations may be necessary to afford a person with disabilities equal opportunity to use and enjoy a dwelling unit and the public and common areas. (Refer to Subsection 4: Reasonable Accommodations for more information about reasonable accommodations.)
- D. Owners must ensure that their policies and procedures do not have a disparate or impact on persons with disabilities.
- E. Owners are not required to provide supportive or other services (e.g., counseling, medical or social services) that fall outside the scope of the applicable housing program for the property. The test for what the owner must provide is whether, with appropriate modifications, the applicant can achieve the purpose of the program offered, not whether the applicant/tenant could benefit or obtain results from some other program that the owner does not offer.

NOTE: Applicants who need services not provided by the project must be allowed to arrange for those services on their own.

1-27 Coordinating Efforts to Comply with Section 504 Requirements

When an owner, managing entity, or project employs 15 or more people, regardless of their location or duties, the owner or managing entity must also designate one person for the property to coordinate efforts to comply with Section 504 requirements. This does not exempt owners, managing entities, or projects with fewer than 15 employees from complying with Section 504 requirements, but merely exempts the owner from having to designate a person to coordinate compliance efforts. At the owner’s discretion, this person may handle Section 504 matters for more than one property.

1-28 Communications with Persons with Disabilities

A. Overview

1. Owners must take steps as described under this paragraph to ensure effective communication with applicants, tenants, and members of the public.

IMPORTANT: The owner has the same obligation to provide effective communication to interested persons, applicants, and residents, regardless of whether it is ultimately determined that a particular individual is in fact income-eligible or otherwise qualified for admission to the project.

2. Owners are not required to take any actions under this paragraph that the owner can demonstrate would result in a fundamental alteration in the property or program or in an undue financial and administrative burden.
3. Owners must take steps to the maximum extent feasible to accommodate requests under this subsection for effective communication with persons with disabilities. This means that owners must make alternate accommodations up to the point at which further accommodations would result in either a fundamental alteration in the nature of the project or program or in undue financial and administrative burden.

B. Providing Auxiliary Aids to Ensure Effective Communication with Hearing- and Speech-Impaired Individuals

1. Owners must provide auxiliary aids where necessary to give tenants and applicants with disabilities equal opportunity to receive and enjoy the benefits of the project/assistance. See also Exhibit 1-2 for examples.
2. In furnishing auxiliary aids needed by persons with disabilities, owners should give primary consideration to the types of aids requested by the individual.

Example - Reasonable Requests for Auxiliary Aids

Requests for auxiliary aids may include the following: visual alarms; tactile signs; visual doorbell; reader; interpreter; applications, leases, and other information/ communications in large print or Braille; recordings of such information; and a television, in a public area, that provides closed-captioning service.

3. Appropriate auxiliary aids do not include individually prescribed devices.

Example - Auxiliary Aids that Owners Are Not Required to Provide

Requests for auxiliary aids that owners are not required to provide include reading machines, hearing aids, or personal items (e.g., an alarm lock with visual signal, computer, wheelchair, assistance animals, readers for personal use, TTY in tenant's unit, and eyeglasses).

C. Written Communications

1. Owners must accommodate requests by persons with disabilities to have written materials presented in a manner which can be understood by those individuals. However, requests for provision of written materials in a specific form may not have to be fulfilled if to do so would result in an undue financial and administrative burden.

Example - Written Communications that Owners Must Make Available to Persons with Disabilities

Written communications include applications, leases, tenant/applicant letters, and responses to inquiries.

2. If such a determination is made, owners must seek alternative ways of presenting written communications to meet the individual's needs that, to the maximum extent possible, ensure that persons with disabilities receive the benefits and services of the program or activity.
3. Written communications must state that the owner does not discriminate against persons with disabilities. (See suggested language in Exhibit 1- 3.)
4. Owners, managing entities, or projects with 15 or more employees must ensure that written communications identify an employee named to coordinate compliance with nondiscrimination requirements. (See Exhibit 1-3.)
5. Owners must ensure that any fact sheets, brochures, notices, literature, or publicity of any kind accomplish the following:
 - a. Give information concerning the existence and location of services, activities, and facilities that have features that make them accessible to persons with disabilities.

Example - Communicating Accessibility Features

When an owner lists a telephone number, he/she must also list a TTY number or an equally effective system.

When a property is fully accessible, that fact must be stated or the universal symbol for accessibility should be used.

- b. State that the owner does not discriminate on the basis of disability in admission or access to the project.
- c. Give the name (or position), address, and telephone number of the employee designated to coordinate the owner's efforts to comply with Section 504. (This subparagraph applies to owners, managing entities, or projects employing 15 or more people.)

NOTE: Affirmative fair housing marketing must meet the requirements in 24 CFR, part 108 – Fair Housing Advertising. Prohibitions related to discriminatory advertising are described in 24 CFR 100.75. Consult with the Office of Fair Housing and Equal Opportunity for further information.

D. Telecommunications

Where an owner uses a telephone to communicate with members of the public, applicants, and tenants, the owner must use a telecommunications device suitable for the hearing-impaired (TTY) or equally effective communication system (such as a TTY relay service). Owners must provide TTY, unless the phone company offers it. Exhibit 1-4 presents an optional checklist to determine whether a communication system is an equally effective alternative to the TTY.

NOTE: Small properties, where the owner relies on face-to-face communications only and does not use a telephone to communicate with tenants or the public, are exempt from the requirements of this paragraph. However, the owner must provide alternative effective means of communication with persons with disabilities.

1-29 Information about Availability of Accessible Units

- A. Owners must have policies and practices to ensure that information about the availability of accessible units reaches eligible persons with disabilities.
- B. HUD also encourages owners to maintain contact with sources/agencies in the community who provide services to persons with disabilities so that, when accessible units become available, persons in need of these units may have the opportunity to live in them.

1-30 Determining Eligibility of Applicants for Admission and Assistance

- A. In applying the nondiscrimination requirements of Section 504 and the Fair Housing Act regarding persons with disabilities, owners must ensure that the policies used at properties covered by this section are consistent with the requirements in this paragraph and paragraphs 1-32 and 1-33 below.
- B. Owners must determine the eligibility of each applicant on a case-by-case basis.
- C. Owners must admit applicants in accordance with the eligibility requirements of the particular program/project.
- D. Owners must uniformly apply the eligibility and tenant selection criteria to all applicants.
- E. Owners must not make certain inquiries to determine eligibility.
 - 1. The Fair Housing Act regulations state that it is unlawful for an owner to inquire:
 - a. Whether an applicant for a dwelling, a person intending to reside in a dwelling after it becomes available, or anyone associated with an applicant or resident, has a disability; or
 - b. As to the nature or severity of a disability of such person(s).
 - 2. Owners may, however, make the following inquiries, provided these inquiries are made of all applicants, whether or not they are persons with disabilities:
 - a. Inquiry into an applicant's ability to meet the requirements of tenancy; and
 - b. Inquiry to determine if an applicant is a current illegal abuser or addict of a controlled substance.
 - 3. Some properties may be lawfully restricted to persons with disabilities in general, or to persons that fall within one or more of three categories of disability (i.e., physical disability, developmental disability, chronic mental illness), such as Section 811 PRAC properties or Section 202 Direct Loan properties. Owners of such properties may make inquiries of all applicants to determine whether:

- a. An applicant qualifies for the housing that is available only to persons with disabilities, or to members of the category of disability served by the project; and
 - b. An applicant qualifies for a priority available to persons with disabilities or to persons with a particular category of disability.
4. It is unlawful for an owner to make inquiries designed to determine whether an applicant may live independently.
5. It is a good practice for a property’s rental application to define disability” per program requirements and then ask if the applicant qualifies as a person with disabilities under that definition. The application should also advise all tenants that if they have a disability, and need a reasonable accommodation in order to participate in the application process or to make effective use of the housing program, they have the right to request such an accommodation. The application should define reasonable accommodation and explain the process by which the housing provider will consider requests for reasonable accommodations.

Example – What Owners May Ask or Must Not Ask Applicants Applying for Accessible Units

An owner offers accessible units to persons needing the features of these units on a priority basis. The provider may ask applicants whether they have a disability such that they will benefit from the features of the units, but may not in such circumstances ask applicants whether they have other types of impairments.

- F. Owners may verify a person’s disability but must adhere to certain verification guidelines.
- 1. The owner may verify a person’s disability only to the extent necessary to document that applicants:
 - a. Are qualified for the housing for which they are applying;
 - b. Are qualified for deductions used in determining adjusted income;
 - c. Are entitled to any preference they may claim;
 - d. Who have requested a reasonable accommodation have a disability-related need for the requested accommodation or modification; and
 - e. Need the design features of the unit.

2. Owners may not require applicants to provide access to confidential medical records in order to verify a disability.

1-31 Assigning Accessible Units

A. Applicability

The requirements of this paragraph apply to the following projects and dwelling units:

1. Projects with five or more units.

NOTE: HUD recommends that owners of projects with fewer than five units follow these policies to the extent practicable.

2. Units made accessible under Section 504 as described in Subsection 3 and units designed for disabled families/households when the project was approved for funding.

B. Eligibility for Accessible Units

1. A percentage of units in most properties contain accessible features. Eligibility for these accessible units may be limited to a specific population (e.g., persons with mobility impairments).
2. Owners must place applicants eligible for an accessible unit on the waiting list in accordance with the property's waiting list procedures.
3. Owners may not prohibit an eligible family with a member who has a disability from accepting a suitable non-accessible unit if no accessible unit is available when the family reaches the top of the waiting list. Owners must make physical alterations to the non-accessible unit as a reasonable accommodation, unless the alterations would result in an undue financial and administrative burden.
4. If an appropriate-size accessible unit is not available, owners may house an applicant needing an accessible unit in a larger accessible unit in order to maximize the use of the accessible features.

C. Order When Assigning Accessible Units

Section 504 requires that owners take reasonable, nondiscriminatory steps to maximize the use of accessible units by eligible individuals whose disability requires the accessibility features of a particular unit. As part of this requirement, owners must assign available accessible units to tenants/applicants in the following order:

1. When there is a current tenant or qualified applicant with a household member requiring accessibility features of the unit:
 - a. Current Tenants. Owners must first offer the unit to an individual with disabilities currently residing in a non-accessible unit in the same project or comparable project under common control, who requires the features of the unit;
 - b. Applicants with Disabilities. If no current tenants require the special features of the accessible unit, the owner must then offer the unit to the next qualified applicant on the waiting list with a family member who needs the features of the accessible unit.
2. When neither a current tenant nor a qualified applicant requires the features of the available accessible unit:
 - a. Owners may offer the unit to another tenant or applicant in a manner consistent with the property's tenant selection policy and should incorporate into the lease an agreement that the tenant will move to a nonaccessible unit of the proper size within the same property when one becomes available. The lease should state whether the tenant or the owner will pay for the cost of such moves.
 - b. In the case where the members of the tenant household who required the special features of the accessible unit no longer reside in the unit, and where the lease permits, owners should require the remaining members of the household to move to a unit without accessibility features. The Department strongly suggests that owners incorporate this provision as an addendum to the lease to avoid placing themselves in a situation of having to retrofit additional units.

1-32 Moving Tenants Who Require Special Features into Accessible Units

- A. If a member of a tenant household becomes disabled with an impairment that requires special accessibility features and the tenant requests an accessible unit, an

owner may move that tenant into an accessible unit in lieu of making the tenant's existing unit accessible and usable. However, if a tenant needs only minor modifications to his or her unit, and does not need a fully accessible unit, the landlord should make the modifications and leave the project's fully accessible units available for tenants who need such units.

- B. If a member of a tenant household is a person who does not need specific accessible features, but whose disability requires that they live on a particular floor or location on the floor, the owner must move that tenant household to the new unit. If such a unit is not available, the owner should assign the tenant to the next available unit that meets the need of the tenant. This accommodation must be based on the tenant's disability-related need for the particular floor or location on the floor, and not based on the tenant's personal preferences.

Example – When Owners Should Move Tenants to Accessible Units

The head of household's grandmother, who is a member of the household, cannot climb the two flights of stairs to the unit because she has arthritis in her knees. The head of household requests that they be moved to a unit on the ground floor. The owner must move the household to the next available ground floor unit. If there are no ground floor units of the correct bedroom size expected to be available within a reasonable time (e.g., 30 days), the owner may make a unit available by requiring a tenant in a ground floor unit who is overhoused or underhoused to move to a unit within the project that is the correct size for the household.

1-33 Owner Self-Evaluation

- A. The Section 504 regulations required recipients of federal financial assistance to conduct a self-evaluation of their policies and practices to determine if they were consistent with the requirements of this section of the Rehabilitation Act of 1973. The regulations required owners to have completed their self-evaluations no later than July 11, 1989.
- B. The Section 504 regulations establish owners' ongoing responsibility to operate their programs so that they are, when viewed in their entirety, accessible to and usable by persons with disabilities [24 CFR 8.24]. Although the regulatory deadlines for completing self-evaluations have now passed, the self-evaluation continues to be an excellent management tool for ensuring that the owner's current policies and procedures comply with the requirements of Section 504.

C. HUD strongly recommends that owners periodically update their self-evaluations as one way to help ensure compliance. Updates are particularly important if there have been alterations to units or units have been added or demolished. When updating the self-evaluation and implementing its results, owners should take the following steps.

1. Evaluate current policies and practices, and analyze them to determine if they adversely affect the full participation of individuals with disabilities in the owner's programs, activities, and services.

NOTE: Information on technical resources regarding Section 504 accessibility requirements can be found in paragraph 1-26.

2. Modify any policies and practices that are not or may not be in compliance with Section 504.
3. Take appropriate corrective steps to remedy those policies and practices that are either discriminatory or have a discriminatory effect.
4. Document the process and activities used to update the self-evaluation.

NOTE: Under Section 504 regulations, owners were required to complete one self-evaluation. HUD does not review or approve any subsequent self-evaluations that owners may wish to complete.

D. Owners, managing entities, or projects employing 15 or more persons were required to maintain on file, make available for public inspection, and provide to the Office of Fair Housing and Equal Opportunity upon request the information below for at least three years following completion of the evaluation:

1. A list of the interested persons consulted;
2. A description of areas of the project the owner examined and any problems identified; and
3. A description of any modifications the owner made and of any remedial steps taken.

E. Section 504 also required owners to develop a transition plan for completing structural changes needed to make the property readily accessible to and usable to persons with disabilities by July 11, 1991. Owners were required to prepare the plan by January 11, 1989.

1. Although the deadlines for preparing and implementing the plan have passed, transition plans are an excellent management tool for ensuring

continued compliance when structural alterations to a property (e.g., building additional units) require further action to continue meeting the physical accessibility requirements of Section 504.

2. Owners were expected to develop the plan with the assistance of interested persons. HUD recommends that transition plans include the following items that were originally required for inclusion in these plans.
 - a. Identify physical obstacles in the property that limit accessibility to persons with disabilities.
 - b. Describe in detail the methods that will be used to make the project accessible.
 - c. Specify the schedule for taking steps to achieve compliance with the requirements for structural changes, including making a minimum of 5% of the units accessible to persons with mobility impairments. If the time period covered by the transition plan is longer than one year, the plan must identify steps that will be taken during each year of the transition period.
 - d. Indicate the person (and his/her title) responsible for implementing the plan.
 - e. Identify persons or groups who helped the owner prepare the plan.

Subsection 3: Physical Accessibility

1-34 Owners' Requirements for Providing Physical Accessibility

A. General

In addition to ensuring that projects are operated in a manner that protects against discrimination and promotes accessibility for persons with disabilities to enable them to participate fully in the program, there are also requirements regarding the physical accessibility of properties.

B. Federally Assisted Multifamily Properties Built after July 11, 1988

Federally assisted multifamily properties built after July 11, 1988 were required to be constructed to comply with the Section 504 accessibility requirements contained in 24 CFR 8.22. This regulation requires that a minimum of 5% of the units in newly constructed multifamily housing be fully accessible in accordance with the Uniform Federal Accessibility Standards (UFAS) and an additional 2% be accessible to persons with visual and hearing impairments. This obligation is

an absolute requirement and should have been met during construction. For buildings that fall within this category, an owner may not justify a failure to have met these requirements because of an undue financial and administrative burden.

C. Accessible Routes

Owners must provide accessible routes to and throughout the property (curb cuts or modifications, i.e., ramps) and provide accessible parking spaces in an accessible location as long as such improvements would not result in an undue financial and administrative burden.

D. Common Use Facilities

Owners must make common use facilities, or parts of facilities, and public spaces accessible to persons with disabilities, as long as such improvements would not result in an undue financial and administrative burden. This responsibility means that owners must do everything feasible to make these areas accessible up to the point at which any further modifications or improvements would result in an undue financial and administrative burden.

1. Public spaces include but are not limited to community rooms, laundry and trash rooms, parking spaces, entrances, sidewalks, public restrooms, and the management office.

NOTE: If the common use facilities are rented to the public or a business operates out of this space, Title II and/or Title III of the Americans with Disabilities Act may also apply to these facilities. For further information on this subject, please refer to the Department of Justice website at www.usdoj.gov/crt/ada/taprog.htm.

2. Owners do not have to make each location of an amenity or facility accessible to persons with mobility impairments (e.g., each laundry room, each trash room, each entrance).
 - a. An owner may decide to make one laundry room in a central location accessible to tenants with mobility impairments, or make the main entrance accessible but not the side entrances. However, if only one entrance or amenity is accessible, it must be accessible to tenants with mobility impairments who live in any part of the development. For example, it would not be appropriate to make only one laundry room accessible if the property had multiple buildings, and only tenants with mobility impairments had to go out in inclement weather to do their laundry.

- b. The owner must make one-of-a kind amenities or facilities accessible and usable to persons with disabilities or provide an alternative means for accessibility (management office, community space, public restroom).

E. Physical Alterations to Existing Housing

1. Substantial alterations.

If an owner undertakes physical alterations to a property that has 15 or more units and the cost of the alterations is 75% or more of the replacement cost of the completed property, then the owner must follow the new construction provisions of 24 CFR 8.22 (a) and (b) which requires that a minimum of 5% of the units be made accessible for persons with mobility impairments, and 2% of the units be made accessible for persons with visual and hearing impairments.

2. Other alterations.

- a. When an owner undertakes any other alterations to a multifamily property covered by this handbook that do not qualify as “substantial alterations” as described above in subparagraph D.1, such alterations must be accessible, to the maximum extent feasible, until at least 5% of the units are accessible for persons with mobility impairments, and 2% of the units are accessible for persons with visual and hearing impairments unless HUD prescribes a higher number pursuant to 24 CFR 8.23 (b) (2).
- b. If alterations of single elements of a dwelling unit, when considered together, amount to an alteration of the dwelling unit, the owner must make the entire dwelling unit accessible.
- c. When the owner is not altering the entire unit, 100% of single elements being altered must be made accessible until 5% of the units in the property are fully UFAS accessible.
 - (1) However, HUD strongly encourages owners, when undertaking alterations, to make 5% of the units in a property accessible up front, as that will avoid the necessity of making every element altered accessible, which may result in having partially accessible units of little or no value for persons with mobility impairments, and is likely to be more costly overall.
 - 2) HUD recommends owners include up to 2% of the units for persons with hearing and vision impairments.

- d. See paragraph 1-43 and 24 CFR 8.23 (b) (1) for exceptions due to undue financial and administrative burden and 24 CFR 8.32 (c) for exceptions regarding alterations that require removing or altering load-bearing structural members.
- 3. Under Section 504, owners are not required to make structural changes in existing housing facilities where other methods, which may not cost as much, are effective in making federally assisted housing programs or activities readily accessible to and usable by persons with disabilities.

1-35 Building Standards

- A. In making physical changes to dwelling units or to common areas, facilities, and parking, owners:
 - 1. Must follow the Uniform Federal Accessibility Standards (UFAS) or
 - 2. May depart from particular technical and scoping requirements of UFAS, if they use other methods that provide substantially equivalent or greater access to and usability of the building.

1-36 Limitations on Owners' Obligations to Make Their Housing Physically Accessible to Persons with Disabilities

- A. Owners are not required to make structural changes where other methods are effective in achieving compliance with paragraph 1-35.
- B. Owners are not required to make alterations that have little likelihood of being accomplished without removing or altering a load-bearing structural member. See 24 CFR 8.32(c).
- C. In some cases, an accessible building entrance cannot be provided without triggering one of the actions in subparagraph B above or resulting in undue financial and administrative burden. In such cases, an owner will have to take other reasonable steps to insure program accessibility, including in some cases, making additional units accessible in other buildings operated by the owner.
- D. Owners do not have to make mechanical rooms and other spaces accessible when, because of their intended use, they do not require accessibility by the public, by tenants, or by employees with physical disabilities.

- E. Owners are not required to install an elevator solely for the purpose of making units accessible.

Subsection 4: Reasonable Accommodations

1-37 General

- A. In addition to owners' affirmative obligations to operate their properties in a nondiscriminatory manner and the specific requirements to make properties physically accessible to persons with disabilities, owners must also consider requests for reasonable accommodations from applicants and tenants with disabilities.
- B. An owner's responsibility to consider requests for reasonable accommodations is separate and distinct from the nondiscrimination and accessibility requirements discussed above in Subsections 2 and 3.
- C. It is strongly recommended that owners include statements about the right of individuals with disabilities to request reasonable accommodations in all written notices given to applicants and tenants.

1-38 What Are Reasonable Accommodations?

- A. A reasonable accommodation is a change, exception, or adjustment to a program, service, building, dwelling unit, or workplace that will allow a qualified person with a disability to:
 - 1. Participate fully in a program;
 - 2. Take advantage of a service;
 - 3. Live in a dwelling; or
 - 4. Perform a job.
- B. Reasonable accommodations include, for example, those that are necessary for a person with a disability to use and enjoy a dwelling.
- C. To show that a requested accommodation may be necessary, there must be an identifiable relationship, or nexus, between the requested accommodation and the individual's disability.

1-39 Key Principles Regarding Reasonable Accommodations

- A. When a family member requires an accessible feature(s), policy modification, or other reasonable accommodation to accommodate a disability, the owner must provide the requested accommodation unless doing so would result in a fundamental alteration in the nature of the program or an undue financial and administrative burden. A fundamental alteration is a modification that is so significant that it alters the essential nature of the provider's operations.
- B. If providing such accommodation(s) would result in an undue financial and administrative burden, the owner must take any other action that would not result in an undue burden..
- C. If a provider refuses a requested accommodation because it is not reasonable, the provider should engage in an interactive dialogue with the requester to determine if there is an alternative accommodation that would adequately address the requester's disability-related needs. If an alternative accommodation would meet the individual's needs and is reasonable, the provider must grant it.
- D. Under both Section 504 and the Fair Housing Act, a tenant or applicant for housing makes a reasonable accommodation request whenever he or she makes it clear to the housing provider that a request is being made for an exception, change, or adjustment to a rule, policy, practice, service, or physical structure because of his or her disability. A request can be made by the person with the disability, a family member, or someone else acting on the individual's behalf.
- E. Although a request can be made orally or in writing, it is usually helpful for both the individual with the disability and the housing provider if the request is reduced to writing. If the individual with a disability requires assistance in providing a written reasonable accommodation request, the housing provider should assist the individual with a disability with this request.
- F. Providers have an obligation to provide prompt responses to reasonable accommodations requests.

1-40 Reasonable Accommodations – Property Operations

Owners must make reasonable adjustments to their rules, policies, practices, and procedures in order to enable an applicant or resident with a disability to have an equal opportunity to use and enjoy the unit and the common areas of a dwelling, or to participate in or have access to other activities conducted or sponsored by the owner.

1-41 Reasonable Accommodations – Physical Alterations

- A. Generally, owners subject to Section 504 requirements must make and pay for structural modifications to dwelling units and common areas when needed as a reasonable accommodation based on a request by a tenant or applicant with a disability

NOTE: Alterations and structural changes must be made in conformance with paragraph 1-36 A, Building Standards.

- B. If the owner provides a reasonable accommodation by making a requested structural modification to a unit, this does not mean that the unit can automatically be counted as a fully accessible unit that meets the UFAS standard, unless the modifications made by the owner actually bring the unit into compliance with that standard.

Example – When Owners Must Make Reasonable Accommodations

An owner has a policy of updating its waiting list by sending out letters to applicants to see if they are still interested in being on the waiting list. If a person does not respond within a certain amount of time, the owner removes the individual from the waiting list. Because of an individual's disability, he is unable to understand the nature of this communication and therefore does not respond to the letter. If requested, the owner would have to reinstate the person to the original place on the waiting list as a reasonable accommodation to that individual's disability.

An owner that does not allow residents to have animals must modify the property's policies and allow a tenant with a disability to have an assistance animal if the animal is needed as a reasonable accommodation.

An owner has a policy of only sending rent notices and other documents to tenants. An applicant with a disability that periodically results in temporary memory loss requests as a reasonable accommodation that a copy of all rent notices and requests for information also be sent to a relative who lives in the community. The owner should modify this policy and send the notices to the designated individual in order to give the resident an equal opportunity to use her dwelling and comply with her lease obligations.

An owner requires tenants to pay rent by personal check. One resident has a disability and is unable to manage a personal checking account. The owner must allow that resident's request for an accommodation to pay rent in cash or by money order, as this is a reasonable adjustment to the property's procedures that will allow this resident to have an equal opportunity to participate in the housing program.

Example – Requests for Reasonable Accommodations or Housing Adjustments

An applicant who is hearing impaired has been determined to be otherwise qualified under program requirements and the owner’s tenant selection plan. The applicant asks that her unit be fitted with a visual smoke detector. The owner must accommodate the request unless it would result in undue financial and administrative burden. This limitation applies to all of the examples.

An individual with a mobility impairment requests that grab bars be installed in the bathroom.

A visually impaired tenant requests a name plate/unit number in Braille on mailbox.

A hearing-impaired tenant requests visual intercom to know when guests have arrived and to receive notice that he has messages at the office. If owner already provides some type of intercom service to all tenants, he must accommodate this request. However, if the owner provides no such service, he can deny the request if he determines that it would represent a support service not provided by the project and providing this request would result in a fundamental alteration of the program.

1-42 Limits on Obligations to Provide Reasonable Accommodations

- A. Fundamental Alteration. Owners are not required to take any action that would result in a fundamental alteration in the nature of the program. A fundamental alteration is a change so significant that it alters the essential nature of a provider’s operations. For a detailed explanation of fundamental alteration, see Exhibit 1-5.
- B. Undue Financial and Administrative Burden. The determination of undue financial and administrative burden must be made on a case-by-case basis, involving various factors, such as the cost of the reasonable accommodation, the financial resources of the provider, the benefits the accommodation would provide to the requester, and the availability of alternative accommodations that would adequately meet the requester’s disability–related needs. For examples of undue financial and administrative burden, see Exhibit 1-6.
- C. Owners are not required to make structural changes that would impose an undue financial and administrative burden, even if alternatives to making housing programs or activities readily accessible to and usable by persons with disabilities are not effective.
 - 1. HUD Field Offices will consider a request to use the residual receipts account to pay for alterations under Section 504.

- 2. Under HUD requirements, the reserve for replacement account is to be used for replacing existing items. (See Handbook 4350.1, *Multifamily Asset Management and Project Servicing*.) If HUD approval is received for using the reserve for replacement account for any other purpose (e.g., Section 504 alterations), then the account must be replenished through property rental income, generally within one year.

- D. When a request for a reasonable accommodation will result in an undue financial and administrative burden, the owner must provide all other needed accommodations up to the point at which further accommodations would result in an undue financial and administrative burden.

Example – Reasonable Accommodation that Creates an Undue Financial and Administrative Burden

Project A is a 100-unit complex. A tenant in this project needs more than \$5,000 in structural changes for his unit to be accessible to him. The owner of Project A could not cover the costs of such extensive structural changes without a rent increase. The replacement reserve cannot be replenished within one year. The project does not have sufficient administrative staff to explore numerous possibilities for obtaining funding for such structural changes. Generally an owner would not be required to make such extensive structural changes because of the burden involved. Note that the amount an owner is required to spend to make units accessible could vary based on the size of the project – what the owner of a large project may be able to spend in making units accessible may be an undue burden on smaller projects.

Example – Reasonable Accommodation that Does Not Create an Undue Financial and Administrative Burden

An applicant with a mobility impairment wants to live in a dwelling unit in a particular rental housing property. The owner requires all tenants to hand-deliver their rent to the rental office. The unit is almost a block away from the rental office, but there is a mailbox located just a few yards from the unit entry door. Under 24 CFR 100.204, the owner or manager of an apartment complex must permit the applicant to mail the rent payment to the rental office. This policy accommodation would not pose an undue financial and administrative burden on the owner and allows the applicant to have equal opportunity to use and enjoy the unit.

- E. For other guidance on how to determine whether a reasonable accommodation would result in an undue financial and administrative burden, refer to HUD Handbook 4350.1, *Multifamily Asset Management and Project Servicing*.

1-43 Assistance Animals as a Reasonable Accommodation

- A. Assistance animals are not pets. They are animals that work, provide assistance, or perform tasks for the benefit of a person with a disability, or animals that

provides emotional support that alleviates one or more identified symptoms or effects of a person's disability. Assistance animals – often referred to as “service animals,” “assistance animals,” “support animals,” or “therapy animals” – perform many disability-related functions, including but not limited to guiding individuals who are blind or have low vision, alerting individuals who are deaf or hard of hearing to sounds, providing minimal protection or rescue assistance, pulling a wheelchair, fetching items, alerting persons to impending seizures, or providing emotional support to persons with disabilities who have a disability-related need for such support.

- B. A housing provider may not refuse to allow a person with a disability to have an assistance animal merely because the animal does not have formal training. Some, but not all, animals that assist persons with disabilities are professionally trained. Other assistance animals are trained by the owners themselves and, in some cases, no special training is required. The question is whether or not the animal performs the disability-related assistance or provides the disability-related benefit needed by the person with the disability.
- C. A housing provider’s refusal to modify or provide an exception to a "no pets" rule or policy to permit a person with a disability to use and live with an assistance animal would violate Section 504 of the Rehabilitation Act and the Fair Housing Act unless:
 - 1. The animal poses a direct threat to the health or safety of others that cannot be reduced or eliminated by a reasonable accommodation,
 - 2. The animal would cause substantial physical damage to the property of others,
 - 3. The presence of the assistance animal would pose an undue financial and administrative burden to the provider, or
 - 4. The presence of the assistance animal would fundamentally alter the nature of the provider's services.
- D. The fact that a person has a disability does not automatically entitle him or her to an assistance animal. There must be a relationship between the person’s disability and his or her need for the animal.
- E. A housing provider may not require an applicant or tenant to pay a fee or a pet deposit as a condition of allowing the applicant or tenant to keep the assistance animal. However, if the individual’s assistance animal causes damage to the applicant’s unit or the common areas of the dwelling, at that time, the housing provider may charge the individual for the cost of repairing the damage if the provider regularly charges tenants for any damage they cause to the premises.

Subsection 5: Additional Fair Housing Act Requirements

1-44 Fair Housing Act Basic Accessibility Requirements

The Fair Housing Act requires that all buildings designed and constructed for first occupancy after March 13, 1991 meet certain basic accessibility requirements. This requirement applies to all new construction, regardless of the presence of federal financial assistance. See 24 CFR 100.205. Owners of properties that should have been constructed in accordance with these requirements but were not, are obligated to retrofit their units to bring them into compliance with the Act. If a tenant in one of these properties requests modifications to a unit that should have been made at the time of construction, the owner has an affirmative obligation to make and pay for those modifications as part of its original obligation to conform to the Fair Housing Act design and construction requirements.

1-45 Additional Fair Housing Act Requirements to Allow Tenant Modification of the Premises

- A. A person with disabilities has the right under the Fair Housing Act to make reasonable modifications to any part of his or her unit or the related common areas at his or her own expense.
- B. In HUD subsidized multifamily housing, the Section 504 requirements placing the responsibility on the owner to pay for requested reasonable accommodations, including structural changes to the premises, **supersede** the Fair Housing Act provisions placing the burden of paying for structural changes on the tenant. In the circumstance where the requested structural modification to a HUD-funded property does constitute an undue financial and administrative burden, and the tenant still wanted that particular modification to be made, the Fair Housing Act would then authorize the tenant to make and pay for the accommodation.

1-46 Owner and Tenant Responsibilities When Tenant Modifies Unit in Accordance with the Fair Housing Act

- A. Owners must permit the modifications if they are reasonable and may be necessary to afford a person with a disability full enjoyment of the premises.
- B. Owners may, where it is reasonable to do so, impose the condition that when vacating the unit, the tenant will restore the interior of the premises to the state that existed before the modification, reasonable wear and tear excepted. The owner should not require the tenant to restore the unit to the state that existed before the modification if the modification benefits the property or is needed by another tenant.

Example – Owners Requiring Tenants to Restore Units to Their Original Condition

For marketing reasons or operational considerations, the owner may require the tenant to raise cabinets that have been lowered or replace roll-under lavatories with the previously existing vanity/sink combination.

- C. Owners may not require any increased security deposits for persons with disabilities. However, where it is necessary in order to ensure that funds will be available to pay for restorations at the end of the tenancy, the Fair Housing Act allows the owner to negotiate as part of a restoration agreement, a provision requiring that the tenant pay into an interest bearing escrow account, over a reasonable period, a reasonable amount of money not to exceed the cost of the restorations. The interest of such an account must accrue to the benefit of the tenant.
- D. Owners may condition permission for a modification on the tenant's providing reasonable assurances that the work will be done in a workmanlike manner and that any required building permits will be obtained.

Section 4: Housing Discrimination Complaints and Compliance Reviews

1-47 Housing Discrimination Complaints

- A. HUD is responsible for responding to complaints involving the Fair Housing Act, Section 504 requirements, and other civil rights requirements.
- B. Anyone who believes that he or she has been subject to discriminatory treatment from the owner of a particular property may file a housing discrimination complaint.
- C. If applicants or tenants indicate to an owner that they want to file a housing discrimination complaint, the owner should:
 - 1. Refer the individual to HUD;
 - 2. Provide the individual with FHEO's pamphlet, Fair Housing – It's Your Right (HUD-1686-FHEO, March 2001); and/or

3. Review his/her property's policies and procedures to determine whether the individual's assertions have any merit and make corrections as necessary to ensure compliance with Fair Housing requirements.
- D. Housing discrimination complaints should be directed to the HUD Regional Office of Fair Housing and Equal Opportunity responsible for the location in which the complaint occurred. FHEO staff will respond to complaints in accordance with established HUD procedures.

NOTE: Connecticut's Commission on Human Rights and Opportunities is the agency to which HUD will refer complaints.

Exhibit 1-1: Distribution of Accessible Units

Paragraph 1-24 requires owners to the maximum extent feasible to distribute accessible units throughout projects and sites subject to reasonable health and safety requirements.

Reasonable requirements include the following:

1. Adhering to building codes that cover the distribution of accessible units.
 - a. Any building codes used for a project that are not referenced in the *Minimum Property Standards Handbook* (4910.1) must be approved by the HUD Field Office.
 - b. Note that the Minimum Property standards, ANSI 117.1, and the Uniform Federal Accessibility Standards do not cover the distribution of accessible units.

OR

2. Following local or state health and safety requirements for the distribution of accessible units throughout the project and site when there is no HUD-approved building code that covers the distribution of accessible units.

OR

3. Establishing owner health and safety standards for distributing accessible units in the absence of building codes or local or state health and safety requirements that cover the distribution of accessible units. The Office of Fair Housing may ask to see such standards to determine if they are reasonable.

Exhibit 1-2: Examples of Requests for Auxiliary Aids and Reasonable Accommodations by Persons with Disabilities

NOTES:

Whether an owner must provide an auxiliary aid or reasonable accommodation will depend on the facts and circumstances of each case.

REQUEST	FULFILL REQUEST?
Visually impaired tenant requests tactile signage on the mailbox.	YES.
Hearing-impaired tenant prefers face-to-face communications and requests the owner to provide a sign language interpreter for all meetings.	The owner may deny this request when a telecommunications device for the hearing-impaired or equally effective system would suffice. However there may be certain types of meetings where the only way to provide effective communication is to provide a sign language interpreter and in such a situation the interpreter must be provided unless it would be an undue financial and administrative burden
An applicant who is hearing impaired has been determined to be otherwise qualified under program requirements and the owner's tenant selection plan. She asks that her unit be fitted with a visual smoke detector.	YES.
Applicant who is visually impaired asks to review a lease with enlarged print.	Owner must accommodate this request because the owner can easily and inexpensively have these documents photocopied with enlarged print.

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<p>Blind applicant requests a copy of application, lease, and HUD 50059 in Braille.</p>	<p>With the initial request, by a tenant or applicant, owner would have to investigate the burdens of providing these documents in Braille. If the owner determines that it is an undue administrative and financial burden, the owner must seek other methods of communication that are not undue burdens. As alternatives, the owner may consider providing the applicant with a tape recording of these documents or having an office staff person or other person read the materials to the applicant/tenant. Applicants/tenants who need material in Braille often know of sources for this service performed at reasonable cost.</p>
<p>An applicant to a family property is a quadriplegic and uses an assistance animal. The applicant requests the owner to waive a policy prohibiting animals in units to permit him to use an assistance animal.</p>	<p>YES. The owner must permit the applicant to keep the assistance animal if needed as a reasonable accommodation to afford him equal opportunity to use and enjoy the unit and property.</p>
<p>Blind tenant requests copies of the day-to-day communications in Braille (notices of recertification, communications regarding maintenance services, eviction notice).</p>	<p>Owner investigates feasibility of providing such communications in Braille. If owner determines that this would be an undue financial and administrative burden, the owner must take other steps to accommodate the tenant (e.g., call tenant on telephone to relay information, provide tape recording of lengthy information or of information for which owner wants to keep record).</p>
<p>Owner requires tenants to pay their rent at the office. Tenant who is mobility impaired requests as a reasonable accommodation to mail the rent check.</p>	<p>YES</p>
<p>Tenant with emotional disability requests assistance animal as reasonable accommodation and provides documentation of relationship between disability and need for the animal.</p>	<p>YES</p>

DRAFT

<p>Otherwise eligible applicant with mobility impairment wishes to rent federally assisted townhouse and asks that an elevator be installed in the unit as a reasonable accommodation</p>	<p>In all likelihood, provision of an elevator will pose an undue financial and administrative burden. However, the landlord should explore other options (if any), for accommodating the tenant in this or a different unit.</p>
<p>Tenant with mobility impairment requests that grab bars be installed in her bathroom.</p>	<p>YES unless provision of these grab bars would be an undue administrative and financial burden.</p>
<p>Tenant who uses a walker asks that she be moved to a first floor apartment as an accommodation to her physical disability since she cannot climb stairs, bars be installed in her bathroom.</p>	<p>YES as soon as a first floor apartment is available.</p>

Exhibit 1-3: Sample Notification of Nondiscrimination on the Basis of Disability Status

Owners must provide the information specified in paragraph 1-28 in all written communications with the public. Owners may use this exhibit as guidance in providing this information.

INSTRUCTIONS:

Paragraphs 1 and 2 and the name and address apply to owners, managing entities, or projects employing 15 or more people.

Paragraph 1 applies to all other properties.

1. _____(Owner or project name)_____ does not discriminate on the basis of disability status in the admission or access to, or treatment or employment in, its federally assisted programs and activities.
2. The person named below has been designated to coordinate compliance with the nondiscrimination requirements contained in the Department of Housing and Urban Development’s regulations implementing Section 504 (24 CFR, part 8 dated June 2, 1988).

Name

Address

City State Zip

(____)_____
Telephone - Voice

(____)_____
Telephone – TTY

Exhibit 1-4: Suggested Checklist to Determine Whether a Communication System is an Equally Effective Alternative to the TTY

Required Criteria	Meets	Does Not Meet
<p>1. Provides a simultaneous connection between calling and receiving parties.</p> <p>a. There are two phone lines: one for the TTY and a second for the regular telephone.</p> <p>b. An operator serves as a “link” between hearing-impaired and hearing parties, simultaneously typing or “voicing” information they receive from either phone line.</p>		
<p>2. Guarantees confidentiality.</p> <p>a. Operators do not discuss with other persons names of calling and receiving parties or any information exchanged during conversations.</p> <p>b. Operators know their role as a neutral “link” and do not participate in conversations between the two parties or volunteer information to either party.</p> <p>c. Any printed copies made of conversations are disposed of routinely.</p>		

<p>3. Is usable by both local and long distance callers at no greater cost to the caller than the same call would be if placed on other telephone systems made available by the owner.</p>		
<p>4. Is available for use during all normal working hours.</p>		
<p>5. Places no time limits on calls.</p>		
<p>6. Refuses no calls.</p>		
<p>7. Alters no conversations. Operators convey all information accurately; they do not “edit” conversations in any way.</p>		
<p>8. Has the capacity to handle a reasonable number of calls without undue delay.</p> <p>a. Appropriate outreach efforts have been published and the system has been appropriately advertised so that callers in both the hearing-impaired and hearing communities are aware of its existence.</p> <p>b. If there is a heavy volume of calls, the system has the ability to place callers on “hold” for short periods of time until an operator becomes available.</p>		

Exhibit 1-5: Examples of Fundamental Alterations

Actions that would result in a fundamental alteration in the nature of a recipient’s (owner’s) program or activity may include the following:

1. Actions that would require substantial modifications to or the elimination of essential lease or program requirements;
2. Actions that would require the owner to provide supportive services, e.g., counseling, medical, or social services that fall outside the scope of the services that the owner offers to tenants; and
3. Actions that would require the owner to offer housing of a fundamentally different nature than the type of housing that the owner does offer.

Example – Fundamental Alterations

Example of alterations in the nature of the program or activity.

IMPORTANT - In evaluating whether a fundamental alteration would occur, owners must consider the facts and circumstances of each case.

Jim suffers from a neurological disorder that requires 24-hour nursing care. The owner does not provide this medical service in the housing that he offers. Although the owner must allow Jim to obtain the nursing care on his own, it would constitute a fundamental alteration in the nature of the program or activity to require the owner to provide this medical service at the owner’s expense.

Examples of alterations in the nature of the program or activity that are not fundamental are the following.

Jean is a quadriplegic and uses a dog to assist her in her daily living. She lives in a family project that forbids tenants from keeping animals in their units. It would not constitute a fundamental alteration in the nature of the program or activity to require the owner to make an exception to the rule so that Jean can keep her assistance animal.

Delores is hearing impaired and requests that the owner provide closed captioning on the television in the project’s community room. It would not constitute a fundamental alteration in the nature of the program or activity to require the owner to purchase a closed caption decoder and attach it to the television.

Exhibit 1-6: Examples of Undue Financial and Administrative Burden

Neither Section 504 nor the Fair Housing Act requires owners to provide accommodations that are an undue financial and administrative burden. Whether a particular accommodation will be

an undue financial and administrative burden will depend on the facts and circumstances of the individual case. The following examples describe circumstances in which the owner generally would not be required to provide the particular accommodation requested. See also paragraph 1-46, which provides further guidance on determining whether undue financial and administrative burdens exist.

1. Marge, who suffers from chemical sensitivity disorder, has requested that the owner survey all tenants in the building to determine the time of day and the chemicals they will use to clean their units. She has asked that the owner compile this information for her on a weekly basis so that she can plan to be away from her unit at the time certain chemicals are used. For the owner to accommodate Marge, it would require an ongoing administrative burden that could not be handled by the existing staff. However, it would not be an undue financial and administrative burden for the owner to notify Marge in advance before cleaning common areas and to use non-chemical alternative cleaning methods where practical.
2. The owner has made the community room available to a local service organization every Wednesday morning to provide routine health screening to the tenants. William, Delores, Ann, and Rene, who are individuals with disabilities, all have conflicts with the scheduled day because of their own regularly scheduled medical appointments. Each has requested that the screening services be provided on a different day. It would be an undue financial and administrative burden for the owner to coordinate these requests and to decide which tenant will be accommodated and which ones will not. However, it would not be an undue financial and administrative burden for the owner to request that the local service organization vary its schedule so that more tenants could be accommodated.
3. Tom has a mobility impairment. He requests that the owner of his HUD assisted project make his unit accessible by making extensive modifications to the unit. The owner gets two estimates of the cost of doing the modifications. The project rental income will not cover even the lower of the bids without a rent increase or a reduction in services or benefits to other tenants. However, the project has a large residual receipts account. The owner in this example requests HUD approval to use money from this account to accommodate Tom's request. The owner receives HUD approval and makes the requested alterations.

NOTE: HUD will consider a request to use residual receipts to pay for alterations under Section 504. If this property was owned by a housing provider that was not covered by Section 504, then under the Fair Housing Act, Tom would still have the right to make the alterations he needs at his own expense.

4. Diane has a mobility impairment. She asks the owner of her HUD assisted project to make her unit accessible by making extensive modifications to the unit. As in the first example, the project rental income will not cover the cost of the

alterations. In this example, the project does not have funds in the residual receipts account, but does have a large reserve for replacement account.

In this case, the cheapest estimate to accommodate Diane's request is sizable enough to require a rent increase to replenish the reserve for replacement account within one year. It would be a financial and administrative burden for the owner to make all of the modifications requested, but it may not be a financial and administrative burden for the owner to make some of the modifications and allow Diane to make the rest at her own expense.

5. Midtown Apartments is a HUD assisted housing project. There are five parking spaces located outside the main entrance to the building and another parking lot with 20 spaces a half block away. All five of the parking spaces near the entrance to the building have been assigned to disabled residents who need a parking space near their door because of their disabilities. A sixth tenant with a mobility impairment moves into Midtown Apartments and requests a parking space near his door. The owner has explored the options and concluded that the only way to provide more parking spaces near the door would be to widen the parking area by purchasing valuable real estate next door. It would be an undue financial and administrative burden for the owner to provide the sixth tenant with a parking space near the entrance, however, it would be an appropriate accommodation for the owner to provide the sixth tenant with an assigned parking space in the lot a half block away until such time as one of the five spaces near the door becomes available.

Chapter 2

AFFORDABLE HOUSING PROGRAM

Section 1. Program Description

2-1. Certificate of Approval for Income Limits. The Affordable Housing Program provides financial assistance to eligible developers for the development of family rental housing for low income households. Assistance may be in the form of a grant or a deferred loan to Housing Authorities, Nonprofit Corporations and Municipal Developers.

2-2. Use of Development Funds and Handicap Units. Funds may be available for the new construction and rehabilitation of rental housing. Ten percent of the units must be designed to be accessible to individuals with physical disabilities. Funds may be used for site acquisition and preparation, architectural fees, engineering and relocation expenses, and development and administrative costs.

2-3. No Operating Subsidy. No operating subsidy is provided by CHFA for these complexes. Rental payments are based on a percentage of the tenants' adjusted gross income, but only when a rent subsidy is not involved, or a base rent established for the complex, whichever is higher. All operating expenses must be paid from these revenues.

Section 2. Statutes, Regulations, Loan Documents and Assistance Agreement

2-4. Statutes. The Affordable Housing Program is subject to Sections 8-119aa through 8-119jj, Section 8-39, and Sections 8-72 through 8-74 of the Connecticut General Statutes. Compliance with Section 8-39 and Sections 8-72 through 8-74 is required by Section 8-119cc. Copies of these Statutes may be obtained from the CHFA.

2-5. Regulations. The Affordable Housing Program is subject to the State of Connecticut's Regulations for the Affordable Housing Program. Copies of these Regulations may be obtained from the CHFA.

2-6. Loan Documents and Assistance Agreement. Every Affordable Housing complex is also subject to the provisions of the Loan Documents or Assistance Agreement between the owner and the CHFA.

Section 3. Eligibility for Admission

2-7. Income Limits. An applicant's **adjusted gross income** must be used to determine his/her eligibility for admission and continued occupancy. [CGS Sec. 8-39A] "Affordable Housing Refined:

The **admission and continued occupancy limits** for Affordable Housing shall be fixed at eighty percent (80%) of the area median income, adjusted for family size, as determined from time to time by the U.S. Department of Housing and Urban Development (HUD), unless otherwise approved by the President of CHFA pursuant to the factors listed in Section 8-72a of the Connecticut General Statutes. Thus, the HUD “Low” income limits must be used as the Admission Limits for Affordable Housing, unless different limits are approved by the President of CHFA.

Exceptions to the normal admission and continued occupancy limits must be approved by the President of CHFA using the “Certificate of Approval” and “Supportive Data Worksheet” contained in Exhibits 1-1 and 1-2. **These forms are only required when requesting an exception to the above stated income limits.** Otherwise, a copy of a Board Resolution establishing the new limits will suffice.

2-8. Eligible Families. Low and moderate income families with incomes below the admission and continued occupancy limits are eligible. Family means a household consisting of one or more persons.

Section 4. Rent Determination

2-9. General Requirements. The Regulations for the Affordable Housing Program provide that tenants will pay the base rent or a percentage of their adjusted gross income, not to exceed 30%, minus a utility allowance, whichever is higher. The percentage of income must be established by the owner and approved by the President of CHFA. Additionally, the Connecticut General Statutes provide that tenants whose adjusted gross incomes increase to a level that exceeds the continued occupancy limits must also pay a 2% surcharge on the income that is in excess of these limits. [Regulation 8-119jj – 23]

2-10. Terms Used To Compute The Rent.

- a. **Family Income.** The total gross annual income received by all persons residing in the unit. (See Section 1 of Chapter 9)
- b. **Adjusted Gross Income.** The family income less all allowable deductions.
- c. **Adjusted Monthly Income.** The adjusted gross income divided by twelve (12).
- d. **Current Approved Percentage.** The percentage by which the adjusted monthly income is multiplied to determine whether the tenant will pay more than the base rent. The percentage of income must be established by the owner and approved by the President of CHFA using the “Certificate of Approval” that appears in Exhibit 2-3.
- e. **Base Rent.** The minimum or base rent that must be charged to meet all of the complex’s operating expenses. This rent is established annually on the Management Plan (i.e., the operating budget) for each complex.
- f. **Available Monthly Income.** The adjusted monthly income multiplied by the current approved percentage.
- g. **Utility Allowance.** The owner’s estimate of the average monthly utility bills (gas, electric, water, sewer, oil, propane) for an energy

conscious household. This estimate considers only utilities paid directly by the tenant. If all utilities are included in the rent, there is no utility allowance.

- h. **Adjusted Monthly Rent.** The available monthly income minus the utility allowance.
- i. **Tenant Rent.** The greater of the adjusted monthly rent or the base rent.
- j. **Total Monthly Surcharge.** Two percent (2%) of the adjusted gross income that is in excess of the continued occupancy limit.
- k. **Total Monthly Payment.** The total monthly surcharge added to the tenant's rent.

2-11. Forms Used To Compute The Rent.

- a. **Housing Calculation Sheet.** This form is used to calculate the Tenant Rent. It should also be used to determine if an applicants Adjusted Gross Income exceeds the Admission Limit. The form appears in Exhibit 2-4.
- b. **Affordable Housing Surcharge Calculation Sheet.** This form is used to calculate the Total Monthly Surcharge and Total Monthly Payment for tenants whose incomes increase to a level above the Continued Occupancy Limits. The form appears in Exhibit 2-5.

Section 5. Annual Recertifications and Continued Occupancy in Affordable Housing

2-12. Procedure for Implementing Continued Occupancy Requirement. A procedure for implementing the continued occupancy and annual recertification requirements in Affordable Housing Program follows:

- a. 120 days prior to rent increase, the owner shall mail an "Application for Continued occupancy" to each tenant in the complex. The owner should also initiate the annual recertification process at this time (see Section 5 of Chapter 9). The information collected during the recertification process will be needed to verify and compute each tenant's eligibility for continued occupancy. A schedule for coordinating these two procedures appears in Exhibit 2-6. The owner should aim to complete the "Applications for Continued Occupancy" and the Calculation Worksheets that are part of these procedures no later than 60 days prior to rent increase.
- b. 65days prior to rent increase, the owner shall mail a notice to each over income tenant in the complex. Pursuant to Section 8-73 of the Connecticut General Statutes, the notice shall state that the tenant has sixty (60) days to vacate his dwelling unit and that his failure to do so will result in his paying a 2% surcharge at implementation of recertification. The owner must ensure that each over income tenant receives this notice 60 days prior to implementation.
- c. On or about March 1, the owner shall submit a list of all over income tenants to the CHFA's Asset Management Division.
- d. Sixty days before implementation, the owner shall mail a notice to each tenant that specifies the amount of his/her rent. The tenant must actually receive the notice 30 days prior to the effective date of implementation of the new rent.

2-13. How Decreases in Income Affect Over Income Tenants. Any over income tenant who experiences a decrease of at least 10% in his/her adjusted gross income may reapply to the owner to have his/her surcharge and eligibility for continued occupancy redetermined. The owner should redetermine the tenant's rent by using his/her anticipated annual income. Anticipated annual income shall be computed by annualizing the tenant's current income. The owner must reduce the amount of surcharge effective the first month commencing after the month in which the decrease in income is reported. See CGS Sec. 8-73 for surcharge percentage.

2-14. Eviction of Over Income Tenants. Any over income tenant who remains in occupancy after the sixty day notice period is subject to eviction pursuant to Section 8-73 of the Connecticut General Statutes. The President of CHFA may waive the eviction requirements of Section 8-73 if the vacancy rate caused by the eviction(s) would result in an inability of the project to provide an income adequate for debt service, if any, administration, including the state Administrative Oversight Fee, other operating costs and reserves for repairs, maintenance, replacement and collection costs. Inquiries concerning the waiver provisions of Section 8-73 should be directed to the CHFA's Asset Management Division.

A schedule, sample notices, and the forms needed to implement the above procedures appear in Exhibits 2-4 through 2-10.

**CERTIFICATE OF APPROVAL
INCOME LIMITS FOR ADMISSION AND CONTINUED OCCUPANCY
AFFORDABLE RENTAL HOUSING DEVELOPMENTS**

The _____ has established and fixed, by an
(Agency/Authority/Owner)
appropriate Resolution of said _____ the income limits for
admission to and continued occupancy of Affordable Rental Housing Project(s)
No. _____
as follows:

Admission Limits

\$ _____	for 1 person
\$ _____	for 2 persons
\$ _____	for 3 persons
\$ _____	for 4 persons
\$ _____	for 5 persons
\$ _____	for 6 persons
\$ _____	for 7 persons
\$ _____	for 8 persons

Continued Occupancy Limits

\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____

EAL:

Authorized Representative

Date

This is to certify that CHFA has reviewed and herewith approves the income limits for tenant admission to and continued occupancy of Affordable Rental Housing Project(s) No. _____.

Recommended by:

Administrator

Date

Approved by:

President, CHFA

Date

AFFORDABLE HOUSING

Supportive Data Worksheet

Pursuant to Section 8-119jj-22 of the Regulations for the Affordable Housing Program, the following factors have been considered in adopting the new maximum income limits for the _____ Affordable Housing complex(s).

1. The income limits to be used shall be eighty percent (80%) of the area median income, adjusted for family size, as determined annually and published in the Federal Register by the U.S. Department of Housing and Urban Development for projects receiving financial assistance. CHFA posts the income limits on the website.

2. The latest average wage as computed by the Labor Commissioner for the city or town served by the Agency/Authority: _____.

3. The number of vacancies in the project(s) at this time;
Project No. _____ Project No. _____
Vacancies: _____ Vacancies: _____

4. The number of families in the project(s) that are over income at this time;
Project No. _____ Project No. _____
Over income Families: _____ Over income Families: _____

5. The total number of applications for admission that were refused over the past year due to income disqualification: _____; and

6. The latest area median income, as determined by the U.S. Department of Housing and Urban Development is _____.

**CERTIFICATE OF APPROVAL
PERCENTAGE OF INCOME USED TO DETERMINE
THE TENANT RENT IN AN AFFORDABLE HOUSING PROJECT(S)**

The _____, has established and fixed, by an appropriate Resolution of said Authority/Corporation, the percentage of income that will be used to determine the tenant rent in Affordable Housing Project(s) No. _____ as follows:

Project Name(s)	% of Income
_____	_____
_____	_____
_____	_____

Authorized Representative

Date

This is to certify that the President of CHFA, has reviewed and herewith approves the percentage of income established by the _____ for Affordable Housing Project(s) No. _____.

Recommended by:

Administrator, State Housing Portfolio

Date

Approved by:

President, CHFA

Date

**Affordable Housing
Rent Calculation Sheet**

Tenant's Name: _____

Unit Number: _____

A. Family Income

	<u>Tenant</u>	<u>Income</u>		<u>Tenant</u>	<u>Income</u>
1.	_____	_____	2.	_____	_____
3.	_____	_____	4.	_____	_____

Total Income: \$ _____

B. Allowable Deductions

1.	Total income of all dependents under 18		\$ _____
2.	Foster Care proceeds or State DCF Adoption Program payments		\$ _____
3.	Income of full-time students under 23		\$ _____
4.	Total medical expenses	\$ _____	
	Less refunded medical expenses	- _____	
	Net medical expenses	\$ _____	
	Less 3% of Line A Total	- _____	
	Allowable medical deduction	\$ _____	\$ _____
5.	Child care costs - affording gainful employment or to attend school		\$ _____
6.	Child support payments or alimony		\$ _____
7.	Number of dependents multiplied (x) by \$750		\$ _____

C. Total Deductions (Add Lines B 1 thru 7) \$ _____

D. Adjusted Gross Income (Line A minus Line C) \$ _____

E. Adjusted Monthly Income (Line D divided by 12) \$ _____

F. Available Monthly Income (Line E multiplied (x) by current approved %) \$ _____

G. Utility Allowance \$ _____

H. Adjusted Monthly Rent (Line F minus Line G) \$ _____

I. Base Rent (as approved by President of CHFA) \$ _____

J. **Tenant Rent** (greater of Line H or Line I) \$ _____

K. Income Limit for Admission

L. Income for Continue Occupancy \$ _____

\$ _____

NOTE: Applicants for admission can not be admitted if their **Adjusted Gross Income** (Line D.) exceeds Income Limit for Admission (line K). For existing tenants, if Line D is greater than the Income Limit for Continued Occupancy (line L), the household is deemed to be over income and a 2% **surcharge** must computed. To compute the surcharge, use the Affordable Housing Surcharge Calculation Sheet.

**Affordable Housing Surcharge
Calculation Sheet**

Tenant's Name: _____

Unit Number: _____

- 1. Adjusted Gross Income (from Line D of Exhibit 2-4)
 \$ _____
- 2. Income Limit for Continued Occupancy (from Line L of Exhibit 2-4) \$ _____
- 3. Income in excess of continued occupancy limit (Line 1 minus Line 2) \$ _____
- 4. Total monthly surcharge (Line 3 x 2%) \$ _____
- 5. **Total Monthly Payment** (Line 4 Plus Line J from Exhibit 2-4)
 \$ _____

Owner's Representative

Date

Schedule for Annual Recertifications.

A procedure for implementing the continued occupancy and annual recertification requirements in Affordable Housing Program follows:

- e. 120 days prior to rent increase, the owner shall mail an “Application for Continued occupancy” to each tenant in the complex. The owner should also initiate the annual recertification process at this time (see Section 5 of Chapter 9). The information collected during the recertification process will be needed to verify and compute each tenant’s eligibility for continued occupancy. The owner should aim to complete the “Applications for Continued Occupancy” and the Calculation Worksheets that are part of these procedures no later than 60 days prior to rent increase.
- f. 65 days prior to rent increase, the owner shall mail a notice to each over income tenant in the complex. Pursuant to Section 8-73 of the Connecticut General Statutes, the notice shall state that the tenant has sixty (60) days to vacate his dwelling unit and that his failure to do so will result in his paying a 2% surcharge at implementation of recertification. The owner must ensure that each over income tenant receives this notice 60 days prior to implementation.
- g. On or about March 1, the owner shall submit a list of all over income tenants to the CHFA’s Asset Management Division.

Sixty days before implementation, the owner shall mail a notice to each tenant that specifies the amount of his/her rent. The tenant must actually receive the notice 30 days prior to the effective date of implementation of the new rent.

SAMPLE

REQUEST FOR CERTIFICATION NOTICE

(Owner Name)
(Owner Address)

(Tenant Name)
(Tenant Address)

Dear _____:

In accordance with your lease, the _____ Housing Authority is required to conduct a recertification of rent, dwelling size and eligibility for residents every year. This recertification is performed once a year.

1. Please fill out the "Application for Continued Occupancy."
2. Please read carefully the enclosed "Helpful Hints". This document lists the information you must submit to complete your recertification. Please ignore those items that do not apply to you. If you have questions about the information you must submit, please contact the Housing Authority immediately.
3. Return all information AND THE "APPLICATION FOR CONTINUED OCCUPANCY" TO OUR OFFICE ON OR BEFORE _____. If you do not have all the items needed, please return whatever you have before _____ to avoid a penalty.

FAILURE TO COMPLY WITH THIS RECERTIFICATION PROCESS IS A VIOLATION OF YOUR LEASE AND THE _____ HOUSING AUTHORITY MUST TAKE APPROPRIATE ACTION AGAINST ANY RESIDENT WHO DOES NOT COOPERATE. THEREFORE, THERE WILL BE A PENALTY. FOR ANYONE WHO DOES NOT SUBMIT THE REQUESTED INFORMATION BY THE DUE DATE OF

_____.

Sincerely,

(Owner Representative)

APPLICATION FOR CONTINUED OCCUPANCY

THIS FORM MUST BE COMPLETED **IN YOUR OWN HANDWRITING**. YOU MUST USE THE CORRECT LEGAL NAME FOR EACH MEMBER OF YOUR HOUSEHOLD AS IT APPEARS ON THEIR SOCIAL SECURITY CARD. ALL ADULT MEMBERS OF THE HOUSEHOLD MUST SIGN ON PAGE 2 CERTIFYING THE INFORMATION PERTAINING TO THEM. PLEASE PRINT.

A. HOUSEHOLD COMPOSITION: List all persons who will be living in your home, listing head of the household first.

ADULTS (Legal name)	DATE OF BIRTH	RELATIONSHIP TO HEAD OF HOUSEHOLD	SOCIAL SECURITY NUMBER	PLACE OF BIRTH
1.				
2.				
3.				
4.				

CHILDREN (name as it appears on SS Card)	SOCIAL SECURITY NUMBER	DATE OF BIRTH	RELATIONSHIP TO HEAD OF HOUSEHOLD	SCHOOL NAME	PLACE OF BIRTH
1.					
2.					
3.					
4.					
5.					

B. WHO TO CONTACT IN CASE OF EMERGENCY:

NAME

NAME

STREET ADDRESS

STREET ADDRESS

CITY

CITY

RELATION

RELATION

TELEPHONE NUMBER

TELEPHONE NUMBER

C. TOTAL HOUSEHOLD INCOME: List all money earned or received by everyone living in your household. This includes money from wages, self-employment, child support, contributions, Social Security, disability payments (SSI), Workers Compensation, retirement benefits, AFDC, Veterans benefits, rental property income, stock dividends, income from bank accounts, alimony, and all other sources.

HOUSEHOLD MEMBER	EMPLOYER	TOTAL WEEKLY WAGES	AFDC	CHILD SUPPORT MONTHLY	SOCIAL SECURITY BENEFITS	UNEMPLOYMENT BENEFITS	ALL OTHER INCOME
1.							
2.							
3.							
4.							

D. ASSETS: Do you or any household member own or have an interest in any real estate, boat, and/or mobil home? _____

Have you sold any real estate in the last two years? _____

Do you own any stocks or bonds? _____ Do you have savings accounts? _____

If yes, give bank, account numbers, and amounts below.

_____ # _____ \$ _____

_____ # _____ \$ _____

_____ # _____ \$ _____

Do you own a car? _____ Model/Year _____ Plate No. _____

Do you own a second car? _____ Model/Year _____ Plate No. _____

1. Does anyone outside of your household pay for any of your bills or give you money? Yes/ No
_____ If yes, please explain: _____

=====

The statements made by me in this application for continued occupancy are true to the best of my knowledge, for the purpose of verifying income at the time of signing this application. I have no objection to inquiries by the Housing Authority concerning my qualification for the purpose of income verification only. I agree to notify the Housing Authority immediately of any change in the statements or information required.

SIGNATURE OF HEAD OF HOUSEHOLD DATE

SIGNATURE OF SPOUSE DATE

SIGNATURE OF OTHER ADULT DATE

SIGNATURE OF OTHER ADULT DATE

E. AUTHORIZATION for Release of Information

CONSENT

I authorize and direct any Federal, State, or Local Agency, organization, business or individual to release to the Housing Authority of the _____ any information or materials needed to complete and verify my application for participation, and/or to maintain my continued occupancy under the Authority's various housing programs. I understand and agree that this authorization or the information obtained with its use may be given to and used by the Connecticut Housing Finance Authority (CHFA) and the _____ in administering and enforcing program rules and public housing policies.

I also consent for the _____ to release information from my file about my rental history to CHFA, credit bureaus, collection agencies, or future landlords. This includes records on my payment history, and any violations of my lease or _____ policies.

INFORMATION COVERED

I understand that, depending on program policies and requirements, previous or current information regarding me or my household may be needed. Verifications and inquiries that may be requested include but are not limited to:

Identity and Marital Status
Residences and Rental Activity
Criminal Activity

Employment, Income, and Assets
Medical Allowances or Child Care
Credits

I understand that this authorization cannot be used to obtain any information about me that is not pertinent to my eligibility for and continued participation in a housing program.

I understand that this release may be used to allow any gas, electric, water or sewer utility company to release information about the status of my service and account information. In particular, to notify the Authority if service is about to be terminated.

GROUPS OR INDIVIDUALS THAT MAY BE ASKED

The groups or individuals that may be asked to release the above information (depending on program requirements) include but are not limited to:

Previous Landlords (including Public Housing Agencies)	Past and Present Employers
Courts and Post Offices	Welfare Agencies
Schools and Colleges	State Unemployment Agencies
Law Enforcement Agencies	Social Security Administration
Support and Alimony Providers	Medical and Child Care Providers
Retirement Systems	Veterans Administration
Credit Providers/Bureaus	Banks and other Financial Inst.
	Utility Companies

CONDITIONS

I agree that a photocopy of this authorization may be used for the purpose stated above. The original of this authorization is on file with the _____ and will stay in effect for a year and a month from the date signed. I understand I have a right to review my file and correct any information that I can prove is incorrect.

SIGNATURES

Head of Household (Print Name) Date

Spouse (Print Name) Date

Adult Member (Print Name) Date

Adult Member

(Print Name)

Date

NOTE: THIS GENERAL CONSENT MAY **NOT** BE USED TO REQUEST A COPY OF A TAX RETURN FROM THE INTERNAL REVENUE SERVICE OR THE DEPARTMENT OF REVENUE SERVICES.

**NOTICE OF OVER INCOME STATUS
AND
LIABILITY FOR SURCHARGE**

**(Owner)
(Owner Address)**

(Tenant Name)
(Tenant Address)

Dear _____:

Section 8-73 of Chapter 128 of the Connecticut General Statutes provides that a tenant must vacate his dwelling unit no later than sixty (60) days after the date that the owner mails him a notice to inform him that his annual income exceeds the limit set for continued occupancy in such housing. A tenant who does not vacate his dwelling unit after the 60 day period is subject to eviction. Section 8-73 also provides that a tenant who continues in occupancy beyond the 60 day period must pay a monthly surcharge equal to 2% of the amount by which his annual income exceeds the continued occupancy limit.

Based on information recently obtained during the annual certification process, we have determined that your annual income exceeds the limit set for continued occupancy in your dwelling unit. Pursuant to the above statutory requirements, you are hereby notified that your failure to vacate your dwelling unit by (date) will result in your paying a surcharge equal to (amount) effective (date). This amount must be paid in addition to your regular monthly rent of (amount). We may also be required to begin eviction proceedings against you on or about (date).

If you experience a reduction in your income, we will redetermine your eligibility for continued occupancy and will recalculate your surcharge based on your reduced income. Please let us know immediately if you experience a reduction in your income.

Sincerely,

(Owner Representative)

Chapter 3

MODERATE RENTAL HOUSING

Section 1. Program Description

3-1. Types of Assistance and Eligible Developers. The Moderate Rental Housing Program provides financial assistance to eligible owners for the development of family rental housing for low and moderate income households. Assistance may be in the form of grants, deferred loans, or loans to Housing Authorities, Nonprofit Corporations, For Profit Developers or Municipal Developers.

3-2. Use of Development Funds and Handicap Units. Funds may be available for the new construction or rehabilitation of rental housing. Ten percent of the units must be designed to be accessible to individuals with physical disabilities. Funds may be used for architectural and engineering costs, site improvements, construction of the units, ranges and refrigerators, maintenance tools, and relocation costs, as well as administrative expenses incurred during the design and construction of the complex.

3-3. No Operating Subsidy. No operating subsidy is provided for these complexes. All operating expenses must be paid from the rents collected from the tenants. The room count method of proration or the method utilized for HUD public housing shall be acceptable methods in developing Moderate Rental management plans.

Section 2. Statutes, Regulations, Loan Documents and Assistance Agreement

3-4. Statutes. The Moderate Rental Housing Program is subject to Sections 8-39 and 8-69 through 8-81 of the Connecticut General Statutes. Copies of these statutes may be obtained from the CHFA's Asset Management Division.

3-5. Regulations. The Moderate Rental Housing Program is subject to the State of Connecticut's Regulations for the Moderate Rental Housing Program. Copies of these Regulations may be obtained from the CHFA's Asset Management Division.

3-6. Assistance Agreement. A Moderate Rental Housing complex is also subject to the provisions of the Loan Documents or Assistance Agreement between the owner and the CHFA.

Section 3. Eligibility for Admission

3-7. Income Limits. An applicant's **adjusted gross income** must be used to determine his/her eligibility for admission and continued occupancy.

The **admission and continued occupancy limits** for Moderate Rental Housing shall be fixed at eighty percent (80%) of the Area Median Income, adjusted for family size, as determined from time to time by the U.S. Department of Housing and Urban Development (HUD), unless otherwise approved by the President of CHFA pursuant to the factors listed in Section 8-72a of the Connecticut General Statutes.

Exceptions to the normal admission and Continued Occupancy Limits must be approved by the President of CHFA using the “Certificate of Approval” and “Supportive Data Worksheet” contained in Exhibits 3-1 and 3-2. **These forms are only required when requesting an exception to the above stated income limits.** Otherwise, a copy of a Board Resolution establishing the new limits will suffice.

3-8. Eligible Families. Low and moderate income families with incomes below the admission and continued occupancy limits are eligible. Family means a household consisting of one or more persons.

Section 4. Rent Determination

3-9. General Requirements. The Regulations for the Moderate Rental Housing Program provide that tenants will pay the base rent or a percentage of their adjusted gross income, minus a utility allowance, whichever is higher. The percentage of income must be established by the owner and approved by the President of CHFA. Additionally, the Connecticut General Statutes provide that tenants whose (adjusted gross) incomes increase to a level that exceeds the continued occupancy limits must also pay a 2% surcharge on the income that is in excess of these limits.

3-10. Terms Used To Compute The Rent.

- a. **Family Income.** The total gross annual income received by all persons residing in the unit. (See Section 1 of Chapter 9).
- b. **Adjusted Gross Income.** The Family Income less all allowable deductions.
- c. **Adjusted Monthly Income.** The Adjusted Gross Income divided by twelve (12).
- d. **Current Approved Percentage.** The percentage by which the Adjusted Monthly Income is multiplied to determine whether the tenant will pay more than the base rent. The percentage of income must be established by the owner and approved by the President of CHFA using the “Certificate of Approval” that appears in Exhibit 3-3.
- e. **Base Rent.** The minimum rent that must be charged to meet all of the complex’s operating expenses. This rent is established on the Management Plan (i.e., the operating budget) for each complex. State rental increases must be phased in \$1-25 in 1 year; \$26-50 in 2 years, \$51-100 in 3 years. Over \$100 needs approval from CHFA. [Regulation 8-79a-14]
- f. **Available Monthly Income.** The Adjusted Monthly Income multiplied by the current approved percentage.
- g. **Utility Allowance.** The owner’s estimate of the average monthly utility (electric, gas, propane, sewer, water, oil) for an energy conscious household. This estimate

considers only utilities paid directly by the tenant. If all utilities are included in the rent, there is no utility allowance.

- h. **Adjusted Monthly Rent.** The Available Monthly Income minus the Utility Allowance.
- i. **Tenant Rent.** The greater of the Adjusted Monthly Rent or the Base Rent.
- j. **Total Monthly Surcharge.** Two percent (2%) of the Adjusted Gross Income that is in excess of the Continued Occupancy Limit.
- k. **Total Monthly Payment.** The Total Monthly Surcharge added to the Tenant Rent.

3-11. Forms Used To Compute The Rent

- a. **Moderate Rental Housing Calculation Sheet** is used to calculate the Tenant Rent. It should also be used to determine if the applicant's Adjusted Gross Income exceeds the Admission Limit. The form appears in Exhibit 3-4.
- b. **Moderate Rental Housing Surcharge Calculation Sheet** is used to calculate the Total Monthly Surcharge and Total Monthly Payment for tenants whose incomes increase to a level above the Continued Occupancy Limits. The form appears in Exhibit 3-5.

**Section 5. Annual Recertification and Continued Occupancy in
Moderate Rental Housing**

3-12. Procedure for Implementing Continued Occupancy Requirements. A procedure for implementing the continued occupancy and annual recertification requirements in Moderate Rental Housing Program follows:

- a. 120 days prior to rent increase, the owner shall mail an "Application for Continued occupancy" to each tenant in the complex. The owner should also initiate the annual recertification process at this time (see Section 5 of Chapter 9). The information collected during the recertification process will be needed to verify and compute each tenant's eligibility for continued occupancy. A schedule for coordinating these two procedures appears in Exhibit 3-6. The owner should aim to complete the "Applications for Continued Occupancy" and the Calculation Worksheets that are part of these procedures no later than 60 days prior to rent increase.
- b. 65 days prior to rent increase, the owner shall mail a notice to each over income tenant in the complex. Pursuant to Section 8-73 of the Connecticut General Statutes, the notice shall state that the tenant has sixty (60) days to vacate his dwelling unit and that his failure to do so will result in his paying a 2% surcharge at implementation of recertification. The owner must ensure that each over income tenant receives this notice 60 days prior to implementation.
- c. On or about March 1, the owner shall submit a list of all over income tenants to the CHFA's Asset Management Division.

- d. Sixty days before implementation, the owner shall mail a notice to each tenant that specifies the amount of his/her rent. The tenant must actually receive the notice 30 days prior to the effective date of implementation of the new rent.

3-13. How Decreases of At Least 10% in Income Affect Over Income Tenants. Any over income tenant who experiences a decrease of at least 10% in his/her adjusted gross income may reapply to the owner to have his/her surcharge and eligibility for continued occupancy redetermined. The owner should redetermine the tenant's rent by using his/her anticipated annual income. Anticipated annual income shall be computed by annualizing the tenant's current income. The owner must reduce the surcharge effective the first month commencing after the month in which the decrease in amount of the income is reported. See 3-9 for surcharge percentage.

3-14. How Decreases of Less Than 10% in Income Affect Over Income Tenants. Any over income tenant who experiences a decrease of less than 10% in his adjusted gross income is subject to the reporting schedules contained in the Regulations for the Moderate Rental Housing Program.

3-15. Eviction of Overincome Tenants. Any over income tenant who remains in occupancy after the sixty day notice period is subject to eviction pursuant to Section 8-73 of the Connecticut General Statutes. The **President of CHFA may waive the eviction requirements** of Section 8-73 **if** the vacancy rate caused by the eviction(s) would result in an inability of the project to provide an income adequate for debt service and a balanced budget, if any, administration, including the state service charge, other operating costs and reserves for repairs, maintenance, replacements and collection costs. Inquiries concerning the waiver provisions of Section 8-73 should be directed to the CHFA's Asset Management Division.

A schedule, sample notice, and the forms needed to implement the above procedures appear in Exhibits 3-4 through 3-10.

**CERTIFICATE OF APPROVAL
INCOME LIMITS FOR ADMISSION AND CONTINUED OCCUPANCY
MODERATE RENTAL HOUSING DEVELOPMENTS**

The _____ has established and fixed, by an
(Agency/Authority/Owner)
appropriate Resolution of said _____ the income limits for admission to
and continued occupancy of Moderate Rental Housing Project(s)
No. _____
as follows:

Admission Limits

\$ _____ for 1 person
\$ _____ for 2 persons
\$ _____ for 3 persons
\$ _____ for 4 persons
\$ _____ for 5 persons
\$ _____ for 6 persons
\$ _____ for 7 persons
\$ _____ for 8 persons

Continued Occupancy Limits

\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____

SEAL:

Authorized Representative

Date

This is to certify that CHFA has reviewed and herewith approves the income limits for tenant admission to
and continued occupancy of Moderate Rental Housing Project(s) No.
_____.

Recommended by:

Administrator

Date

Approved by:

President, CHFA

Date

MODERATE RENTAL HOUSING

Supportive Data Worksheet

Pursuant to Section 8-72a of the Connecticut General Statutes and Section 8-79a-12 of the Regulations for the Moderate Rental Housing Program, the following factors have been considered in adopting the new maximum income limits for the _____ Moderate Rental Housing complex(s).

1. The income limits that are established from time to time and published in the Federal Register by the U.S. Department of Housing and Urban Development for projects receiving financial Pursuant to Section 8-72a of the Connecticut General Statutes and Section 8-79a-12 of the Regulations for the Moderate Rental Housing Program, the following factors assistance from HUD. They can be found on the Internet on HUD’s and CHFA’s website);

2. The latest average wage as computed by the Labor Commissioner for the city or town served by the Agency/Authority;

3. The number of vacancies in the project(s) at this time;
Project No. _____ Project No. _____
Vacancies: _____ Vacancies: _____

4. The number of families in the project(s) that are over income at this time;
Project No. _____ Project No. _____
Over income Families: _____ Over income Families: _____

5. The total number of applications for admission that were refused over the past year due to income disqualification: _____; and

6. The latest area median income, as determined by the U.S. Department of Housing and Urban Development.

**CERTIFICATE OF APPROVAL
PERCENTAGE OF INCOME USED TO DETERMINE
THE TENANT RENT IN A MODERATE RENTAL HOUSING PROJECT(S)**

The _____ has established and fixed, by an appropriate Resolution of said Authority/Corporation, the percentage of income that will be used to determine the tenant rent in Moderate Rental Housing Project(s) No. _____ as follows:

Project Name(s)	% of Income
_____	_____
_____	_____
_____	_____

Authorized Representative

Date

This is to certify that CHFA, has reviewed and herewith approves the percentage of income established by the _____ for Moderate Rental Housing Project(s) No. _____.

Recommended by:

Administrator

Date

Approved by:

President, CHFA

Date

**Moderate Rental Housing
Rent Calculation Sheet**

Tenant's Name: _____ Unit Number: _____

A. Family Income

	<u>Tenant</u>	<u>Income</u>	<u>Tenant</u>	<u>Income</u>
1.	_____	_____	2.	_____
3.	_____	_____	4.	_____
Total Income:				\$ _____

B. Allowable Deductions

1.	Total income of all dependents under 18		\$ _____
2.	Foster Care proceeds or State DCF Adoption Program payments		\$ _____
3.	Income of full-time students under 23		\$ _____
4.	Total medical expenses	\$ _____	
	Less refunded medical expenses	- _____	
	Net medical expenses	\$ _____	
	Less 3% of Line A. Total	- _____	
	Allowable medical deduction	\$ _____	\$ _____
5.	Child care costs - affording gainful employment		\$ _____
6.	Child support payments or alimony		\$ _____
7.	Number of dependents multiplied (x) by \$750		\$ _____

C. Total Deductions (Add Lines B 1 thru 7) \$ _____

D. Family Income Less Deductions (Line A minus Line C)

\$ _____

E. 10% of Line D (standard deduction) [per Regulation 8-79a – 1(m)] \$ _____

F. Adjusted Gross Income \$ _____

G. Adjusted Monthly Income (Line F divided by 12) \$ _____

H. Available Monthly Income (Line G multiplied (x) by current approved %) \$ _____

I. Utility Allowance \$ _____

J. Adjusted Monthly Rent (Line H minus Line I) \$ _____

K. Base Rent (as approved by President of CHFA) \$ _____

L. **Tenant Rent** (greater of Line H or Line I) \$ _____

M. Income Limit for Admission \$ _____

Continued Occupancy \$ _____

NOTE: Applicants for admission can not be admitted if their **Adjusted Gross Income** (Line F) exceeds Income Limit for Admission. For existing tenants, if Line F is greater than the Income Limit for Continued Occupancy, the household is deemed to be over income and a **surcharge** must be computed. To compute the surcharge, use the Moderate Rental Housing Surcharge Calculation Sheet.

**Moderate Rental Housing
Surcharge Calculation Sheet**

Tenant's Name: _____

Unit Number: _____

- 1. Adjusted Gross Income (from Line F of Exhibit 3-4) \$ _____
- 2. Income Limit for Continued Occupancy (from Line M of Exhibit 3-4) \$ _____
- 3. Income in excess of continued occupancy limit (Line 1 minus Line 2) \$ _____
- 4. Total monthly surcharge (Line 3 x 2%) \$ _____
- 5. **Total Monthly Payment** (Line 4 Plus Line L from Exhibit 3-4) \$ _____

Owner's Representative

Date

Schedule for Annual Recertifications.

A procedure for implementing the continued occupancy and annual recertification requirements in Moderate Housing Program follows:

- a. 120 days prior to rent increase, the owner shall mail an “Application for Continued occupancy” to each tenant in the complex. The owner should also initiate the annual recertification process at this time (see Section 5 of Chapter 9). The information collected during the recertification process will be needed to verify and compute each tenant’s eligibility for continued occupancy. The owner should aim to complete the “Applications for Continued Occupancy” and the Calculation Worksheets that are part of these procedures no later than 60 days prior to rent increase.
- b. 65days prior to rent increase, the owner shall mail a notice to each over income tenant in the complex. Pursuant to Section 8-73 of the Connecticut General Statutes, the notice shall state that the tenant has sixty (60) days to vacate his dwelling unit and that his failure to do so will result in his paying a 2% surcharge at implementation of recertification. The owner must ensure that each over income tenant receives this notice 60 days prior to implementation.
- c. On or about March 1, the owner shall submit a list of all over income tenants to the CHFA’s Asset Management Division.

Sixty days before implementation, the owner shall mail a notice to each tenant that specifies the amount of his/her rent. The tenant must actually receive the notice 30 days prior to the effective date of implementation of the new rent.

SAMPLE

REQUEST FOR CERTIFICATION NOTICE

(Owner Name)
(Owner Address)

(Tenant Name)
(Tenant Address)

Dear _____:

In accordance with your lease, the _____ Housing Authority is required to conduct a recertification of rent, dwelling size and eligibility for residents every year. This recertification is performed once a year.

- 4. Please fill out the “Application for Continued Occupancy.”
- 5. Please read carefully the enclosed “Helpful Hints”. This document lists the information you must submit to complete your recertification. Please ignore those items that do not apply to you. If you have questions about the information you must submit, please contact the Housing Authority immediately.
- 6. Return all information AND THE “APPLICATION FOR CONTINUED OCCUPANCY” TO OUR OFFICE ON OR BEFORE _____. If you do not have all the items needed, please return whatever you have before _____ to avoid a penalty.

FAILURE TO COMPLY WITH THIS RECERTIFICATION PROCESS IS A VIOLATION OF YOUR LEASE AND THE _____ HOUSING AUTHORITY MUST TAKE APPROPRIATE ACTION AGAINST ANY RESIDENT WHO DOES NOT COOPERATE. THEREFORE, THERE WILL BE A PENALTY FOR ANYONE WHO DOES NOT SUBMIT THE REQUESTED INFORMATION BY THE DUE DATE OF

_____.

Sincerely,

(Owner Representative)

APPLICATION FOR CONTINUED OCCUPANCY

THIS FORM MUST BE COMPLETED **IN YOUR OWN HANDWRITING**. YOU MUST USE THE CORRECT LEGAL NAME FOR EACH MEMBER OF YOUR HOUSEHOLD AS IT APPEARS ON THEIR SOCIAL SECURITY CARD. ALL ADULT MEMBERS OF THE HOUSEHOLD MUST SIGN ON PAGE 2 CERTIFYING THE INFORMATION PERTAINING TO THEM. PLEASE PRINT.

A. HOUSEHOLD COMPOSITION: List all persons who will be living in your home, listing head of the household first.

ADULTS (Legal name)	DATE OF BIRTH	RELATIONSHIP TO HEAD OF HOUSEHOLD	SOCIAL SECURITY NUMBER	PLACE OF BIRTH
------------------------	------------------	---	------------------------------	-------------------

1.

2.

3.

4.

CHILDREN (name as it appears on SS Card)	SOCIAL SECURITY NUMBER	DATE OF BIRTH	RELATIONSHIP TO HEAD OF HOUSEHOLD	SCHOOL NAME	PLACE OF BIRTH
---	------------------------------	---------------------	---	----------------	----------------------

1.

2.

3.

4.

5.

B. WHO TO CONTACT IN CASE OF EMERGENCY:

DRAFT

NAME

NAME

STREET ADDRESS

STREET ADDRESS

CITY

CITY

RELATION

RELATION

TELEPHONE NUMBER

TELEPHONE NUMBER

C. TOTAL HOUSEHOLD INCOME: List all money earned or received by everyone living in your household. This includes money from wages, self-employment, child support, contributions, Social Security, disability payments (SSI), Workers Compensation, retirement benefits, AFDC, Veterans benefits, rental property income, stock dividends, income from bank accounts, alimony, and all other sources.

HOUSEHOLD MEMBER	EMPLOYER	TOTAL WEEKLY WAGES	AFDC	CHILD SUPPORT MONTHLY	SOCIAL SECURITY BENEFITS	UNEMPLOYMENT BENEFITS	ALL OTHER INCOME
1. _____							
2. _____							
3. _____							
4. _____							

D. ASSETS: Do you or any household member own or have an interest in any real estate, boat, and/or mobil home? _____

Have you sold any real estate in the last two years? _____

Do you own any stocks or bonds? _____ Do you have savings accounts? _____

If yes, give bank, account numbers, and amounts below.

_____ # _____ \$ _____

I also consent for the _____ to release information from my file about my rental history to CHFA, credit bureaus, collection agencies, or future landlords. This includes records on my payment history, and any violations of my lease or _____ policies.

INFORMATION COVERED

I understand that, depending on program policies and requirements, previous or current information regarding me or my household may be needed. Verifications and inquiries that may be requested include but are not limited to:

- | | |
|--------------------------------|----------------------------------|
| Identity and Marital Status | Employment, Income, and Assets |
| Residences and Rental Activity | Medical Allowances or Child Care |
| Criminal Activity | Credits |

I understand that this authorization cannot be used to obtain any information about me that is not pertinent to my eligibility for and continued participation in a housing program.

I understand that this release may be used to allow any gas, electric, water or sewer utility company to release information about the status of my service and account information. In particular, to notify the Authority if service is about to be terminated.

GROUPS OR INDIVIDUALS THAT MAY BE ASKED

The groups or individuals that may be asked to release the above information (depending on program requirements) include but are not limited to:

Previous Landlords (including Public Housing Agencies)	Past and Present Employers
Courts and Post Offices	Welfare Agencies
Schools and Colleges	State Unemployment Agencies
Law Enforcement Agencies	Social Security Administration
Support and Alimony Providers	Medical and Child Care Providers
Retirement Systems	Veterans Administration
Credit Providers/Bureaus	Banks and other Financial Inst.
	Utility Companies

CONDITIONS

I agree that a photocopy of this authorization may be used for the purposed stated above. The original of this authorization is on file with the _____ and will stay in effect for a year and a month from the date signed. I understand I have a right to review my file and correct any information that I can prove is incorrect.

SIGNATURES

Head of Household (Print Name) Date

Spouse (Print Name) Date

Adult Member (Print Name) Date

Adult Member (Print Name) Date

NOTE: THIS GENERAL CONSENT MAY **NOT** BE USED TO REQUEST A COPY OF A TAX RETURN FROM THE INTERNAL REVENUE SERVICE OR THE DEPARTMENT OF REVENUE SERVICES

**NOTICE OF OVER INCOME STATUS
AND
LIABILITY FOR SURCHARGE**

**(Owner)
(Owner Address)**

(Tenant Name)
(Tenant Address)

Dear _____:

Section 8-73 of Chapter 128 of the Connecticut General Statutes provides that a tenant must vacate his dwelling unit no later than sixty (60) days after the date that the owner mails him a notice to inform him that his annual income exceeds the limit set for continued occupancy in such housing. A tenant who does not vacate his dwelling unit after the 60 day period is subject to eviction. Section 8-73 also provides that a tenant who continues in occupancy beyond the 60 day period must pay a monthly surcharge equal to 2% of the amount by which his annual income exceeds the continued occupancy limit.

Based on information recently obtained during the annual certification process, we have determined that your annual income exceeds the limit set for continued occupancy in your dwelling unit. Pursuant to the above statutory requirements, you are hereby notified that your failure to vacate your dwelling unit by (date) will result in your paying a surcharge equal to (amount) effective (date). This amount must be paid in addition to your regular monthly rent of (amount). We may also be required to begin eviction proceedings against you on or about (date).

If you experience a reduction in your income, we will re-determine your eligibility for continued occupancy and will recalculate your surcharge based on your reduced income. Please let us know immediately if you experience a reduction in your income.

Sincerely,

(Owner Representative)

ELDERLY HOUSING PROGRAM

Section 1. Program Description

4-1. Types of Assistance and Eligible Developers. The Elderly Housing Program provides grants, deferred loans, or loans to housing authorities, nonprofit organizations, municipal developers, and limited partnerships for the development of housing for the elderly and the disabled, as defined in Chapter 128 and amended in CGS Statute 8-114a.

4-2. Use of Development Funds and Handicap Units. Funds may be available for the new construction or the rehabilitation of existing structures. Ten percent of the units must be designed to be accessible to individuals with physical disabilities.

4-3. Rental Subsidy Provided. Rental Subsidies may be available to eligible individuals/families through the DECD’s Rental Assistance Program.

Section 2. Statutes, Regulations and Assistance Agreement

4-4. Statutes. The Elderly Housing Program is subject to Sections 8-112a through 8-119c of the Connecticut General Statutes. Copies of these statutes may be obtained from the CHFA’s Asset Management Division.

4-5. Regulations. The Elderly Housing Program is subject to the State of Connecticut’s ‘‘Regulations for the Elderly Housing Program.’’ Copies of these Regulations may be obtained from the CHFA, Asset Management Division

4-6. Assistance Agreement. Every Elderly Housing complex is also subject to the provisions of the Assistance Agreement between the Owner and the CHFA.

Section 3. Eligibility for Admission

4-7. Income Limits. An applicant’s total, **Gross Family Income** must be used to determine his/her eligibility for admission (see Section 1 of Chapter 9).

Per CGS Statute 8-115a, the **admission limits** for Elderly Housing complexes shall be 80% of the AMI as published from time to time by HUD in the Federal Register adjusted for family size. They can be found on the Internet on CHFA’s website at www.chfa.org.

4-8. Eligible Families. Only ‘‘elderly persons’’ are eligible. An ‘‘elderly person’’ means a person who is sixty-two years of age or older, or a person who has been certified by the Social Security Board as being totally disabled under the Federal Social Security Act or certified by any other federal board or agency as being totally disabled. [CGS sec. 8-113a]

The President of CHFA may, for periods of up to one year, authorize an owner to admit persons who are less than sixty-two years of age but not less than fifty-five years of age (near elderly). Provided that the owner submits an application approved by the chief executive officer of the municipality in which the owner is located demonstrating that:

- a. the owner is not able to attract an adequate number of elderly persons to occupy the project and,
- b. the owner has (1) published a notice, at least once each week during the thirty days preceding the submission of its application, in one or more newspapers having a substantial circulation in the

municipality, indicating that the units are available and, (2) sent such notice, at least thirty days preceding submission of its application, to each owner operating an elderly housing project pursuant to Part VI of the Connecticut General Statutes and having fifty or more units. [CGS Sec. 8-115A –B]

No person admitted to such project pursuant to these provisions shall be evicted from or denied continued occupancy of such project solely because such person is less than sixty-two years of age.

Section 4. Rent Determination [Regulation Sec. 8-119jj-23]

4-9. General Requirements. Tenants must pay the base rent or a percentage of their adjusted gross income, minus a utility allowance, whichever is greater. The percentage must be established by the owner and approved by CHFA (Exhibit 4-1).

4-10 Terms Used to Compute the Rent.

- a. **Family Income.** The total, gross annual income received by all persons residing in the unit (see Section 1 of Chapter 9).
- b. **Adjusted Gross Income.** The Family Income less allowable deductions.
- c. **Medical Expenses.** See Section 3 of Chapter 9.
- d. **Adjusted Monthly Income.** The Adjusted Gross Income divided by twelve (12).
- e. **Current Approved Percentage.** The percentage by which the Adjusted Monthly Income is multiplied to determine if the tenant will pay more than the base rent. The percentage must be established by the owner and approved by CHFA on the most recently approved Management Plan.
- f. **Base Rent.** The minimum rent that must be charged to meet all of the complex’s operating expenses. This rent is established on the Management Plan (i.e., the operating budget) for the complex.
- g. **Available Monthly Income.** The Adjusted Monthly Income multiplied by the Current Approved Percentage.
- h. **Utility Allowance.** The owner’s estimate of the average monthly utility bills (gas, electric, oil, propane, sewer, and water) for an energy conscious household. This estimate considers only utilities paid directly by the tenant. If all utilities are included in the rent, there is no utility allowance.
- i. **Adjusted Monthly Rent.** The Available Monthly Income minus the Utility Allowance.
- j. **Tenant Rent.** The greater of the Adjusted Monthly Rent or the Base Rent.

4-11. Forms Used to Compute the Rent. **Elderly Housing Rent Calculation Worksheet** is the form used to calculate the Tenant Rent. It should also be used to determine if an applicant’s Gross Family Income exceeds the Admission Limit. The form appears in Exhibit 4-2 and should agree with the above “Household Income”.

Section 5. Recertifications

4-12. Recertification Requirements. Tenants who are subsidized by the DECD’s Rental Assistance Program (RAP) must be recertified on an annual basis. All other tenants must be recertified at least once every two years

**CERTIFICATE OF APPROVAL
PERCENTAGE OF INCOME USED TO DETERMINE
THE TENANT RENT IN ELDERLY HOUSING DEVELOPMENTS**

The _____, has established and fixed, by an appropriate Resolution of said Authority/Corporation, the percentage of income that will be used to determine the tenant rent in Elderly Housing Project(s) No. _____ as follows:

Project Name(s)	% of Income
_____	_____
_____	_____
_____	_____

Authorized Representative

Date

This is to certify that CHFA, has reviewed and herewith approves the percentage of income established by the _____ for Elderly Housing Project(s) No. _____.

Recommended by:

Administrator, State Housing Portfolio

Date

Approved by:

Vice-President, Multi-family Asset Management
CHFA

Date

**Elderly Housing
Rent Calculation Sheet**

Tenant's Name: _____

Unit Number: _____

A. Elderly Household Income

	<u>Tenant</u>	<u>Income</u>		<u>Tenant</u>	<u>Income</u>
1.	_____	_____	2.	_____	_____
3.	_____	_____	4.	_____	_____
Gross Family Income:		\$ _____			

B. Allowable Deductions

1. Total medical expenses	\$ _____
2. Less reimbursed medical expenses	- _____
3. Net medical expenses	\$ _____
4. Less 3% of Line A. Total	- _____
5. Allowable medical deduction	\$ _____

C. Adjusted Gross Income (Line A minus Line B) \$ _____

D. Monthly Adjusted Income (Line A minus Line B) \$ _____

E. Approved Percentage _____

F. Multiply Percentage (Line D times Line E) \$ _____

G. Calculated Amount Minus Approved Utility Allowance _____ \$ _____

H. Approved Base Rent \$ _____

I. **Tenant's Rent** (greater of Line H or Line G) \$ _____

J. Income Limit for Admission \$ _____

Note: Applicants can not be admitted if their **GROSS Family Income** (Line A) exceeds the Income Limit for Admission.

Signature of Owner's Representative

Date

Chapter 5

CONGREGATE HOUSING FOR THE ELDERLY PROGRAM

Section 1. Program Description

5-1. Types of Assistance. The Congregate Housing for the Elderly Program provides grants, deferred loans, or loans to eligible developers for the development of Congregate Housing for the frail elderly. [Statute 8-119kk-Check

5-2. Facilities and Services Required. Congregate Housing complexes must include an office, community area, communal dining room and kitchen facilities. Each living unit is self contained. There must be a staff person on duty 24 hours a day. All units are hard-wired with emergency call systems with battery back-ups. At least one main meal must be served to all residents.

5-3. Operating Subsidy Provided. An operating subsidy is available to offset the expense of congregate services provided to low income tenants. Rental subsidies are available to eligible families/individuals through the DECD's Rental Assistance Program.

Section 2. Statutes, Regulations and Assistance Agreement

5-4. Statutes. The Congregate Housing for the Elderly Program is subject Sections 8-119d through 8-119s of the Connecticut General Statutes. Copies of these statutes may be obtained from the CHFA's Asset Management Division.

5-5. Regulations. The Congregate Housing for the Elderly Program is subject to the State of Connecticut's "Regulations for the Congregate Housing Program." Copies of these Regulations may be obtained from the CHFA's Asset Management Division.

5-6. Assistance Agreement. Congregate Housing is also subject to the Assistance Agreement between the Owner and the CHFA.

Section 3. Eligibility for Admission

5-7. Income Limits. An applicant's total, **Gross Family Income** must be used to determine their eligibility for admission (see Section 1 of Chapter 9).

The **admission limits** for Congregate Housing complexes shall be 80% of the AMI as published from time to time by HUD in the Federal Register, adjusted for family size. [Regulation 8-119g-4]. They can be found on the Internet on CHFA's website@www.chfa.org

5-8. Eligibility Conditions. Residents must be:

- a. 62 years of age or older; [Reg 8-119g-4]check
- b. have temporary or periodic difficulties with one or more essential activities of daily living such as feeding, bathing, grooming, dressing or transferring; [Reg 8-119g-2 (g)]
- c. meet the established criteria of the local selection committee approved by the President of CHFA. The criteria must include, but are not limited to: (1) physical and functional assessment of physical or mental frailty; (2) housing conditions and living arrangements, (3) income and assets, (4) daily living needs, (5) transportation, and (6) meal preparation. [Reg 8-119g-4 and Statute 8-119e]

Section 4. Determining the Total Tenant Payment and Required Subsidies

5-9. General Requirements Tenants must pay the amount of their monthly income that is available for rent and services, or the monthly cost of the rent and services, whichever is lower. The monthly income that is “available for rent” is equal to thirty percent (30%) of the tenant’s adjusted monthly income less the applicable utility allowance. [CGS 8-119LL(G)] The monthly income that is “available for services” is equal to the monthly income less the sum of the monthly allowable deductions, the amount that is “available for rent,” and the applicable utility allowance.

If the base rent for the complex is greater than the monthly income that is “available for rent,” the balance of funds needed to pay the base rent is supplied by DECD’s Rental Assistance Program. If the cost of the services is greater than the monthly income that is “available for services,” the balance of funds needed to pay the cost of the services is supplied by the DECD’s Congregate Services Subsidy.

5-10. Terms Used To Compute The Total Tenant Payment and Required Subsidies.

- a. **Family Income.** The total, gross annual income received by all persons residing in the unit. (See Section 1 of Chapter 9).
- b. **Monthly Income.** The Family Income divided by 12.
- c. **Adjusted Gross Income.** The Gross Family Income less annual medical expenses not covered by insurance, which exceed 3% of the Gross Family Income.
- d. **Adjusted Monthly Income.** The Adjusted Gross Income divided by 12.
- e. **Medical Expenses.** See Section 3 of Chapter 9.
- f. **Utility Allowance.** The owner’s estimate of the average monthly utility bills (except telephone, cable, and internet) for an energy-conscious household. This estimate considers only utilities paid directly by the tenant. If all utilities are included in the rent, there is no utility allowance.
- g. **Base Rent.** The minimum rent that must be charged to meet all of the complex’s operating expenses. This rent is established on the Management Plan.
- h. **Monthly Income Available for Rent.** An amount equal to thirty percent (30%) of the tenant’s Adjusted Monthly Income less the applicable Utility Allowance.
- i. **Monthly Allowable Deductions.** There are four (4) monthly deductions subtracted from the tenant’s Monthly Income to determine the Monthly Income Available for Services. **The approved deductions are available from DECD.:**
- j. **Monthly Income Available for Services.** An amount equal to the Monthly Income less the sum of the Monthly Allowable Deductions, the Monthly Income Available for Rent, and the applicable Utility Allowance.
- k. **Per Unit, Per Month (PUM) Cost of Congregate Services.** This amount is determined as follows: $\{\text{Total Cost of Congregate Services divided by 12}\} \text{ divided by } \{\text{Total Number of Units in the Complex}\} = \text{the PUM for Congregate Services.}$
- l. **Total Tenant Payment to the Owner.** An amount equal to the sum of the Monthly Income Available for Rent and the Monthly Income Available for Services.

5- 11. Form Used to Compute the Total Tenant Payment and Required Subsidies. The Congregate Housing Worksheet is the form used to determine the total payment due from the Tenant in Congregate Housing. It is also used to determine the amount of the rental assistance subsidy and/or the congregate services subsidy required for the tenant. The form appears in Exhibit 5-1.

5-12. Form Used to Compute the Total Tenant Contribution, Total Rental Subsidy, Tenant Contribution towards Core Services and the Amount of Congregate Subsidy. The congregate services program Tenant Rent Roll is the form used to determine the amount of tenant payments and subsidies required. Figures on this rent roll should agree with the figures on the annual management plan and should accompany the proposed annual budget as supporting documentation. The form appears in Exhibit 5-2.

Section 5. Procedure for Increases In the Amount Charged for Congregate Services

5-13. Procedure for Increases in the Amount Charged for Congregate Services. The following procedure must be adhered to whenever the Owner proposes to increase the amount charged for Congregate Services. The owner's failure to adhere to this procedure will invalidate the increase:

- a. Within sixty (60) days of the proposed increase, the Owner must submit a revised Management Plan to the Commissioner.
- b. Within thirty (30) days after the receipt of the revised Management Plan, the Commissioner will approve, disapprove, or request modification of the increase or any portion thereof.
- c. If the increase is approved by the Commissioner, the owner must give the tenants at least 30 days written notice prior to the effective date of the increase.

NOTE: The procedure contained in Section 7 of Chapter 9 must be adhered to for all increases in the base rent. The two procedures must be implemented together if the owner proposes to increase both the base rent and the amount charged for Congregate Services.

Section 6. Recertifications

5-14. Recertification Requirements. All persons/families residing in Congregate Housing complexes must be recertified on an annual basis. The procedure appearing in Section 5 of Chapter 9 must be adhered to for these Recertifications.

Congregate Housing Worksheet

Tenant Name(s): _____
 Unit Number: _____

No. of Tenants _____
 No. Receiving ALSA _____
 Effective Date _____

RENT CALCULATION

1. Family Gross Income _____
2. Medical Deduction Calculation: _____
3. **For NON ALSA Tenant:**
 - a.) Total Medical Expenses from previous year _____
 - b.) Less Amounts Reimbursed to the tenant (_____) _____
 - c.) Total Non Reimbursed Medical Expenses _____
3. **For ALSA tenant:**
 - a.) Medical Expenses from previous year _____
 - b.) Plus: Tenants Cost/ALSA services annualized current yr _____
 - c.) Less: Amounts Reimbursed to the tenant _____
 - d.) Total Non Reimbursed Medical Expenses _____
4. Calculate 3% of Family Gross Income (Line 1 x .03) _____
5. TOTAL MEDICAL ALLOWANCE (Line 2c OR 3d minus line 4) _____
6. Adjusted Gross Income (Line 1 minus Line 5) _____
7. Adjusted Monthly Income (Line 6 divided by 12) _____
8. 30% of Adjusted Monthly Income (Line 7 x .30) _____
9. Utility Allowance: Efficiency Unit _____
 Utility Allowance: 1 BR Unit _____
10. Adjusted Mo. Income Available for Rent (Line 8 minus Line 9) _____
11. Base Rent (from Management Plan) _____
12. Mo. Income Towards Rent (Less of Line 10 or Line 11) _____

SERVICES CALCULATION

13. Family Income (Same as Line 1) _____
14. 50% of non Reimbursed Medical Expenses (Line 2c OR 3d x .50) _____
15. Adjusted Gross Income (Line 13 minus Line 14) _____
16. Adjusted Monthly Income (Line 15 divided by 12) _____
17. Monthly Allowable Deductions –Check with DECD for current rates
 - a.) of Adjusted Monthly Income (Line 16 x .15) _____
 - b.) Personal Allowance
 - 1 person _____
 - 2 persons _____
 - c.) Food Allowance
 - 1 person _____
 - 2 persons _____
 - d.) Medical Allow.
 - 1 person _____
 - 2 persons _____
18. Total Montly Deductions (Add lines 17 a,b,c,d) _____
19. Tenant Paid Utilities (same as Util. Allow. on Line 9) _____
20. **Mo. Income Towards Services-The LESSOR OF:** _____
 Line 16 minus Lines 12 & 18 & 19 OR _____
 Line 22 _____

	Actual	Tenant	CHFA	
	Costs	Contribution	Subsidy	
21. Monthly Rent (PUM from Management Plan)	_____	_____	_____	
22. Monthly CORE Service (PUM from Cong.Service M.Plan)	_____	_____	_____	
23. TOTAL RENT AND CORE SERVICES (Line 21 & Line 22)	_____	_____	_____	
24. Monthly ALSA fee (from rate schedule)	_____	_____	_____	
25. Total All costs and Source of Payment	_____	_____	_____	

Note: maximum ALSA subsidy for CHFA client is Available from DECD

Total Assets _____ Assets of ALSA Recipient _____

Note: if joint ownership of these assets, list separately the portion belonging to the ALSA recipient)

ALSA Program
CHFA Clients Only

(DSS will calculate tenant contribution for their clients. The figure for #3b will be provided for you.)

DSS Allowable Level of Income
Protected Monthly _____
+ Medicare Part B Premium _____
+Medical Insurance Monthly Premium _____
=Amount of income "protected" _____

Gross Monthly Income _____
Less: protected amount _____
=Income Available to Pay towards
the ALSA cost _____

Level _____
Monthly Rate _____

Tenant Payment/Income _____

DECD Subsidy _____
(Maximum Available from DECD)

Balance due from Tenant's
Assets or other sources _____

Annualized Tenant cost of ALSA
from ALL sources _____
(carry this amount to Line 3b)

Note: the monthly amount due from the tenant for ALSA services will be collected by the MRC and paid to the service provider on behalf of the tenant

Prepared By: _____ Date: _____

Verified By: _____ Date: _____

Chapter 6

HOUSING FOR THE HOMELESS PROGRAM

Section 1. Program Description

- 6-1. Eligible Developers and Types of Housing.** The Housing for the Homeless Program provides financial assistance to community housing development corporations, nonprofit corporations, and municipal developers for the development of rooming houses for homeless persons or multifamily dwellings for families in need of transitional housing and support services. [CGS Statute 8-356] Funds may be used for the acquisition of homes (including mobile/manufactured homes), relocation, professional services, site development, and building rehabilitation or construction.
- 6-2. Definition of a Rooming House.** A **rooming house** provides sleeping accommodations for more than three persons, on either a transient or permanent basis, with or without meals, but without separate cooking facilities, for each occupant.
- 6-3. Definition of Transitional Housing.** A **transitional housing facility** is a multifamily dwelling that provides sleeping accommodations and support services for more than one person for a period of six to twenty-four months. [CGS Statute 8-357]
- 6-4. No Operating Subsidy.** No operating subsidy is provided. [CGS Statute 8-357(b)(5) Statutory limitations on the rents charged in these complexes require that most operating expenses (and all support services) be funded from sources other than project revenues (e.g., Federal subsidies, grants from social service agencies, charitable contributions, etc.).

Section 2. Statutes, Regulations and Assistance Agreement

- 6-5. Statutes.** The Housing for the Homeless Program is subject to Sections 8-355 through 8-364 of the Connecticut General Statutes. Copies of these statutes may be obtained from the CHFA's Asset Management Division.
- 6-6. Regulations.** The Housing for the Homeless Program is subject to the State of Connecticut's Regulations for the Housing for the Homeless Program. Copies of these Regulations may be obtained from the CHFA's Asset Management Division, available at www.cga.ct.gov and www.chfa.org.
- 6-7. Assistance Agreement.** Every Housing for the Homeless complex is also subject to the Assistance Agreement between the owner and the CHFA.

Section 3. Eligibility for Admission

- 6-8. Income Limits.** An applicant's **adjusted gross income** must be used to determine his/her eligibility for admission.

The **admission limits** for Housing for the Homeless complexes shall be equal to fifty percent (50%) of the area median income, adjusted for family size, as determined from time to time by the U.S. Department of Housing and Urban Development. [CGS Statute 8-357] Thus, the HUD "Very Low"

income limits, adjusted for family size, must be used as the income limits for the Housing for the Homeless Program.

6-9. Eligible Persons/Families.

- a. **Rooming Houses.** Applicants must be homeless persons referred by an emergency shelter, municipal welfare department, the Department of Social Services, the Department of Human Resources, or the Department of Income Maintenance.
- b. **Transitional Housing.** Applicants must have received emergency shelter services or shelter services for battered women within six months prior to the date of application. Applicants must also be referred by an emergency shelter, municipal welfare department, the Department of Social Services.
- c. An **“emergency shelter”** is a privately or publicly supported structure designed to house persons on a temporary basis for whom shelter is not otherwise available.
- d. **“Emergency shelter services”** means the provision of temporary housing to homeless persons.
- e. A **“homeless person”** is any person who does not have overnight shelter or sufficient income or resources to secure such shelter.

Section 4. Rent Determination

6-10. General Requirements. Residents must pay thirty percent (30%) of their adjusted monthly income minus a utility allowance. The maximum amount shall be 30% or an amount equal to the shelter component of the general assistance grant as determined by the town or whichever is greater. [CGS Statute 8-358]

6-11. Terms Used to Compute the Rent.

- a. **Family Income.** The total gross annual income received by all persons residing in the unit. (See Section 1 of Chapter 9).
- b. **Adjusted Gross Income.** The Family Income less all allowable deductions.
- c. **Monthly Adjusted Gross Income.** The Adjusted Gross Income divided by twelve (12).
- d. **Available Monthly Income.** The Monthly Adjusted Gross Income multiplied by 30%. [CGS Statute 8-358]
- e. **Utility Allowance.** The owner’s estimate of the average monthly utility bills (except telephone, cable, and internet) for an energy conscious household. This estimate considers only utilities paid directly by the residents. If all utilities are included in the rent, there is no Utility Allowance.
- f. **Tenant Rent.** An amount equal to 30% of the Monthly Adjusted Gross Income minus the Utility Allowance, or the amount designated for housing costs under General Assistance Programs. [CGS Statute 8-358]

6-12. Forms Used to Compute the Rent. The **Housing for the Homeless Rent Calculation Sheet** is the form used to determine the Tenant Rent. It should also be used to determine if an applicant’s Adjusted Gross Income exceeds the Admission Limit. The form appears in Exhibit 6-1.

Section 5 –Annual Recertifications

6-13. Recertification Requirements. All persons/families residing in Housing for the Homeless complexes must be recertified on an annual basis. The procedure appearing in Section 5 of Chapter 9 must be adhered to for these recertifications.

Section 6. Annual Recertifications

Exhibit 6-1

**Innovative Housing for the Homeless
Rent Calculation Sheet**

Sponsor/Owner: _____

Name of Assisted Individual/Family: _____

Unit Address: _____

Number of Dependents: _____

A. Family Income

Tenant	Income	Tenant	Income
1. _____	\$ _____	2. _____	\$ _____
3. _____	\$ _____	4. _____	\$ _____
			Total \$ _____

B. Allowable Deductions

- 1. Income of Dependents under 18 \$ _____
- 2. Foster Care Proceeds or State DCF Adoption Program Payments \$ _____
- 3. Income of full-time students under 23 \$ _____
- 4. Total Medical Expenses \$ _____
- Refunded Medical Expenses \$ _____
- Net Medical Expenses \$ _____
- Total of Line A \$ _____
- Medical Deduction** \$ _____
- 5. Child Care Costs \$ _____
- 6. Alimony or Child Support (paid by a member of the resident family per court order) \$ _____
- 7. Number of Dependents multiplied by \$750 \$ _____

- C. Total Deductions (Add 1 thru 7) \$ _____
- D. Adjusted Gross Income (Line A Total minus Line C) \$ _____
- E. Monthly Adjusted Gross Income (Line D divided by 12) \$ _____
- F. Available Monthly Income (Line E multiplied by 30%) \$ _____
- G. Utility Allowance (if any) \$ _____
- H. Tenant Rent (Line F minus Line G) \$ _____
- I. Income limit for Admission \$ _____

Applicants cannot be admitted if their adjusted gross income (Line D) exceeds the Admission Limit.

**Annual Report to CHFA
Housing for the Homeless Program**

Statutory Reference: Section 8-355 Through 8-364

FOR THE PERIOD: January 1, _____ Through December 31, _____

- **Due to CHFA within 30 days of the end of the calendar year**

Part I

Organizational Information:

1. _____
Sponsor Name

Street Address

City/Town/Borough Zip Code

1A. _____
Name of Facility

Street Address

City/Town/Borough Zip Code

2. Current Administrative Contact Person:

Name

Area Code - Telephone Number

Area Code - Fax Number

Job Title

Normal Hours of Work

Part II

Project Specific Information:

3. Has the property's operation kept current on all vendor invoices during the prior year?
_____ Yes _____ No

If No, please provide a brief explanation

4. Has the property's operation paid all property Taxes when they were due during the prior year?
_____ Yes _____ No _____ N/A

4a. If NO, have any tax liens been placed on the property?
_____ Yes _____ No _____ N/A

If YES to question 4a, please attach a report outlining the current situation, liens, amounts of back taxes due, and the plan of corrective action that the organization is pursuing.

5. Is there any pending litigation that will impact the facility?
_____ Yes _____ No

If YES, please provide a brief explanation.

6. Is there any known financial impediment that would cause this property to cease operating for its intended purpose during the upcoming calendar year?

_____ Yes _____ No

If YES, please provide a brief explanation.

=====

Maintenance:

7. In your opinion, the condition of the following could be rated as follows: (A poor rating would reflect probable substantial repair or replacement in the next 18 months.)

	<u>Acceptable</u>	<u>Poor</u>
Roof	_____	_____
Exterior Siding (missing or needing painting)	_____	_____
Exterior Window Trim (paint)	_____	_____
Exterior Windows	_____	_____
Exterior Door Trim (paint)	_____	_____
Exterior Doors (replacement or needing paint)	_____	_____
Heating System	_____	_____

15. Were all households recertified annually?
_____ Yes _____ No

General Information:

16. If CHFA staff have any questions relative to information contained in this report they can contact:

Mr.
Ms.
Mrs. _____ at _____
Area Code – Telephone Number

SEND THE COMPLETED REPORT TO:

Administrator
State Housing Porfolio
CHFA
999 West Street
Rocky Hill, CT 06067
Fax Number (860) 257-4279

Fax Reports Are Acceptable

Chapter 7

LIMITED EQUITY COOPERATIVES PROGRAM

Section 1. Program Description

7-1. Types of Assistance, Eligible Developers, and Use of Development Funds. The Limited Equity Cooperative Program provides grants, deferred loans, or loans to nonprofit corporations for the development of limited equity cooperatives for low and moderate income families. Funds may be used for the purchase, acquisition, rehabilitation or constructing of housing. [CGS Statute 8-214F]

7-2. Required Contributions by Residents. Residents must contribute their labor; make a cash contribution, or both, in order to become a cooperative member. Any return on equity is limited by the cooperative to ensure future affordability of the units to low and moderate income families. [CGS Statute 8-214F] Residents are responsible for the ongoing operation and management of a Limited Equity Cooperative project.

7-3. No Operating Subsidy. No operating subsidy is provided for these projects. All operating expenses must be paid from the carrying charges collected from the tenants.

Section 2. Statutes, Regulations and Assistance Agreement

7-4. Statutes. The Limited Equity Cooperative Program is subject to Sections 8-214f through 8-214h of the Connecticut General Statutes. Copies of these statutes may be obtained from the CHFA's Asset Management Division, or at www.cga.ct.gov/ico/statute_web_site_loc.htm

7-5. Regulations. The Limited Equity Cooperative Program is subject to the State of Connecticut's Regulations for the Limited Equity Cooperative Program. Copies of these Regulations may be obtained from the CHFA's Asset Management Division.

7-6. Assistance Agreement. A Limited Equity Cooperative is also subject to the provisions of the Assistance Agreement between the owner and the CHFA.

Section 3. Eligibility for Admission

7-7. Income Limits. An applicant's **adjusted gross income** must be used to determine his/her eligibility for admission. [Reg 8-214h-9]

The **admission limits for complexes financed with a grant** shall be equal to fifty percent (50%) of the area median income, adjusted for family size, as determined from time to time by the U.S. Department of Housing and Urban Development (HUD), unless otherwise approved by the Commissioner. [Reg 214h-8(b)] Thus, the HUD "Very Low" income limits must be used as the admission limits for complexes financed with a **grant**, unless different limits are approved by the President of CHFA.

The **admission limits for complexes financed with a loan or a grant/loan combination** shall be equal to one hundred percent (100%) of the area median income, adjusted for family size, as determined from time to time, by HUD, unless otherwise approved by the Commissioner. [Reg 214h-8] Thus, the admission limits for complexes financed with a **loan or a grant/loan combination** must be determined with the following formula, unless different limits are approved by the President of CHFA: HUD “Very Low” Income Limits x 2 = Admission Limits.

Exceptions to the normal admission limits must be approved by the President of CHFA using the “Certificate of Approval” contained in Exhibit 7-1.

7-8. Eligible Families. Low and moderate income families with incomes below the admission limits are eligible. “Family” means a household consisting of one or more persons.

Section 4. Carrying Charge Determination

7-9. General Requirements. A Limited Equity Cooperative has three (3) options for determining the carrying charge: (1) the Cooperative may charge the “established carrying charge” approved on the complex’s Management Plan (i.e., operating budget); (2) the Cooperative may charge an “income based” carrying charge equal to a percentage of the adjusted gross income, not to exceed 30%, minus a utility allowance; or (3) the Cooperative may charge **the greater of** the “established carrying” or an “income based” carrying charge equal to a percentage of the adjusted gross income, not to exceed 30%, minus a utility allowance.

The Regulations for the Limited Equity Cooperative program specify that residents will pay a carrying charge equal to:

- a. A percentage of the residents’ adjusted gross income, not to exceed 30%, minus a utility allowance for those residents who pay their own utilities. The percentage shall be established by the Board of Directors and approved by the Commissioner; and/or
- b. The established carrying charge determined by the developer and approved by the Commissioner on the complexes Management Plan.

7-10. Terms Used To Compute The Carrying Charge.

- a. **Gross Family Income.** The total gross annual income received by all persons residing in the unit. (See Section 1 of Chapter 9).
- b. **Adjusted Gross Income.** The Family Income less all allowable deductions.
- c. **Monthly Adjusted Gross Income.** The Adjusted Gross Income divided by twelve (12).
- d. **Carrying Charge.** The amount, excluding any security deposits, membership fees or down payments, payable by each resident for occupancy of a dwelling unit, whether or not such dwelling unit is owned or operated on a landlord-tenant or home ownership basis, or as a condominium or cooperative.
- e. **Established Carrying Charge.** The minimum carrying charge that must be collected from each family to meet all of the complex’s operating expenses. This carrying charge is established on the Management Plan (i.e., the operating budget) for the complex.
- f. **Income Based Carrying Charge.** The carrying charge determined by multiplying the resident’s Monthly Adjusted Gross Income by the Current Approved Percentage.
- g. **Current Approved Percentage.** The percentage by which the Monthly Adjusted Gross Income is multiplied to determine the Income Based Carrying charge, to a maximum of

30%. The percentage must be established by the owner and approved by the President of CHFA using the “Certificate of Approval” that appears in Exhibit 7-2.

- h. **Utility Allowance.** The Cooperative’s estimate of the average monthly utility bills (except telephone, cable, and internet) for an energy - conscious household. This estimate considers only utilities paid directly by the resident. If all utilities are included in the carrying charge there is no utility allowance.

7-11. Forms Used To Compute The Carrying Charge.

- a. Carrying Charge **Worksheet A.** This form is used for complexes that collect only an established carrying charge. The form appears in Exhibit 7-3.
- b. Carrying Charge **Worksheet B.** This form is used for complexes that collect only an income based carrying charge. The form appears in Exhibit 7-4.
- c. Carrying Charge **Worksheet C.** This form is used for complexes that collect **the greater of** an income based carrying charge or an established carrying charge. The form appears in Exhibit 7-5.

Section 5. Recertifications

7-12. Procedure for Recertifications. The procedure to be followed for Recertifications appears in Chapter 9. All certifications are to be effective May 1, with any carrying charges, unless otherwise approved by CHFA.

7-13. Which Cooperatives are Required to Perform Annual Recertifications. Cooperatives that collect an income based carrying charge, or the greater of an income based and an established carrying charge, must recertify on an annual basis.

7-14. Which Cooperatives are Required to Perform Biennial Recertifications. Cooperatives that collect an established carrying charge must recertify on a biennial basis.

7-15. Substitution of Terms when Following Recertification Procedures. The terms “resident”, “carrying charge”, “established carrying charge”, and “maximum carrying charge” should be substituted for the terms “tenant”, “rent”, “base rent”, and “maximum rent” respectively when implementing the recertification procedures contained in Chapter 9.

Section 6. Occupancy Requirements

7-16. Applicability of Occupancy Requirements. All of the occupancy requirements contained in Chapter 9 apply to Limited Equity Cooperatives. Owners should substitute the terms “resident”, “carrying charge”, “established carrying charge”, and “maximum carrying charge” for the terms “tenant”, “rent”, “base rent”, and “maximum rent” when implementing these requirements.

Section 7. Return On Equity

7-17. Calculation of Return on Equity. In the event a Cooperative member vacates his/her dwelling unit in a Limited Equity Cooperative project, the resident may be entitled to no more than the following payment(s) as a return on equity [Reg 8-214h-6(5):

- a. 100% of the cash contribution and/or value of the “**sweat equity**” contribution. [Reg 214h-6(d)
- b. No more than ten percent (10%) compounded annually of the value of such contribution and/or sweat equity contribution for the period of occupancy of the unit. [Reg 8-214h6(5)]
- c. The current value of any permanent authorized improvements paid for by the cooperative member and approved by the Board of Directors. [Reg 8-214h-7 and Reg8-214h6(5)d]

NOTE: “Sweat Equity” means the value of the labor provided by or on behalf of the Cooperative member, at a fixed hourly rate, for the construction, rehabilitation, operation or management of a Limited Equity Cooperative project. [Reg 214h-1(aa)]

CERTIFICATE OF APPROVAL INCOME LIMITS FOR ADMISSION TO A LIMITED EQUITY COOPERATIVE

The _____ has established and fixed, by an
(Agency/Authority/Owner)
appropriate Resolution of said the income limits for admission to Project No. _____ as follows:

Admission Limits

- \$ _____ for 1 person
- \$ _____ for 2 persons
- \$ _____ for 3 persons
- \$ _____ for 4 persons
- \$ _____ for 5 persons
- \$ _____ for 6 persons
- \$ _____ for 7 persons
- \$ _____ for 8 persons

Authorized Representative

Date

This is to certify that CHFA has reviewed and herewith approves the income limits for tenant admission to Project No. _____ fixed by _____.

Recommended by:

Administrator

Date

Approved by:

President, CHFA

Date

**CERTIFICATE OF APPROVAL
PERCENTAGE OF INCOME USED TO DETERMINE
THE TENANT RENT IN A LIMITED EQUITY COOPERATIVE HOUSING PROJECT**

The _____, has established and fixed, by an appropriate Resolution of said Limited Equity Cooperative, the percentage of income that will be used to determine the resident carrying charge in Project No. _____ as follows:

Project Name(s)	% of Income
_____	_____
_____	_____
_____	_____

Authorized Representative

Date

This is to certify that CHFA, has reviewed and herewith approves the percentage of income established by the _____ for Limited Equity Cooperative Housing Project No. _____.

Recommended by:

Administrator

Date

Approved by:

President

Date

CARRYING CHARGE WORKSHEET A
(For Complexes Using Only An Established Carrying Charge)

Limited Equity Cooperative: _____
Resident Name(s): _____
Unit Address: _____
Unit Size (# Bedrooms): _____ BR

A. Family Income					
	<u>Resident</u>	<u>Income</u>	<u>Resident</u>	<u>Income</u>	
1.	_____	_____	2.	_____	_____
3.	_____	_____	4.	_____	_____
				Total Income:	\$ _____

B. Allowable Deductions [Sec 8-214h-9]			
1.	Total income of all dependents under 18		\$ _____
2.	Foster Care proceeds or State DCF Adoption Program payments		\$ _____
3.	Income of full-time students under 23		\$ _____
4.	Total medical expenses	\$ _____	
	Less refunded medical expenses	- _____	
	Net medical expenses	\$ _____	
	Less 3% of Line A Total	- _____	
	Allowable medical deduction	\$ _____	\$ _____
5.	Child care costs - affording gainful employment		\$ _____
6.	Child support payments or alimony		\$ _____
7.	Number of dependents multiplied (x) by \$750		\$ _____

C.	Total Deductions (Add Lines B 1 thru 7)	\$ _____
D.	Adjusted Gross Income (Line A Total minus Line C)	\$ _____
E.	Established Carrying Charge (From Management Plan)	\$ _____
F.	Income Limit For Admission	\$ _____

Applicants **cannot** be admitted if their adjusted gross income (Line D) exceeds the Admission Limit. Use 50% of median for projects financed with grants. Use 100% of median for projects financed with loans or grant/loan combinations. If the family is self-employed, net income and depreciation are used to determine the gross income.

CARRYING CHARGE WORKSHEET B
(For Complexes Using Only An Income Based Carrying Charge)

Limited Equity Cooperative: _____
 Resident Name(s): _____
 Unit Address: _____
 Unit Size (# Bedrooms): _____ BR

A.	Family Income				
	<u>Resident</u>	<u>Income</u>	<u>Resident</u>	<u>Income</u>	
	1. _____	_____	2. _____	_____	
	3. _____	_____	4. _____	_____	
			Total Income:		\$ _____
B.	Allowable Deductions				
	1. Total income of all dependents under 18		\$ _____		
	2. Foster Care proceeds or State DCF Adoption Program payments		\$ _____		
	3. Income of full-time students under 23		\$ _____		
	4. Total medical expenses	\$ _____			
	Less refunded medical expenses	- _____			
	Net medical expenses	\$ _____			
	Less 3% of Line A. Total	- _____			
	Allowable medical deduction	\$ _____			\$ _____
	5. Child care costs - affording gainful employment		\$ _____		
	6. Child support payments or alimony		\$ _____		
	7. Number of dependents multiplied (x) by \$750 check amount		\$ _____		
C.	Total Deductions (Add Lines B. 1. thru 7.)				\$ _____
D.	Adjusted Gross Income (Line A minus Line C)				\$ _____
E.	Monthly Adjusted Gross Income (Line D divided by 12)				\$ _____
F.	Monthly Adjusted Gross Income multiplied by current approved %				\$ _____
G.	Utility Allowance				\$ _____
H.	Income Based Carrying Charge (Line F minus Line G)				\$ _____
I.	Income Limit for Admission				\$ _____

Applicants **cannot** be admitted if their adjusted gross income (Line D) exceeds the Admission Limit. Use 50% of median for projects financed with grants. Use 100% of median for projects financed with loans or grant/loan combinations.

CARRYING CHARGE WORKSHEET C
(For Complexes Using Both An Income Based and an Established Carrying Charge)

Limited Equity Cooperative: _____
Resident Name(s): _____
Unit Address: _____
Unit Size (# Bedrooms): _____ BR

A.	Family Income				
		<u>Resident</u>	<u>Income</u>	<u>Resident</u>	<u>Income</u>
	1.	_____	_____	2.	_____
	3.	_____	_____	4.	_____
				Total Income:	\$ _____
B.	Allowable Deductions				
	1.	Total income of all dependents under 18		\$	_____
	2.	Foster Care proceeds or State DCF Adoption Program payments		\$	_____
	3.	Income of full-time students under 23		\$	_____
	4.	Total medical expenses	\$ _____		
		Less refunded medical expenses	- _____		
		Net medical expenses	\$ _____		
		Less 3% of Line A. Total	- _____		
		Allowable medical deduction	\$ _____		\$ _____
	5.	Child care costs - affording gainful employment		\$	_____
	6.	Child support payments or alimony		\$	_____
	7.	Number of dependents multiplied (x) by \$750		\$	_____
C.	Total Deductions (Add Lines B1 thru 7.)			\$	_____
D.	Adjusted Gross Income (Line A minus Line C)			\$	_____
E.	Monthly Adjusted Gross Income (Line D divided by 12)			\$	_____
F.	Monthly Adjusted Gross Income multiplied by current approved %			\$	_____
G.	Utility Allowance			\$	_____
H.	Income Based Carrying Charge (Line F minus Line G)			\$	_____
I.	Established Carrying Charge (from Commissioner approved Management Plan)			\$	_____
J.	Carrying Charge (greater of Line H or Line I)			\$	_____
K.	Income Limit for Admission			\$	_____

Applicants **cannot** be admitted if their adjusted gross income (Line D) exceeds the Admission Limit. Use 50% of median for projects financed with grants. Use 100% of median for projects financed with loans or grant/loan combinations.

Chapter 8

MUTUAL HOUSING PROGRAM

Section 1. Program Description

8-1. Eligible Developers, Types of Assistance, Use of Development Funds. The Mutual Housing Program provides financial assistance to mutual housing associations for the development of housing for low and moderate-income families. Financial assistance is in the form of grants, deferred loans, or loans. Funds may be used for the acquisition, rehabilitation or construction of Mutual Housing complexes.

8-2. Definition of Mutual Housing Associations. Mutual Housing Associations are nonprofit corporations whose members include residents who participate in the ongoing operation and management of such housing. These residents have the right to continued residency as long as they comply with the terms of the occupancy agreement. Residents do not possess an equity or ownership interest in such housing.

8-3. No Operating Subsidy. No operating subsidy is provided for these complexes. All operating expenses must be paid from the carrying charges collected from the tenants.

Section 2. Statutes, Regulations and Assistance Agreement

8-4. Statutes. The Mutual Housing Program is subject to Sections 8-214f through 8-214h of the Connecticut General Statutes. Copies of these statutes may be obtained from the CHFA's Asset Management Division.

8-5. Regulations. The Mutual Housing Program is subject to the State of Connecticut's Regulations for the Mutual Housing Program. Copies of these Regulations may be obtained from the CHFA's Asset Management Division.

8-6. Assistance Agreement. A Mutual Housing complex is also subject to the provisions of the Assistance Agreement between the owner and the CHFA.

Section 3. Eligibility for Admission

8-7. Income Limits. An applicant's adjusted gross income must be used to determine his/her eligibility for admission.

The **admission limits for complexes financed with a grant** shall be equal to fifty percent (50%) of the area median income, adjusted for family size, as determined from time to time by the U.S. Department of Housing and Urban Development (HUD), unless otherwise approved by the President of CHFA. Thus, the HUD "Very Low" income limits must be used as the admission limits for complexes financed with a grant, unless different limits are approved by the President of CHFA.

The **admission limits for complexes financed with a loan or a grant/loan combination** shall be equal to one hundred percent (100%) of the area median income, adjusted for family size, as determined from time to time, by the HUD, unless otherwise approved by the President of CHFA. Thus, the admission limits for complexes financed with a loan or a grant/loan combination must be

determined with following formula, unless different limits are approved by the President of CHFA:
HUD “Very Low” Income Limits x 2 = Admission Limits

Exceptions to the normal admission limits must be approved by the President of CHFA using the “Certificate of Approval” contained in Exhibit 8- 1.

8-8. Eligible Families. Low and moderate income families with incomes below the admission limits are eligible. “Family” means a household consisting of one or more persons.

Section 4. Carrying Charge Determination

8 -9. General Requirements

A Mutual Housing Association has three (3) options for determining the carrying charge: (1) the Association may charge the “established carrying charge” approved on the complex’s Management Plan (i.e., operating budget); (2) the Association may charge an “income based” carrying charge equal to a percentage of the adjusted gross income, not to exceed 30%, minus a utility allowance; or (3) the Association may charge **the greater of** the “established carrying” or an “income based” carrying charge equal to a percentage of the adjusted gross income, not to exceed 30%, minus a utility allowance. The Regulations for the Mutual Housing program specify that residents will pay a carrying charge equal to:

- a. A percentage of the residents’ adjusted gross income, not to exceed 30%, minus a utility allowance for those residents who pay their own utilities. The percentage shall be established by the Mutual Housing Association and approved by CHFA; and/or
- b. The established carrying charge determined by the Mutual Housing Association and approved by CHFA on the complex as Management Plan.

The Regulations for the Mutual Housing Program also provide that residents whose adjusted gross incomes increase to a level above 125% of the area median income must pay carrying charges in an amount not less than twenty-five percent (25%) of their adjusted gross incomes. The 125% “threshold” used to implement this requirement must be calculated with the following formula: (HUD “Very Low” Income Limit x 2 x 1.25 = 125% Threshold. The Minimum Carrying Charge Worksheets appearing in Exhibits 8-4, 8-6 and 8-8 must be used to calculate the residents’ carrying charges whenever the residents’ Adjusted Gross Incomes increase to a level above the 125% Threshold.

8-10. Terms Used To Compute The Carrying Charge.

- a. **Family Income.** The total gross annual income received by all persons residing in the unit.
- b. **Adjusted Gross Income.** The Family Income less all allowable deductions.
- c. **Monthly Adjusted Gross Income.** The Adjusted Gross Income divided by twelve (12).
- d. **Carrying Charge.** The amount, excluding any security deposits, membership fees or down payments, payable by each resident for occupancy of a dwelling unit, whether or not such dwelling unit is owned or operated on a landlord-tenant or home ownership basis.
- e. **Established Carrying Charge.** The minimum carrying charge that must be collected from each family to meet all of the complex’s operating expenses. This carrying charge is established on the Management Plan (i.e., the operating budget) for the complex.
- f. **Income Based Carrying Charge.** The carrying charge determined by multiplying the resident’s Monthly Adjusted Gross Income by the Current Approved Percentage.
- g. **Current Approved Percentage.** The percentage by which the Monthly Adjusted Gross Income is multiplied to determine the Income Based Carrying charge. The percentage must

be established by the owner and approved by the President of CHFA using the “Certificate of Approval” that appears in Exhibit 8-2.

- h. **Utility Allowance.** The Owner’s estimate of the average monthly utility bills (except telephone) for an energy - conscious household. This estimate considers only utilities paid directly by the resident. If all utilities are included in the carrying charge there is no utility allowance.
- i. **Minimum Carrying Charge.** The lowest carrying charge payable by residents whose Adjusted Gross Incomes increase to a level above 125% of the area median income. The Minimum Carrying Charge is equal to 25% of the residents’ Adjusted Gross Income.

8-11. Forms Used To Compute The Carrying Charge.

- a. Carrying Charge **Worksheet A.** This form is used for complexes that collect only an established carrying charge. The form appears in Exhibit 8-3.
- b. Carrying Charge **Worksheet B.** This form is used for complexes that collect only an income based carrying charge. The form appears in Exhibit 8-5.
- c. Carrying Charge **Worksheet C.** This form is used for complexes that collect **the greater of an income based carrying charge or an established carrying charge.** The form appears in Exhibit 8-7.
- d. **Minimum Carrying Charge Worksheet A.** This form must be used to calculate the residents’ carrying charge if the residents’ Adjusted Gross Income increases to a level above 125% of the area median income. The form is used for complexes that collect only an established carrying charge. The form appears in Exhibit 8-4.
- e. **Minimum Carrying Charge Worksheet B.** This form must be used to calculate the residents’ carrying charge if the residents’ Adjusted Gross Income increases to a level above 125% of the area median income. The form is used for complexes that collect only an income based carrying charge. The form appears in Exhibit 8-6.
- f. **Minimum Carrying Charge Worksheet C.** This form must be used to calculate the residents’ carrying charge if the residents’ Adjusted Gross Income increases to a level above 125% of the area median income. The form is used for complexes that collect the Greater of an income based carrying charge or an established carrying charge. The form appears in Exhibit 8-8.

Section 5. Recertifications

8-12. Recertification Requirements. The procedure to be followed for recertifications appears in Section 5 of Chapter 9.

8-13. Which Owners Must Recertify on an Annual Basis. Owners that collect an income based carrying charge, or the greater of an income based and an established carrying charge, must recertify on an annual basis.

8-14. Which Owners Must Recertify on a Biennial Basis. Owners that collect an established carrying charge must recertify on a biennial basis.

8-15. Substitution of Terms Required The terms “resident”, “carrying charge”, “established carrying charge”, and “maximum carrying charge” should be substituted for the terms “tenant”, “rent”, “base rent”, and “maximum rent” when implementing the recertification procedures contained in Chapter 9.

Section 6. Occupancy Requirements

8-16. Applicability of Occupancy Requirements. All of the occupancy requirements contained in Chapter 9 apply to Mutual Housing complexes. Owners should substitute the terms “resident”, “carrying charge”, “established carrying charge”, and “maximum carrying charge” for the terms “tenant”, “rent”, “base rent”, and “maximum rent” when implementing these requirements.

8-17. Refund of Memberships Fees. In the event a resident member vacates his/her dwelling unit in a mutual housing association project, the resident member’s membership fee shall be refunded with interest of no more than ten percent (10%) compounded annually.

**CERTIFICATE OF APPROVAL INCOME LIMITS FOR ADMISSION TO A
MUTUAL HOUSING ASSOCIATION**

The _____ has established and fixed, by an
(Agency/Authority/Owner)
appropriate Resolution of said the income limits for admission to Project No. _____ as follows:

Admission Limits

- \$ _____ for 1 person
- \$ _____ for 2 persons
- \$ _____ for 3 persons
- \$ _____ for 4 persons
- \$ _____ for 5 persons
- \$ _____ for 6 persons
- \$ _____ for 7 persons
- \$ _____ for 8 persons

SEAL:

Authorized Representative

Date

This is to certify that the Commissioner or Deputy Commissioner has reviewed and herewith approves the income limits for tenant admission to Project No. _____ fixed by _____.

Recommended by:

Administrator

Date

Approved by:

President

Date

**CERTIFICATE OF APPROVAL
PERCENTAGE OF INCOME USED TO DETERMINE
THE CARRYING CHARGE IN A MUTUAL HOUSING PROJECT**

The _____, has established and fixed, by an appropriate Resolution of said Mutual Housing Association, the percentage of income that will be used to determine the resident carrying charge in Project No. _____ as follows:

Project Name(s)	% of Income
_____	_____
_____	_____
_____	_____

SEAL:

Authorized Representative

Date

This is to certify that CHFA, has reviewed and herewith approves the percentage of income established by the _____ for Mutual Housing Association Housing Project No. _____.

Recommended by:

Administrator

Date

Approved by:

President

Date

CARRYING CHARGE WORKSHEET A
(For Complexes Using Only An Established Carrying Charge)

Mutual Housing Project Name:
Resident Name(s):
Unit Address:
Unit Size (# Bedrooms): BR

Table with 4 columns: Resident, Income, Resident, Income. Rows 1, 2, 3, 4.

Total Income: \$

Table with 2 columns: Description, Amount. Rows B. Allowable Deductions 1-7, C. Total Deductions, D. Adjusted Gross Income, E. Monthly Adjusted Gross Income, F. Established Carrying Charge, G. Income Limit For Admission.

Note: Applicants cannot be admitted if their adjusted gross income (Line D) exceeds the Admission Limit.

H. 125% of Area Median Income \$

Note: Residents of MHA projects whose adjusted gross income (Line D) increases to a level above 25% of AMI must pay at least 25% of their monthly adjusted gross income (Line E) as a carrying charge. Complete Minimum Carrying Charge Worksheet A if Line D is greater than Line H.

**MINIMUM CARRYING CHARGE WORKSHEET A
(For Complexes Using Only An Established Carrying Charge)**

NOTE: This Worksheet applies only to residents of mutual housing whose adjusted gross income exceeds 125% of the area median income.

Resident Name: _____

Resident Address: _____

- | | | |
|----|---|----------|
| 1. | Monthly Adjusted Gross Income (Line E of Exhibit 8-3) | \$ _____ |
| 2. | Monthly Adjusted Gross Income multiplied by 25% | \$ _____ |
| 3. | Minimum Carrying Charge (Line 2) | \$ _____ |
| 4. | Line F of Exhibit 8-3 | \$ _____ |
| 5. | Carrying Charge (greater of Line 3 or 4) | \$ _____ |

CARRYING CHARGE WORKSHEET B
(For Complexes Using Only An Income Based Carrying Charge)

Mutual Housing Project Name: _____
 Resident Name(s): _____
 Unit Address: _____
 Unit Size (# Bedrooms): _____ BR

A. Family Income	<u>Resident</u>	<u>Income</u>	<u>Resident</u>	<u>Income</u>
1.	_____	_____	2.	_____
3.	_____	_____	4.	_____

Total Income: \$ _____

B. Allowable Deductions			
1. Total income of all dependents under 18		\$ _____	
2. Foster Care proceeds or State DCF Adoption Program payments		\$ _____	
3. Income of full-time students under 23		\$ _____	
4. Total medical expenses	\$ _____		
Less refunded medical expenses	- _____		
Net medical expenses	\$ _____		
Less 3% of Line A. Total	- _____		
Allowable medical deduction	\$ _____		\$ _____
5. Child care costs - affording gainful employment		\$ _____	
6. Child support payments or alimony		\$ _____	
7. Number of dependents multiplied (x) by \$750		\$ _____	
C. Total Deductions (Add Lines B. 1. thru 7.)			\$ _____
D. Adjusted Gross Income (Line A minus Line C)			\$ _____
E. Monthly Adjusted Gross Income (Line D divided by 12)			\$ _____
F. Monthly Adjusted Gross Income multiplied by current approved %			\$ _____
G. Utility Allowance			\$ _____
H. Income Based Carrying Charge (Line F minus Line G)			\$ _____
I. Income Limit for Admission			\$ _____

Note: Applicants **cannot** be admitted if their adjusted gross income (Line D) exceeds the Admission Limit.

J. 125% of Area Median Income (AMI)
 \$ _____

Note: Residents of MHA projects whose adjusted gross income (Line D) increases to a level above 25% of AMI must pay at least 25% of their monthly adjusted gross income (Line E) as a carrying charge. Complete Minimum Carrying Charge Worksheet B if Line D is greater than Line J.

**MINIMUM CARRYING CHARGE WORKSHEET B
(For Complexes Using Only An Income Based Carrying Charge)**

NOTE: This Worksheet applies only to residents of mutual housing whose adjusted gross income exceeds 125% of the area median income.

Resident Name: _____

Resident Address: _____

- | | | |
|----|---|----------|
| 1. | Monthly Adjusted Gross Income (Line E of Exhibit 8-5) | \$ _____ |
| 2. | Monthly Adjusted Gross Income multiplied by 25% | \$ _____ |
| 3. | Minimum Carrying Charge (Line 2) | \$ _____ |
| 4. | Line H of Exhibit 8-5 | \$ _____ |
| 5. | Carrying Charge (greater of Line 3 or 4) | \$ _____ |

CARRYING CHARGE WORKSHEET C
(For Complexes Using Both An Income Based and Established Carrying Charge)

Mutual Housing Project Name: _____

Resident Name(s): _____

Unit Address: _____

Unit Size (# Bedrooms): _____ BR

A. Family Income

	<u>Resident</u>	<u>Income</u>		<u>Resident</u>	<u>Income</u>
1. _____		_____	2.	_____	_____
3. _____		_____	4.	_____	_____
Total Income:					\$ _____

B. Allowable Deductions

1. Total income of all dependents under 18		\$ _____		
2. Foster Care proceeds or State DCF Adoption Program payments		\$ _____		
3. Income of full-time students under 23		\$ _____		
4. Total medical expenses	\$ _____			
Less refunded medical expenses	- _____			
Net medical expenses	\$ _____			
Less 3% of Line A. Total	- _____			
Allowable medical deduction	\$ _____			\$ _____
5. Child care costs - affording gainful employment		\$ _____		
6. Child support payments or alimony		\$ _____		
7. Number of dependents multiplied (x) by \$750		\$ _____		

C. Total Deductions (Add Lines B. 1. thru 7.) \$ _____

D. Adjusted Gross Income (Line A minus Line C) \$ _____

E. Monthly Adjusted Gross Income (Line D divided by 12) \$ _____

F. Monthly Adjusted Gross Income multiplied by current approved % \$ _____

G. Utility Allowance \$ _____

H. Income Based Carrying Charge (Line F minus Line G) \$ _____

I. Established Carrying Charge (Commissioner approved Management Plan) \$ _____

J. Carrying Charge (greater of Line H or Line I) \$ _____

K. Income Limit for Admission \$ _____

Note: Applicants **cannot** be admitted if their adjusted gross income (Line D) exceeds the Admission Limit.

L. 125% of Area Median Income (AMI)

\$ _____

Note: Residents of MHA projects whose adjusted gross income (Line D) increases to a level above 25% of AMI must pay at least 25% of their monthly adjusted gross income (Line E) as a carrying charge. Complete Minimum Carrying Charge Worksheet C if Line D is greater than Line L.

**MINIMUM CARRYING CHARGE WORKSHEET C
(For Complexes Using Both An Income Based and An
Established Carrying Charge)**

NOTE: This Worksheet applies only to residents of mutual housing whose adjusted gross income exceeds 125% of the area median income.

Resident Name: _____

Resident Address: _____

- 1. Monthly Adjusted Gross Income (Line E of Exhibit 7-7) \$ _____
- 2. Monthly Adjusted Gross Income multiplied by .25 (25%) \$ _____
- 3. Minimum Carrying Charge (Line 2) \$ _____
- 4. Line J of Exhibit 7-7 \$ _____
- 5. Carrying Charge (the greater of Line 3 or 4) \$ _____

Chapter 9

OCCUPANCY REQUIREMENTS FOR STATE FINANCED HOUSING

Section 1. Definition of Family Income

9-1. Exclusions from Family Income. Family Income is the total, gross annual income received from all sources by the Family head and spouse and each additional person residing in the unit, including all net income derived from assets, but exclusive of the following:

- a. Lump sum additions to Family assets, such as inheritances, lottery winnings, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses.
- b. Income of a live-in aide. A "live-in aide" is a person who resides with an elderly, disabled, or handicapped person or persons and:
 - (1) is determined to be essential to the care and well being of the person;
 - (2) is not obligated for the support of the person; and
 - (3) would not be living in the unit except to provide the necessary supportive services
- c. Temporary, nonrecurring or sporadic income (including gifts)
- d. Food stamps
- e. Energy Assistance Payments
- f. Educational Scholarships
- g. Rental Assistance and/or Renter's Rebate

9-2. Items Included in Family Income and Definition of Net Family Assets. 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 operation of a business or profession. Neither depreciation nor expenditures for business expansion shall be used as deductions in determining net income. 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.
- c. Interest, dividends and other net income of any kind from real or personal property. Depreciation shall not be used as a deduction in determining net income.
- d. 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.
- e. The full amount of periodic payments received from social security, public assistance, annuities, insurance policies, retirement funds, pensions (**Note: for periodic payments from IRA and KEOGH accounts, see the definition below under Assets**), disability or death benefits and other similar types of periodic receipts, including lottery winnings paid in periodic payments. **NOTE:** If the entity making the periodic payments is reducing the family's benefits to adjust for a prior overpayment, use the amount remaining after the adjustment for the overpayment.
- f. Alimony and child support payments received by a person living in the unit.
- g. Regular contributions or gifts received from persons not residing in the unit.
- h. All regular pay, special pay and allowances of a member of the Armed Forces.
- i. Interest, dividends, and other income from net family assets;' (including income distributed from trust funds.) On deeds of trust or mortgages, only the interest portion of the monthly payments received by the family is included.

NET FAMILY ASSETS INCLUDE:

[The following information is found in 5-7 of the HUD 4350.3 Manual and referenced here.]

Calculating Income from Assets

Annual income includes amounts derived from assets to which family members have access.

A. What is considered to be an Asset?

1. Assets are items of value that may be turned into cash. A savings account is a cash asset. The bank pays interest on the asset. The interest is the *income* from that asset.
2. Some tenants have assets that are not earning interest. A quantity of money under a mattress is an asset: it is a thing of value that could be used to the benefit of the tenant, but under the mattress it is not producing income.
3. Some belongings of value are not considered assets. Necessary personal property is not counted as an asset.

B. Determining Income from Assets

1. The calculation to determine the amount of income from assets to include in annual income considers both of the following:
 - a. The total cash value of the family's assets; and
 - b. The amount of income those assets are earning or could earn.
2. The rule for calculating income from assets differs depending on whether the total cash value of family assets is \$5,000 or less, or is more than \$5,000.

C. Determining the Total Cash Value of Family Assets

1. To comply with the rule for determining the amount of income from assets, it is necessary to first determine whether the total "cash value" of family assets exceeds \$5,000.
 - a. The "cash value" of an asset is the market value less reasonable expenses that would be incurred in selling or converting the asset to cash, such as the following:
 - (1) Penalties for premature withdrawal;
 - (2) Broker and legal fees; and

- (3) Settlement costs for real estate transactions.

The cash value is the amount the family could actually receive in cash, if the family converted an asset to cash.

Example – Calculating the Cash Value of an Asset

A family has a certificate of deposit (CD) in the amount of \$5,000 paying interest at 4%. The penalty for early withdrawal is three months of interest.

$$\$5,000 \times 0.04 = \$200 \text{ in annual income}$$

$$\$200/12 \text{ months} = \$16.67 \text{ interest per month}$$

$$\$16.67 \times 3 \text{ months} = \$50.01$$

$$\$5,000 - \$50 = \$4,950 \text{ cash value of CD}$$

- b. It is essential to note that a family is not required to convert an asset to cash. Determining the cash value of the asset is done simply as a calculation by the owner because it is a required step when determining income from assets under program requirements.

D. Assets Owned Jointly

1. If assets are owned by more than one person, prorate the assets according to the percentage of ownership. If no percentage is specified or provided by a state or local law, prorate the assets evenly among all owners.
2. If an asset is not effectively owned by an individual, do not count it as an asset. An asset is not effectively owned when the asset is held in an individual's name, but (a) the asset and any income it earns accrue to the benefit of someone else who is not a member of the family, and (b) that other person is responsible for income taxes incurred on income generated by the assets.
3. Determining which individuals have ownership of an asset requires collecting as much information as is available and making the best judgment possible based on that information.

Example – Determining the Cash Value of an Asset

The “cash value” of an asset is the amount a family would receive if the family turned a noncash asset into cash.

The cash value is the market value—or the amount another person would pay to acquire the asset—less the cost to turn the asset into cash.

If a family owns real estate, it may be necessary to consider the family’s equity in the property as well as the expense to sell the property.

To determine the family’s equity, subtract amounts owed on the property from its market value:

Market value
- Mortgage amount owed
Equity in the property

Calculate the cash value by subtracting the expense of selling the property:

Equity
- Expense of selling
Cash Value

Juanita Player owns a rental house. The market value is \$100,000. She owes \$60,000. The cost to dispose of this house would be \$8,000. The owner would determine the cash value as follows:

Market Value	\$100,000
Mortgage amount	- <u>\$60,000</u>
	40,000

Cost of disposing of the asset (real estate commission, and other costs of sale)	- <u>\$8,000</u>
Cash Value	\$32,000

- a. In some instances, but not all, knowing whose social security number is connected with the asset may help in identifying ownership. Owners should be aware that there are many situations in which a social security number connected with an asset does not indicate ownership and other situations where there is ownership without connection to a social security number.
- b. Determining who has contributed to an asset or who is paying taxes on the asset may assist in identifying ownership.

Examples – Jointly Owned Assets

- Helen Wright is an assisted-housing tenant. She and her daughter, Elsie Duncan, have a joint savings account. Mother and daughter both contribute to the account. They have used the account for trips together and to cover emergency needs for either of them. Assume in this example that state law does not specify ownership. Even though either Helen Wright or Elsie Duncan could withdraw the entire asset for her own use, count Helen's ownership as 50% of the account.
- Jean Boucher's name is on her mother's savings account to ensure that she can access the funds for her mother's care. The account is not effectively owned by Jean and should not be counted as her asset.

E. Calculating Income from Assets When Assets Total \$5,000 or Less

If the total cash value of all the family's assets is \$5,000 or less, the actual income the family receives from assets is the amount that is included in annual income as income from assets.

F. Calculating Income from Assets When Assets Exceed \$5,000

1. When net family assets are more than \$5,000, annual income includes the greater of the following:
 - a. Actual income from assets; or
 - b. A percentage of the value of family assets based upon the current passbook savings rate as established by HUD. This is called *imputed* income from assets. The passbook rate is currently (2006) set at 2%.
2. To begin this calculation, first add the cash value of all assets. Multiply the total cash value of all assets by .02. The product is the "imputed income" from assets. Then, add the actual income from all assets. The greater of the imputed income from assets or the actual income from assets is included in the calculation of annual income.

Example – Use Actual Income from Assets When Total Net Family Assets are \$5,000 or Less

Type of Asset	Cash Value	Actual Yearly Income
<i>Certificate of Deposit</i> \$1,000 withdrawal fee \$50 interest @ 4%	\$950	\$40
<i>Savings Account</i> \$500 interest @ 2.5%	\$500	\$13
<i>Stock</i> \$300 Not paying dividends	\$300	\$0
Total	\$1,750	\$53

The total cash value of the family’s assets is \$1,750. Therefore, the amount that is added to annual income as income from assets is the actual income earned or \$53.

Example – Imputed Income from Assets

“Imputed” means “attributed” or “assigned.” Imputing income from assets is “assigning” an amount of income solely for the sake of the annual income calculation. The imputed income is not real income.

For example, money under a mattress is not earning income. If the money were put in a savings account it would earn interest. Imputed income from such an asset is the interest the money would earn if it were put in a savings account.

A family with cash under a mattress is not required to put the cash in a savings account; but when the owner is calculating income for a family with more than \$5,000 in assets, the owner must assign an amount that cash would earn if it were in a savings account.

Example – Determining Income from Assets When Net Family Assets Exceed \$5,000

Type of Asset	Cash Value	Actual Yearly Income
<i>Checking Account</i> (noninterest bearing)	\$455	\$0
<i>Savings Account</i> (interest at 2.5%)	\$6,000	\$150
<i>Stocks</i> (not paying dividends this year)	\$3,000	\$0
Total	\$9,455	\$150

Total cash value of assets is greater than \$5,000. Therefore, it is necessary to compare the actual income from assets to the imputed income from assets.

The total cash value of assets (\$9,455) is multiplied by 2% to determine the imputed income from assets.

$$.02 \times \$9,455 = \$189$$

\$189 is greater than the actual income from assets (\$150).

In this case, therefore, the owner will add \$189 to the annual income calculation as income from assets.

G. Calculating Income from Assets - Specific Types of Assets1. Trusts.a. Explanation of trusts.

- (1) 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). A trust can contain cash or other liquid assets or real or personal property that could be turned into cash. Generally, the assets are invested for the benefit of the beneficiaries.
- (2) Trusts may be revocable or nonrevocable. A revocable trust is a trust that the creator of the trust may amend or end (revoke). When there is a revocable trust, the creator has access to the funds in the trust account. When the creator sets up a nonrevocable trust, the creator has no access to the funds in the account.
- (3) The beneficiary frequently will be unable to touch any of the trust funds until a specified date or event (e.g., the beneficiary's 21st birthday or the grantor's death). In some instances, the beneficiary may receive the regular investment income from the trust but not be able to withdraw any of the principal.
- (4) The beneficiary and the grantor may be members of the same family. A parent or grandparent may have placed funds in trust to a child. If the trust is revocable, the funds may be accessible to the parent or grandparent but not to the child.

b. How to treat trusts.

- (1) The basis for determining how to treat trusts relies on information about who has access to either the principal in the account or the income from the account.
- (2) Revocable trusts. If any member of the tenant family has the right to withdraw the funds in the account, the trust is considered to be an asset and is treated as any other asset. The cash value of the trust (the amount the family member would receive if he or she withdrew all that could be withdrawn) is added to total net assets. The actual income received is added to actual income from assets.

Example – A Trust Accessible to Family Members

Assez Charaf lives alone. He has placed \$20,000 in trust to his grandson to be available to the grandson upon the death of Assez. The trust is revocable, that is, Assez has control of the principal and interest in the account and can amend the trust or remove the funds at any time. In calculating Assez's income, the owner will add the \$20,000 to Assez's net family assets and the actual income received on the trust to actual income from assets.

- 3) Nonrevocable trusts. If no family member has access to either the principal or income of the trust at the current time, the trust is not included in the calculation of income from assets or in annual income. If only the income (and none of the principal) from the trust is currently available to a family member, the income is counted in annual income, but the trust is not included in the calculation of income from assets.
- (4) Nonrevocable trust as an asset disposed of for less than fair market value. If a tenant sets up a nonrevocable trust for the benefit of another person while residing in assisted housing, the trust is considered an asset disposed of for less than fair market value.
 - If the trust has been set up so income from the trust is regularly reinvested in the trust and is not paid back to the creator, the trust is calculated as any other asset disposed of for less than fair market value for two years and not taken into consideration thereafter.

Example – Nonrevocable Trust As an Asset Disposed of for Less Than Fair Market Value

Sarah Gordy placed \$100,000 in a nonrevocable trust for her grandson. Last year, the trust produced \$8,000, which was reinvested into the trust.

The trust is treated as an asset disposed of for less than fair market value for two years. No actual income from the trust is included in Sarah's annual income, but the value of the asset when it was given away, \$100,000, is included in net family assets for two years from the date the trust was established.

- Nonrevocable trust distributing income. When a tenant places an asset in a nonrevocable trust but continues to receive income from the trust, the income is added to annual income *and* the trust is counted as an asset disposed of for less than market value for two years.

Following the two-year period, the owner will count only the actual income distributed from the trust to the tenant.

Example – Nonrevocable Trust Distributing Income to the Creator/Tenant

Reggie Bouchard has established a nonrevocable trust in the amount of \$35,000 that no one in the tenant family controls. Income from the trust is paid to Reggie. Last year, he received \$3,500.

The owner will count Reggie's actual anticipated income from the trust in next year's annual income.

Because the asset was disposed of for less than fair market value, the value of the asset given away, \$35,000, is counted as an asset disposed of for less than fair market value for two years.

- (5) Payment of principal from a trust. The beneficiary of a trust may receive funds from the trust in different ways. A beneficiary may receive the full value of a trust at one time. In that instance the funds would be considered a lump sum receipt and would be treated as an asset. A trust set up to provide support for a person with disabilities may pay only income from the trust on a periodic basis. Occasionally, however, a beneficiary may be given a portion of the trust principal on a periodic basis. When the principal is paid out on a periodic basis, those payments are considered regular income or gifts and are counted in annual income.

Example – Payment of Principal Amounts from a Trust

Jared Leland receives funds from a nonrevocable trust established by his parents for his support. Last year he received \$18,000 from the trust. The attorney managing the trust reported that \$3,500 of the funds distributed was interest income and \$14,500 was from principal. Jared receives a payment of \$1,500 each month (an amount that includes both principal and interest from the trust).

The owner will count the entire \$18,000 Jared received as annual income.

c. Special needs trusts.

A special needs trust is a trust that may be created under some state laws, often by family members for disabled persons who are not able to make financial decisions for themselves. Generally, the assets within the trust are not accessible to the beneficiary.

- (1) If the beneficiary does not have access to income from the trust, then it is not counted as part of income.
- (2) If income from the trust is paid to the beneficiary regularly, those payments are counted as income.

Example – Special Needs Trust

Daryl Rockland is a 55-year-old person with disabilities, living with his elderly parents. The parents have established a special-needs trust to provide income for their son after they are gone. The trust is not revocable; neither the parents nor the son currently have access to the principal or interest. In calculating the income of the Rocklands, the owner will disregard the trust.

2. Annuities.

a. Annuity facts and terms.

- (1) An annuity is a contract sold by an insurance company designed to provide payments, usually to a retired person, at specified intervals. Fixed annuities guarantee a certain payment amount, while variable annuities do not, but have the potential for greater returns.
 - A hybrid annuity (also called a combination annuity) combines the features of a fixed annuity and a variable annuity.
 - A deferred annuity is an annuity that delays income payments until the holder chooses to receive them. An immediate annuity is one that begins payments immediately upon purchase.
 - A life annuity continues to pay out as long as the owner is alive. A single-life annuity provides income benefits for only one person. A joint life annuity is issued on two individuals, and payments continue in whole or in part as long as either individual is alive.
- (2) Generally, a person who holds an annuity from which he or she is not yet receiving payments will also be earning income. In most instances, a fixed annuity will be earning interest at a specified fixed rate similar to interest earned by a CD. A variable annuity will earn (or lose) based on market fluctuations, as in a mutual fund.

- (3) Most annuities charge surrender or withdrawal fees. In addition, early withdrawal usually results in tax penalties.
 - (4) Depending on the type of annuity and the current status of the annuity, the owner will need to ask different questions of the verification source, which will normally be the applicant or tenant's insurance broker.
- b. Income after the holder begins receiving payments.
- (1) When verifying an annuity, owners should ask the verification source whether the holder of the annuity has the right to withdraw the balance of the annuity. For annuities without this right, the annuity is not treated as an asset.
 - (2) Generally, when the holder has begun receiving annuity payments, the holder can no longer convert it to a lump sum of cash.
 - In this situation, the holder will receive regular payments from the annuity that will be treated as regular income, and no calculations of income from assets will be made.
 - However, the amount that the holder invested in the annuity will not be counted as income the amount a family has invested in an asset).

Example – Income from an Annuity

Christina Cross receives \$200 a month from an annuity. The owner has asked the insurance company to verify the total amount Christina paid and the total amount she has received in payments to date. The verification documents that she paid \$40,000 for the annuity over the years while she was working and she has received a total of \$4,800 in payments since she retired. The owner will not count the annuity payments as income until Christina has received \$40,000 from the insurance company.

- c. Calculations when an annuity is considered an asset.
- (1) When an applicant or tenant has the option of withdrawing the balance in an annuity, the annuity will be treated like any other asset. If total net assets exceed \$5,000, it will be necessary to determine the cash value of the annuity in addition to determining the actual income earned.

- (2) In most instances, an annuity from which payments have not yet been made is earning income on the balance in the annuity. A fixed annuity will earn income at a fixed rate in the same manner that a CD earns income. A variable annuity will earn (or lose) based on current market conditions, as with a mutual fund.
 - (3) The owner will need to verify with the insurance agent or other appropriate source:
 - The right of the holder to withdraw the balance (even if penalties are involved).
 - The basis on which the annuity may be expected to grow during the coming year.
 - The surrender or early withdrawal penalty fee.
 - The tax rate and the tax penalty that would apply if the family withdrew the annuity.
 - (4) The cash value will be the full value of the annuity, less the surrender (or withdrawal) penalty, and less any taxes and tax penalties that would be due.
 - (5) The actual income is the balance in the annuity times the percentage (either fixed or variable) at which the annuity is expected to grow over the coming year. (This money will be reinvested into the annuity, but it is still considered actual income.)
 - (6) The imputed income from the asset is calculated only after the cash value of all family assets has been determined. Imputed income from assets is calculated on the total cash value of all family assets.
3. Lump sum receipts counted as assets.
- a. Commonly, when a family receives a large amount of money, a lump sum payment, the family will put the money in a checking or savings account, or will purchase stocks or bonds or a CD. Owners must count lump sum payments received by a tenant as assets. Examples of lump sum payments include the following:
 - (1) Inheritances;
 - (2) Capital gains;
 - (3) Lottery winnings paid in one payment;

- (4) Cash from the sale of assets;
- (5) Insurance settlements (including health and accident insurance, workers compensation, and personal and property losses); and
- (6) Any other amounts that are received in one-time lump sum payments.

Example – Calculating the Cash Value of an Annuity

Rodrigo Ramirez, site manager at Fernwood Forrest, has interviewed Barbara Barstow, an applicant who reports holding an annuity from which she will not receive payments for another 15 years when she turns 65. The applicant could not provide any more detail on the annuity but did report the name, address, and phone number of her insurance agent.

Rodrigo called the insurance agent and faxed a copy of the applicant’s approval for release of information. As a result, Rodrigo learned that the annuity is a fixed annuity, with a current value of \$20,400 earning interest at an annual rate of 4.5%. The applicant could withdraw the current balance in the account but would pay a surrender penalty of \$3,000. If the annuity is withdrawn, then the applicant will owe \$1,200 in tax penalties.

In this example, the important information for calculating cash value is the current value, \$20,400; the surrender fee, \$3,000; and the tax penalties, \$1,200. If the applicant withdrew the cash from the annuity, after paying the surrender fee and tax penalty, then the amount of cash received would be \$16,200.

The cash value, \$16,200, is recorded as an asset.

Rodrigo will also calculate the actual anticipated income on this asset: $\$20,400 \times .045 = \918 .

- b. A lump sum payment is counted as an asset only as long as the family continues to possess it. If the family uses the money for something that is not an asset—a car or a vacation or education—the lump sum must not be counted.
- c. It is possible that a lump sum or an asset purchased with a lump sum payment may result in enough income to require the family to report the increased income. But this requirement to report an increase in income would not apply if the income from the asset was not measurable by the tenant (e.g., gems, stamp collection).

Examples – Lump Sum Additions to Family Assets (One-Time Payment)

- JoAnne Wettig won \$500 in the lottery and received it in one payment. Do not count the \$500 as income. At JoAnne’s next annual recertification, she will report all of her assets.
- Mia LaRue, won \$75,000 in one payment in the lottery. She buys a car with some of the money, and puts the remaining amount of \$24,000 in the bank. Mia receives her first bank statement and notices that the income on this asset is \$205 per month. She must report this increase in income because the family has experienced a cumulative increase in income of more than \$200 per month. The owner must perform an interim recertification and count the greater of the actual or imputed income on this asset (since the net family assets are greater than \$5,000).

4. Balances held in retirement accounts.

- a. Balances held in retirement accounts are counted as assets if the money is accessible to the family member. For individuals still employed, accessible amounts are counted even if withdrawal would result in a penalty. However, amounts that would be accessible only if the person retired are not counted.
- b. IRA, Keogh, and similar retirement savings accounts are counted as assets, even though withdrawal would result in a penalty.
- c. Include contributions to company retirement/pension funds:
 - (1) While an individual is employed, count only amounts the family can withdraw without retiring or terminating employment.
 - (2) After retiring or terminating employment, count as an asset any amount the employee elects to receive as a lump sum.
- d. Include in *annual income* any retirement benefits received through periodic payments.

Examples – Balances Held in an IRA or 401K Retirement Account

- Jed Dozier’s 401K account balance is \$35,000. He is able to terminate his participation in the retirement plan without quitting his job, but if he did so he would lose a part of his employer’s contribution and would pay a penalty fee. The total cash he could withdraw, \$18,000, is the amount that is counted as an asset.
- Stephen King is retired. Each month he withdraws \$1,000 from his IRA account. The balance in his IRA account is \$200,000. The balance in his IRA at the end of the year, including interest earned, will be \$194,000. That is the amount that should be counted as an asset. (The \$1,000 withdrawn each month is not counted as income because Stephen has verified that the funds in his IRA are funds he invested.)

5. Mortgage or deed of trust.

- a. Occasionally, when an individual sells a piece of real estate, the seller may loan money to the purchaser through a mortgage or deed of trust. This may be referred to as a “contract sale.”
- b. A mortgage or deed of trust held by a family member is included as an asset. Payments on this type of asset are often received as one combined payment which includes interest and principal. The value of the asset is determined by calculating the unpaid principal at the end of the 12-month period following certification. Each year this balance will decline as more principal is paid off. The interest portion of the payment is counted as actual income from an asset.

6. Assets disposed of for less than fair market value. Applicants and tenants must declare whether an asset has been disposed of for less than fair market value at each certification and recertification. Owners must count assets disposed of for less than fair market value during the two years preceding certification or recertification. The amount counted as an asset is the difference between the cash value and the amount actually received.

- a. Any asset that is disposed of for less than its full value is counted, including cash gifts as well as property. To determine the amount that has been given away, owners must compare the cash value of the asset to any amount received in compensation.
- b. However, the rule applies only when the fair market value of all assets given away during the past two years exceeds the gross amount received by more than \$1,000.

Examples – Assets of More or Less Than \$1,000 Disposed of for Less Than Fair Market Value

- During the past two years, Alexis Turner donated \$300 to the local food bank, \$150 to a camp program, and \$200 to her church. The total amount she disposed of for less than fair market value is \$650. Since the total is less than \$1,000, the donations are not treated as assets disposed of for less than fair market value.
- Jackson Jones gave each of his three children \$500. Because the total exceeds \$1,000, the gifts are treated as assets disposed of for less than fair market value.

- c. When the two-year period expires, the income assigned to the disposed asset also expires. If the two-year period ends in the middle of a recertification year, then the tenant may request an interim recertification to remove the disposed asset(s).

Example – Asset Disposed of for Less Than Fair Market Value

Margot Lundberg’s recertification will be effective January 1. On that date, it will be 18 months since she sold her house to her daughter for \$60,000 less than its value. The owner will count income on the \$60,000 for only six months. (After six months, the two-year limit on assets disposed of for less than fair market value will have expired.)

- d. Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce, or separation are *not* counted.
- e. Assets placed in nonrevocable trusts are considered as assets disposed of for less than fair market value except when the assets placed in trust were received through settlements or judgements.
- f. Applicants and tenants must sign a self-verification form at their initial certification and each annual recertification identifying all assets that have been disposed of for less than fair market value or certifying that no assets have been disposed of for less than fair market value.
- g. Owners need to verify the tenant self certification only if the information does not appear to agree with other information reported by the tenant/applicant.

Examples – Asset Disposed of for Less Than Market Value

- (1) An applicant “sold” her home to her daughter for \$10,000. The home was valued at \$89,000 and had no loans secured against it. Broker fees and settlement costs are estimated at \$1,800.

\$89,000	Market value
<u>- 1,800</u>	Fees
\$87,200	Cash value
<u>- 10,000</u>	Sales price to daughter
\$77,200	Asset disposed of for less than fair market value

In this example, the asset disposed of for less than fair market value is \$77,200. That amount is counted as the resident’s asset for two years from the date the sale took place.

(The \$10,000 received from the daughter may currently be in a savings account or other asset or may have been spent. The \$10,000 will be counted as an asset if the applicant has not spent the money.)

- (2) A resident contributed \$10,000 to her grandson’s college tuition and gave her two granddaughters \$4,000 each to save for college.

\$10,000	College tuition gift
<u>+ 8,000</u>	Gift to granddaughters
\$18,000	Asset disposed of for less than fair market value

The \$18,000 disposed of for less than fair market value is counted as the tenant’s asset for two years from the date each asset was given away.

[End of HUD 4350.3 Supplement]

NET FAMILY ASSETS DO NOT INCLUDE:

- necessary personal property (clothing, furniture, cars, etc.);
- vehicles specially equipped for the handicapped;
- life insurance policies;
- equity in the cooperative unit in which the family lives;

- assets that are part of an active business. A “business” does not include the rental of properties that are held as an investment and not as a main occupation;
- assets that are not effectively owned by the applicant - i.e., when assets are held in an individual’s name but: (a) the assets and any income they earn accrue to the benefit of someone else; and (b) that other person is responsible for income taxes incurred on income generated by the assets. Example: Assets held pursuant to a power of attorney because one party is not competent to manage the assets or assets held in a joint account solely to facilitate access to assets in the event of an emergency;
- Assets that are not accessible to the applicant and provide no income to the applicant. Example: A battered spouse owns a house with her husband. Because of the domestic situation, she receives no income from the asset and cannot convert the asset to cash.

In computing assets, owners must use the cash value of the asset - the amount the family would receive if the asset were converted to cash. Cash value is the market value of the asset minus reasonable costs that would be incurred in selling or converting the asset to cash. Expenses which may be deducted include: (a) penalties for withdrawing funds before maturity; (b) broker/legal fees assessed to sell or convert the asset to cash; (c) settlement costs for real estate transactions.

The following documentation of assets is acceptable:

- Verification forms, letters, or documents from a financial institution, broker, etc.;
- Passbooks, checking account statements, certificates of deposit, bonds, or financial statements completed by a financial institution or broker;
- Quotes from a stock broker or realty agent as to net amount family would receive if they liquidated securities or real estate;
- Real Estate tax statements if tax authority uses approximately market value;
- Copies of closing documents showing the selling price, the distribution of the sales proceeds and the net amount to the borrower;
- Appraisals of personal property held as an investment;
- Applicant’s notarized statements or signed affidavits describing assets or verifying cash held at the applicant’s home or in safe deposit boxes;

NOTE: If the assets are owned by more than one person, prorate the assets according to their percentage of ownership. If no percentage is specified or provided by State or local law, prorate the assets evenly among all owners. [IRS Form 1040 Schedule A, B, and E]

Imputed income from assets: Many assets, such as bank accounts, certificates of deposit, etc. produce interest income. Interest earned on these accounts must be counted in total family income. If a family owns assets that do not produce income, (Example: an elderly tenant moves into the unit before they sell their home), Owners must impute income from this asset by multiplying the total asset by the interest rate established by the local HUD field office. Until further notice, the current rate is 2.0 percent (.020). (Use the Worksheet in Exhibit 9-11 to calculate imputed income from assets.)

State Statute and Regulations Referenced From this Point Forward

Section 2. Deductions For Elderly and Non-Elderly CHFA Financed Housing

9-3. Definitions of Deductions. The following items must be included in the determination of Family Income. Deductions from income vary by individual housing program. The program calculation sheets provided in each chapter will provide guidance on applicable allowances to determine the households Adjusted Gross Income:

- a. Income from employment of dependents (including foster children) under 18 years of age.
- b. Payments received for the care of foster children.
- c. Payments received under the State Department of Children and Family (DCF) adoption program.
- d. Income from employment of full time students under 23 years of age. A full time student is 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.
- e. Annual medical expenses not covered by insurance which exceed 3% of the Family Income. Medical expenses include:
 1. Out-of-pocket costs already paid for and not just billed – within a one year period;;
 2. services of physicians, other health care professionals, and co-pays;
 3. services of health care facilities;
 4. medical insurance premiums (including Medicare premiums);
 5. prescription/non-prescription medicines;
 6. transportation to/from treatment, using IRS guidelines;
 7. medical care of permanently institutionalized family member if his/her income is included in the family income;
 8. dental expenses;
 9. eyeglasses;
 10. hearing aids, batteries;
 11. attendant care or periodic medical care;
 12. payments on accumulated medical bills – only count the portion paid during the recent 12 month period;
 13. Medical expenses also include attendant care and auxiliary apparatus expenses for a handicapped or disabled individual that are: (a) necessary to enable a family member (including the handicapped or disabled member) to be employed; (b) **not** paid or reimbursed by an outside source such as insurance, Medicare or grants by a State agency or charitable organization; and (c) **not** paid to a family member living in the household. Auxiliary apparatus includes, but is not limited to: wheelchairs, reading devices for the visually handicapped, and equipment added to cars and vans to permit their use by the handicapped or disabled family member. **For example,** include payments on a specially-equipped van to the extent they exceed the payments that would be required on a car purchased for transportation of a non-handicapped person. ***If the apparatus is not used exclusively by the handicapped person, the owner must prorate the total cost and allow a specific amount for handicap assistance.*** If the individual or organization providing

attendant care for the handicapped member also provides other services to the family, the owner must prorate the total cost and allow a specific amount for attendant care. The allocation must be reasonable in terms of the hours and type of care (e.g., specialized medical vs companionship) provided. **NOTE:** The allowance for handicap assistance expenses is limited to the employment income the adult member(s) will earn because the handicap assistance is available.

- f. Annual child care expenses, but only if:
 - 1. such care will enable a family member to work or further his/her education (academic or vocation).
 - 2. no adult household member capable of providing child care IS available during the hours the care is needed;
 - 3. the amount deducted is reasonable for the hours and type of care provided;
 - 4. the amount is not paid to a person living in the unit;
 - 5. the amount is not paid or reimbursed by an agency or individual outside the household;
 - 6. the child care expenses claimed as a deduction do not exceed the employment income derived because the care is available.
- g. Alimony and child support payments paid by a person residing in the unit as ordered by the courts;
- h. \$750 per dependent, A dependent is any person residing in the unit who derives more than 50% of his or her support from the household;
- i. Ten percent (10%) deduction for Moderate Rental Housing. This deduction is calculated as follows: {Family Income minus (-) Applicable Deductions} x .10 = Ten Percent Deduction. This deduction applies only to Moderate Rental Housing.

Note: *Deductions for Elderly and Congregate Housing.* *The deductions for Elderly Housing are limited to those listed above in Section 9-3 (e) and 9-3 (g) alimony, and annual medical expenses not covered by insurance which exceed 3% of the Family Income. See Chapter 5 for the deductions that apply to Congregate Housing.*

Section 3. Income Verification

9-4. Income Verification Period. The income verification period shall be the Calendar Year January 1 to December 31 of the preceding year, unless there has been a ten percent increase or decrease in the Family Income since the end of the Calendar Year. The family's current income shall be verified if there has been a ten percent increase or decrease.

9-5. Acceptable Forms of Income Verification.

- a. Owners must verify and document all income, expenses, assets, household characteristics and circumstances that affect eligibility or tenant rent.
- b. Owners must maintain documentation of all verification efforts for at least three (3) years after the effective date of the certification or recertification.
- c. The following forms of income verification are acceptable:
 - 1. **Employment Income:** (a) employment verification form completed by the employer; (b) check stubs or earning statements showing the employee's gross pay per pay period and frequency of pay and year-to-date earnings; (c) W-2 forms; (d) notarized statements, affidavits or income tax returns signed by the applicant describing self-employment and amount of income or income from tips and other gratuities;

2. **Social Security, Pensions, Supplemental Security Income (SSI), Disability Income:** (a) benefit verification form completed by agency providing the benefits; (b) award or benefit notification letters prepared and signed by the authorizing agency (since checks or bank deposit slips show only net amounts remaining after deducting Medicare, they may be used only when award letters can't be obtained). In this case, add back the amount of the Medicare premium to determine the gross amount of Social Security.
 3. **Welfare:** Obtain the Welfare agency's written statements as to type and amount of assistance family is receiving
 4. **Alimony or Child Support Payments:** (a) copy of a separation or settlement agreement or a divorce decree stating amount and type of support and payment schedules; (b) a letter from the person paying the support; (c) copies of the last three support checks; (d) applicant's notarized statement or affidavit of amount received or that support payments are not being received and the likelihood of support payments being received in the future;
 5. **Net Income From a Business:** The following documents show the net income derived from a business: (a) IRS Tax Return, Form 1040, including any, Schedule C (Small Business), Schedule E (Rental Property Income), Schedule F (Farm Income); (b) audited or unaudited financial statement(s) of the business; (c) loan application listing income derived from the business during the previous 12 months; (d) applicant's notarized statement or affidavit as to net income realized from the business during previous years.
- d. Recurring Gifts:
1. Notarized statement or affidavit signed by the person providing the assistance. Must give the purpose, dates and value of gifts
 2. Applicant's notarized statement of affidavit that provides the information in the above paragraph.
- e. Savings Account Interest Income and Dividends:
1. Account statements, passbooks, certificates of deposit, etc.;
 2. Broker's quarterly statements showing value of stocks or bonds and the earnings credited to the applicant;
 3. IRS Form 1099.
- f. Interest Income From Sale of Real Property Pursuant to a Purchase Money Mortgage, Installment Sales Contract or Similar Arrangement:
1. A letter from an accountant, attorney, real estate broker, the buyer, or a financial institution stating the interest due for 12 months;
 2. Amortization schedule showing interest for 12 months.
- g. Rental Income from Property Owned by Applicant:
1. IRS Form 1040 with Schedule E (Rental Income);
 2. Copies of latest rent checks, leases, or other records.
 3. Documentation of applicant's income and expenses in renting the property (tax statements, insurance premiums, receipts for reasonable maintenance and utilities, bank statements or amortization schedules showing monthly interest expense).
 4. Lessee's written statement identifying monthly payments due the applicant and applicant's affidavit as to net income realized.
- h. Full-Time Student Status:
1. Written verification from the registrar's office or appropriate school official;

2. School records indicating enrollment for sufficient number of credits to be considered a full-time student by the school.
- i. Child Care Expenses:
 1. Written verification from the person who receives the payments;
 2. Verifications must specify the hours and days during which the care is provided, the names of the children cared for, and the frequency and amount of compensation received. (Owners should recognize that child care costs may be higher during summer and holiday recesses);
 3. Applicant's certification as to whether any of those payments have been or will be reimbursed by outside sources.
- j. Medical Expenses:
 1. Written verification by a doctor, hospital or clinic personnel, dentist, pharmacist, etc., of: (a) the medical costs incurred by the applicant and of regular payments on medical bills; and (b) extent to which those expenses were/will be reimbursed by insurance or a government agency;
 2. The insurance company's or employee's written confirmation of health insurance premiums paid by the applicant;
 3. Social Security Administration's written confirmation of medicare premiums paid by the applicant;
 4. For attendant care: (a) Doctor's certification that the assistance of an attendant is medically necessary; (b) Attendant's written confirmation of hours of care provided and amount and frequency of payments received from the family (or copies of cancelled checks the family used to make those payments); (c) Applicant's certification as to whether any of those payments have been or will be reimbursed by outside sources;
 5. Receipts, cancelled checks, pay stubs that indicate health insurance premium costs, or other documents that verify medical and insurance expenses.
 6. Copies of payment agreements with medical facilities or canceled checks that verify payments made on outstanding medical bills.
- k. Medical Need For Larger Dwelling Unit: A reliable medical source must certify that such arrangements are medically necessary.
- l. Handicap Assistance:
 1. Attendant Care:
 - a. Attendant's written certification as to: Amount received from the applicant/tenant; frequency of receipt, hours of care provided; and/or copies of canceled checks that applicant/tenant used to make those payments.
 - b. Certifications required by #3 below.
 2. Auxiliary Apparatus:
 - a. Receipts for purchases of, or evidence of monthly payments for, auxiliary apparatus.
 - b. In the case where the handicapped person is employed, a statement from the employer that the auxiliary apparatus is necessary for employment.
 3. In All Cases:
 - a. Written certification from a doctor or a rehabilitation agency that the handicapped person requires the services of an attendant or the use of auxiliary apparatus to permit the handicapped person to be employed or to function sufficiently independently to enable another family member to be employed.

- b. Family’s written certification as to whether they receive reimbursement for any of the expenses in paragraph 1 and 2 above and the amount of any reimbursement received.
- m. Family Type and Membership In Family:
 - 1. For elderly household—age may be verified with: (a) copy of a birth certificate, baptismal certificate, census record, official record of birth or other authoritative document; or (b) receipt of SSI Old Age benefits or Social Security retirement benefits.
 - 2. For disabled head or spouse—disability may be verified with: (a) evidence of receipt of Supplemental Security Income for the disabled, handicapped, or blind; (b) Social Security disability benefits; or (c) certification from any Federal agency or board (e.g., the Veteran’s Administration) that the head or spouse is totally disabled.
 - 3. For family membership of persons younger than age 17 -- birth certificate, adoption papers and/or custody agreements.

A sample release form, “Record of Third Party Verification” form and calculation worksheet for medical expenses appear in Exhibits 9-1, 9-2 and 9-3.

****Exhibit 9-12, referenced from the HUD 4350.03 manual, provides further clarification on verification.**

Section 4. Occupancy Standards

9-6. Determining Unit Size at Move-In. Owners must balance the need to avoid overcrowding with the need to make the best use of available space. Owners must consider both the number of persons in the household and the relationship and sex of those persons.

- a. Household members. To determine how many bedrooms a family may have, owners may count:
 - 1. all full-time members of the household,
 - 2. children who are away at school but live with the family during school recesses,
 - 3. children who are subject to a joint custody agreement but live in the unit at least 50% of the time,
 - 4. an unborn child,
 - 5. missing children, and
 - 6. live-in attendants.

NOTE: Owners may not provide bedroom space for individuals who are not members of the household such as adult children on active military duty, permanently institutionalized family members, incarcerated individuals, or visitors.

- b. General Occupancy Standards.
 - 1. children of the same sex should share a bedroom,
 - 2. unrelated adults and persons of the opposite sex (other than spouses) may occupy separate bedrooms, and
 - 3. children should not share a bedroom with parents.
- c. Smaller Units. Owners may approve a unit that is smaller than Paragraph b, above, permits if:

1. doing so is consistent with the owner's tenant selection standards and will not cause serious overcrowding, and
 2. the family requests a smaller unit because the family would otherwise be rejected because no units of the appropriate size are available.
- d. Larger Units. Owners may assign a larger unit than Paragraph b, above, permits if:
1. the family provides a certification that a larger unit is required for medical reasons, and
 2. no eligible family requiring the larger unit will be available to occupy the unit within 60 days; the project contains the correct size unit for the family; and the family agrees to move to the correct size unit, at its own expense, when one becomes available.

9-7. Overcrowded or Underutilized Units.

- a. After move-in, if the unit becomes overcrowded or underutilized because of changes in household composition, the owner should require the family to move to an appropriate size unit when one becomes available.
- b. In deciding whether the tenant should be required to move, the owner should consider the following:
 1. Is there an appropriately sized unit in the project?
 2. Is there a market for the size of unit the tenant would be vacating? If the tenant is occupying a unit that is larger than needed and there is no demand for that larger unit, the owner need not require the tenant to move from the larger unit until there is a demand for that size of unit.
 3. How long will the tenant remain in the project? Had he/she given an indication of moving out of the project? If the tenant will be moving within a few months, the owner need not require the tenant to transfer.
 4. The financial impact on the tenant.
- c. If the owner requests the tenant to transfer, the tenant must be given the option of:
 1. remaining in the unit and paying the higher of base rent for that unit or the approved percentage of their adjusted gross income
 2. moving within 30 days after the owner notifies him/her that a unit of the required size is available within the complex.

Section 5. The Annual Certification Process

9-8. Required Procedures. The following procedures should be utilized for annual certifications. Owners should also review the annual certification guidelines contained in the Program Chapters (i.e., Chapters 2-8) to determine if there are additional procedures that apply to their particular complexes.

Regulation

Sec. 8-79a-16. Continued occupancy, income verification

(a) In the case of federally assisted projects, federal rules will apply.

(b) Period covered for verification of income: For the purpose of determining eligibility for continued occupancy, the annual income verification period shall be the calendar year January 1 to December 31.

(c) Full calendar year occupancy must be completed and duly signed by each lessee who has been in continuous occupancy during the full calendar year covered.

(d) Form of application: The application for continued occupancy shall be substantially in the form prescribed by the commissioner of housing and shall have imprinted thereon the following:

(1) Penalty for false statement of any person who makes a false statement concerning the income of the family for which application for admission to or continued occupancy of housing projects is made may be fined not more than five hundred dollars or imprisoned not more than six months or both. (chapter 128, section 8-72 of the Connecticut General Statutes).

(2) The following language shall be contained in an application for continued occupancy: "The statements made by me in this application for continued occupancy are true to the best of my knowledge, for the purpose of verifying income at the time of signing this application. I have no objection to inquiries by the developer concerning my qualification for the purpose of income verification only. I agree to notify the developer immediately of any change in the statements or information required."

(e) Application to tenants: Immediately after December 31 each local authority and developer shall send applications for continued occupancy to all tenants in occupancy for one full calendar year. These applications are to be completed by the tenants and returned to the local authority on or before February 15. Upon completion of the applications of tenants for continued occupancy each developer shall prepare a list of all overincome tenants on the prescribed form for transmittal to the commissioner of housing on or before March 1. Any tenant who, without just cause, fails to report shall be considered overincome. This list shall be based on reports submitted by the tenants. Verification of such reports is a continuing responsibility of each developer.

(f) Notification to overincome tenants. (Section 8-73 of the Connecticut General Statutes, as amended.) Eviction of families having income over maximum limits, waiver of eviction requirement: A tenant in a moderate rental housing project shall vacate the dwelling unit occupied by him not later than sixty days after the housing authority or developer has mailed to such tenant, properly addressed postage prepaid, written notice that the annual income of such tenant's family, determined under section 8-72, of the Connecticut General Statutes is in excess of that permitted for continued occupancy of such dwelling unit under said section. Upon the failure of such tenant to vacate such dwelling unit on or before the expiration of such sixty-day period and so long as such tenant continues to occupy such dwelling unit after the expiration thereof, such tenant shall be obligated, notwithstanding the provisions of section 8-72 of the Connecticut General Statutes to pay to the developer monthly, as rent for such dwelling unit an amount equal to the going rental therefore as fixed by the developer plus an amount equal to two percent of the excess of the annual income of such family over that permitted for continued occupancy of such dwelling unit under section 8-72 of the Connecticut General Statutes.

The written notice specified in Section 8-73 of the Connecticut General Statutes (eviction of families having income over maximum limits) shall be sent on or before March 1. If such notice is not delivered by this date, the department of housing should be so informed and advised of the reasons. This notice shall specifically state that the lease expires on April 30 and any holdover tenancy shall be subject to surcharges as required in section 8-73. The sixty-day period specified thereunder shall be the period March 1 to April 30 inclusive. A sample copy of the official notification shall be sent to the department of housing.

(g) Legal procedure for eviction: Legal proceedings for eviction may be instituted by the developer against all overincome tenants after the expiration of the sixty-day notice (April 30) unless the time

period has been extended due to extenuating circumstances such as, the head of the family is called into military service or the tenant is in the process of purchasing or building a home and other justifiable reasons.

(h) Any overincome tenant may reapply for continued occupancy within the period of the sixty day notice to vacate. Such reapplication must be filed on or before April 15.

If the reverification based on income for the first three months of the current year on or before April 15 indicates that the tenant is still overincome but for a lesser amount than for the previous calendar year, then the new income figure arrived at a projected basis shall be the basis for determination of the surcharge effective May 1. If the projected rate upon reverification exceeds the income for the previous calendar year the lower income shall be used to establish the surcharge amount except those under eviction proceeding for non-compliance.

All overincome tenants subject to a surcharge on May 1 and who continue in occupancy thereafter shall file an application for continued occupancy as of June 30 covering family income for the first six months of the current year. Such reapplication must be filed on or before July 15. The sanctions which may be imposed for failing to meet the April 30 deadline are applicable for failing to meet the July 15 deadline. Such income shall be projected to an annual base and reclassification made as follows:

- (1) Tenants whose projected annual income within the applicable maximum income limits for continued occupancy shall be declared eligible for continued occupancy without further imposition to surcharges effective August 1.
- (2) Tenants whose projected annual income exceeds the applicable maximum income limits but whose projected income is less than annual income reported for the prior year shall be eligible for a reduction in the monthly surcharge based on the projected income. Such reduction shall be effective August 1.
- (3) Tenants whose projected annual income exceeds the applicable maximum limits but whose projected income is greater than the annual income reported for the prior year shall be subject to an increase in the monthly surcharge effective August 1. No advance notice of rent adjustment is necessary as the tenant is occupying the premises on a use and occupancy basis and, therefore, not subject to any time limit notice as may be prescribed in the lease.

All overincome tenants subject to a surcharge on August 1 may file a reverification of income for the first 9 months projected income if such projected produces a lower surcharge. The lower surcharge will be levied on November 1.

(i) Emergencies:

(1) In the event of the death or total disability of any tenant resulting in the complete loss of the earning power of a tenant whose account is being surcharged or in the case of a sudden unavoidable loss of employment or income due to no fault of the wage earner. The local authority or developer may, subject to the approval of the department of housing, immediately cancel or appropriately reduce the surcharge amount.

(j) For tenants who are seasonally employed, or are employed in a second job for a position of the year,

such as construction workers, teachers, agricultural workers, municipal employees, etc., and in their annual income verification are overincome for the preceding two years, but who on the reverification are under the maximum income limits, their income shall be based on the average income for the preceding two year period.

9-9. Certification Notices.

a. Initial Certification Notice. Immediately after December 31 of each year, the owner must mail a “Request for Certification Notice” to each tenant in the complex. The notice must specify the place, date and time for the certification interview and must advise the tenant to supply any documents in his/her possession that can be used to verify the amount of his/her income and/or deductions.

b. Follow-up Certification Notice. If the tenant fails to report for the certification interview, the owner should immediately mail the tenant a follow-up notice. The follow-up notice should reschedule the certification interview and state that any additional failure to comply with the certification requirements will result in the Authority starting the eviction process and a penalty of 125% of the FMR.

c. Final Certification Notice. A tenant who fails to respond to the follow-up notice will be mailed a final notice informing him that his/her noncompliance with the certification requirements will now become grounds for eviction. [Sec 8-79a-16]

NOTE: If the tenant reports after the scheduled interview, and in the event that it is determined that, based on verified income data, the tenant’s rental should have been an amount which exceeds the amount actually paid by the tenant, the tenant shall be charged the higher rental retroactive to the date said rental was due. In the event that it is determined that the amount paid by the tenant exceeds the amount which should have been paid, in accordance with Sec. 8-79a-17 no refund or credit shall be made to the tenant, due to the fact that the housing authority has had to spend considerable effort to enforce the income re-verification regulations.

9-10. Certification Interview. The owner must review the “Certification of Income and Family Participation” and carefully question the tenant to identify all of the household’s income sources and deductions. The owner must then verify all income, expenses, household characteristics and circumstances that affect the tenants rent and/or eligibility for continued occupancy. Note: A review of the previous year “certification” will help to identify sources of income/assets/deductions and can help you to ask pertinent questions in reviewing current information.

9-11. Completing the Certification Process. [Sec 8-79a-15]

a. Owners of Moderate Rental and Affordable Housing complexes should aim to complete the certification process by March 1. This will enable the owners to send a sixty (60) day notice of surcharge to all overincome tenants on or before March 1. Owners of all other complexes should aim to complete the certification process by April 1. This will enable the owners to send a thirty (30) day notice of rent increase to the tenants on or before April 1. Adhering to these schedules will permit the owner to implement all rent increases on May 1.

b. Owners of complexes charging the greater of a base rent or a “percentage of income” may want to schedule a change in the base rent and/or “percentage of income” so that it coincides with the annual certification process. Doing so will prevent the owner from having to increase some rents twice during a single year, once during the annual certification process, and then again when the base rent and/or the “percentage of income” is raised in conjunction with the submission of a new management plan (i.e., a new operating budget).

9-12. Effective Date of Changes in Tenant Rent.

a. Increase in Tenant’s Rent. If the owner or a third party causes a delay in the recertification processing, any increase in the tenant’s share of the rent may only be implemented after the owner has given the tenant thirty (30) days advance written notice of the increase. If the tenant causes a recertification to be completed after the effective date, any resulting increase in the tenant’s share of the rent must be retroactive to the scheduled effective date of the recertification.

b. Decrease in the Tenant’s Rent. If the owner or a third party causes a delay in recertification processing, any decrease in the tenants share of the rent must be retroactive to the scheduled effective date of the recertification. If the tenant causes a recertification to be completed after the scheduled effective date, the effective date of the decrease **will be the** first day of the month commencing after the date that the tenant reports for his/her recertification interview.

A schedule, sample notices, and the “Certification of Income and Family Participation” needed to implement the above procedures appear in Exhibits 9-4 through 9-8. Owners should modify the terminology used in these Exhibits to match the terminology used for their programs (e.g., Owners of Limited Equity Cooperative complexes should substitute the terms “established carrying charge” and “carrying charge” for the terms “base rent” and “tenant rent”).

Section 6. Interim Adjustments of Tenant Rent Due to Increases or Decreases in Income

9-13. Owner Responsibility for Processing Interim Adjustments. The owner must process an interim adjustment in the Tenant Rent if the tenant reports an:

- a. interim increase in adjusted gross income of at least 10%;
- b. interim decrease in adjusted gross income of at least 10%;
- c. interim change in household composition;
- d. increase in deductions (number of dependents, child care expenses, etc.).

9-14. Effective Date Of Interim Adjustments. The Owner must notify the Tenant of any change in rent resulting from an interim adjustment. In the case of unit transfers, the change in rent is effective on the day on which the Tenant actually occupies the new unit. Rent increases and decreases should be implemented according to the following schedule.

- a. Rent Increase. If the Tenant’s rent increases because of an interim adjustment, the Owner must give the Tenant 30 days advance written notice of the increase. The effective date of the increase will be the first of the month commencing after the end of the 30 day period.
- b. Rent Decrease. If the Tenant’s rent decreases because of an interim adjustment, the Owner must make the decrease effective the first day of the month commencing after the date that the Tenant reports the decrease. The Owner does not have to give the Tenant 30 days notice of a rent decrease.

Sec. 8-79a-14. Rent determination

Where rental increases fall into the following categories, rental increases may be phased in by using the following table.

\$ 1.00 - -\$ 25.00 -- 1 Year
\$ 26.00 --\$ 50.00 -- 2 Year
\$ 51.00--\$100.00 - 3 Year

A rental increase exceeding the \$ 100.00 figure may be phased in and adjusted by the developer with the approval of the President of CHFA.

Section 7. Procedure for Increases in the Base Rent and/or the Percentage of Income Used to Determine the Rent

9-15. 120 Days Procedure for Increases in the Base Rent and/or Percentage of Income. The following 120 day procedure must be adhered to whenever the owner proposes to increase the base rent and/or the percentage of income used to determine the Tenant Rent. The owner’s failure to adhere to this procedure will invalidate the rent increase. Prior to implementing a change in the base rent and/or the percentage of income, the owner must:

120 Days Prior to Rent Increase

- a. Send a notice to all tenants (copied to CHFA) informing them that a change in the base rent and/or the percentage of income will be considered by the Owner during a formal meeting (include the date and time of meeting). This notice must be sent to all tenants, at least 30 days prior to the scheduled meeting. (Note: it is not sufficient to post a notice in the community room or any other area.) This notice must advise tenants that they can attend the meeting or submit written comments within the thirty (30) day notice period. The tenants should also be advised that they can review any documents supporting the proposed change in the base rent and/or percentage of income.

90 Days Prior to Rent Increase:

- b. At the end of the thirty (30) day notice period, the meeting is held to discuss the proposed increase. After the meeting is held and within the next (15) days, owners must submit to the CHFA any tenant comments, minutes of the meeting and a Board resolution recommending the new rental rates in the proposed Management Plan (operating budget.)
- c. The CHFA will approve, disapprove, or modify the proposed change in the base rent and/or percentage of income via the review and approval process for the management plan and will notify the Owner of its decision within that second fifteen (15) day period.

30 Days Prior to Rent Increase

- d. If the change in the base rent and/or percentage of income is approved by CHFA, the Owner must send all tenants a thirty (30) day notice of the rent increase that will result from the change. This notice must be received by the tenants 30 days prior to the implementation date of the new rent/percentage of income. The final approval of rent

increases and/or percentage increases is done via approval of the owner's management plan. Without the approved operating budget, the increase cannot be implemented.

Section 8. Security Deposits

9-16. Applicable Statutes. The collection, use and return of security deposits are subject to the provisions of Sections 47a-21 through 47a-22a of the Connecticut General Statutes.

9-17. Collection of Security Deposits.

- a. **Amount:** The amount of the security deposit is limited by statute to two months' rent for tenants under sixty-two years of age, and one month's rent for tenants sixty-two years of age or older. The amount of the security deposit is established at move-in and is not changed when the tenant's rent changes. 9-20.B

IF A LANDLORD REFUSES THE GUARANTEED SECURITY DEPOSIT.

Under Connecticut law, a landlord may not refuse to accept a DSS Guaranteed Security Deposit, if you are being discriminated against by a landlord who refuses the Guaranteed Security Deposit, file a complaint with the Connecticut Fair Housing Center or the Connecticut Commission on Human Rights and Opportunities (CHRO) <http://www.state.ct.us/chro>.

- b. **Unsubsidized Elderly and Congregate Housing Projects:** Security deposits for tenants in unsubsidized Elderly and Congregate Housing projects that are developed by housing authorities, community housing development corporations, or other corporations approved by the President of CHFA for state financial assistance under the provisions of Parts VI and VII, Chapter 128, CGS, must be returned with interest after one year of occupancy. Interest must be paid in accordance with the provisions of Section 47a-22a, CGS. Collection of a security deposit is not recommended for these projects because of this requirement.
- c. **Elderly Housing Projects Subsidized by the Section 8:** New Construction and Substantial Rehabilitation Programs. The collection of a security deposit is a prerequisite for making a claim to HUD for reimbursement of unpaid rent and tenant damages. Owners must collect (and then return with interest at the end of one year) the security deposit required by HUD regulations in order to be eligible for reimbursement of unpaid rent and tenant damages.
- d. **Unit Transfers:** When a family transfers to a new unit, the owner may:
 - 1. transfer the security deposit; or
 - 2. close out the deposit for the old unit and charge a new deposit.
 - (a) to close out the old deposit, the owner must deduct tenant damages, unpaid rent and other charges owed under the lease and refund the balance to the tenant.
 - (b) the new deposit must be based on the rent that will be required for the new unit.

9-18. Escrow Deposit: Owners must deposit the entire amount of all security deposits into one or more escrow accounts in a financial institution. The escrow account(s) established for this purpose is subject to the provisions of Section 47a-21 (h), CGS.

9-19. Interest: on Security Deposits For programs other than Elderly and Congregate, the rate of interest to be paid is published annually by the State Banking Commission and found on the CHFA

website www.chfa.org. Interest must be paid to the tenant or credited toward the next rental payment due from the tenant on the anniversary date of the tenancy and annually thereafter. Paying interest only upon move-out does not meet the requirements of Section 47a-21, CGS.

- a. If the tenancy is terminated before the anniversary date of such tenancy, or if the owner returns all or part of a security deposit prior to termination of tenancy, the owner must pay the accrued interest to the tenant within thirty days of the termination or return.
- b. If the tenant has been delinquent for more than ten days in the payment of any monthly rent, he/she shall forfeit any interest which would otherwise be payable to him/her for that month.

9-20. Return of Security Deposits.

- a. The tenant must notify the owner in writing of his/her forwarding address upon termination of tenancy. Within thirty days after termination of tenancy, or within fifteen days of notification of forwarding address, **whichever is later**, the owner must deliver to the tenant at such forwarding address either (1) the full amount of the security deposit plus any accrued interest, or (2) a written notice advising the tenant of the nature of any damages suffered by the owner by reason of the tenant's failure to comply with his/her obligations.
- b. Owners may deduct delinquent rent, other charges owed under the lease, and the cost of cleaning, repairs, and replacements due to tenant neglect or abuse, from the security deposit.
- c. If there are deductions, the balance of the security deposit and accrued interest must be returned to the tenant with a written statement itemizing the nature and amount of the damages within thirty days of the termination of tenancy, or fifteen days after the owner receives written notice of the tenant's forwarding address, whichever is later.

Section 9. Tenant Fraud

9-21. General Requirements If a Tenant fails to supply required reports of interim changes in income or other factors, or submits incorrect information on any application, certification or recertification and, as a result, is charged a rent less than the amount required by the CHFA's rent formulas, the Tenant must reimburse the Owner for the full amount of the difference between the rent the Tenant should have paid and the rent he/she was charged.

9-22. Recertifying Improper/Inaccurate Information for Certification and Recertification of Tenant Rent. When the Owner becomes aware that a Tenant may have provided improper or inaccurate information during the processing of a Tenant's certification or recertification, the Owner shall do the following:

- a. The Owner must investigate and document the Tenant's statements or any conflicting information the Owner has received. To investigate questionable information, the Owner may:
 1. confront the Tenant with the Tenant's information and any conflicting information;
 2. obtain additional information from other persons or agencies; or
 3. take other actions to verify either the Tenant's information or the conflicting information.

For Example: A Tenant may state that he/she does not receive child support payments. The Tenant's ex-spouse or the child's father may then be contacted by the Owner and asked to supply copies of canceled checks and/or receipts for monthly child support.

- b. If the efforts outlined in paragraph (a) above lead the Owner to conclude that the Tenant supplied incorrect information, the Owner must document his/her findings in writing. The Tenant must then be notified in writing of the error, identifying what information is believed to be incorrect. In addition, the Tenant must be provided with an opportunity, within 10 calendar days, to meet with the owner and discuss the allegations.
- c. If the Tenant responds and convinces the Owner that his/her submissions were correct, the Owner should document the record accordingly. If the Owner determines that the Tenant is wrong, the Owner should adjust the Tenant's rent to reflect any corrected income, allowances, and family composition and require the Tenant to make arrangements to pay the amounts that were previously underpaid because of the Tenant's submission of incorrect information.
- d. The meeting with the Owner shall be with a designated representative of the owner who has not been involved in any manner with the review of the allegedly false information.

9-23. Lease Provisions Required. Owners must develop lease provisions that permit the termination of the Tenant's lease if the Tenant deliberately supplies false information. The lease should also specify that the Tenant must report the following changes:

- a. a household member moves out of the unit;
- b. an adult member of the household who was reported as unemployed on the most recent certification or recertification obtains employment;
- c. the household's income cumulatively increases by %10 or more a month.

AUTHORIZATION for Release of Information

CONSENT

I authorize and direct and Federal, State, or local agency, organization, business, or individual to release and to verify my application for participation, and/or to maintain my continued assistance under the Section 8, Rental Rehabilitation, Low-Income Public and Indian Housing and/or any other housing assistance programs. I understand and agree that this authorization or the information obtained with its use may be given to and used by the Connecticut Housing Finance Authority (CHFA) in administering and enforcing program rules and policies. I also consent for CHFA or the PHA to release information from my file about my rental history to CHFA, credit bureaus, collection agencies, or future landlords. This includes records on my payment history, and any violations of my lease or PHA policies.

INFORMATION COVERED

I understand that, depending on program policies and requirements, previous or current information regarding me or my household may be needed. Verifications and inquiries that may be requested include but are not limited to:

- | | |
|----------------------------------|-------------------------------|
| Identity and Marital Status | Employment, Income and Assets |
| Medical or Child Care Allowances | Credit and Criminal Activity |
| Residences and Rental Activity | |

GROUP OR INDIVIDUAL THAT MAY BE ASKED

The groups or individuals that may be asked to release the above information (depending on program requirements) include but are not limited to:

- | | |
|--|---|
| Previous Landlords (including
Public Housing Agencies
Courts and Public Offices
Schools and Colleges
Law Enforcement Agencies
Medical and Child Care Providers
Retirement Systems
Utility Companies | Past and Present Employers
Welfare Agencies
State Unemployment Agencies
U.S. Social Security Administration
Support and Alimony Providers
U.S. Department of Veterans Affairs
Banks and Other Financial Institutions
Credit Providers and Credit Bureaus |
|--|---|

COMPUTER MATCHING NOTICE AND CONSENT

I understand and agree that CHFA or the Public Housing Authority may conduct computer matching programs to verify the information supplied for my application or recertification. If a computer match is done, I understand that I have a right to notification of any adverse information found and a chance to disprove correct information. CHFA or the PHA may in the course of its duties exchange such automated information with other Federal, State, or local agencies, including but not limited to: State Employment Security Agencies, U.S. Department of Defense, U.S. Office of Personnel Management, the U.S. Postal Service, the U.S. Social Security Administration, and State Welfare and food stamp agencies.

CONDITIONS

I agree that a photocopy of this authorization may be used for the purposes stated above. The original of this authorization will remain on file with the PHA. I understand I have a right to review my file and correct any information that I can prove is incorrect.

SIGNATURES:

_____	_____	_____
Head of Household	(Print Name)	(Date)
_____	_____	_____
Spouse	(Print Name)	(Date)
_____	_____	_____
Adult Member	(Print Name)	(Date)
_____	_____	_____
Adult Member	(Print Name)	(Date)

NOTE: THIS GENERAL CONSENT MAY NOT BE USED TO REQUEST A COPY OF A TAX RETURN. IF A COPY OF A TAX RETURN IS NEEDED, IRS FORM 4506, "REQUEST FOR COPY OF TAX FORM" MUST BE PREPARED AND SIGNED SEPARATELY.

K-32
Revised 3/97

Exhibit 9-2

Record of Third Party Verification

Re: _____
Applicant/Tenant

Date Received: _____

Documents Viewed: _____

Or Persons Contacted: _____

Representing: _____

Items Verified: _____

Information Supplied: _____

Comments: _____

Owner Representative

Date

REQUEST FOR CERTIFICATION NOTICE

(Owner Name)
(Owner Address)

(Tenant's Name)
(Address)

Dear _____:

The Connecticut Housing Finance Authority (CHFA) requires that we periodically review your income, expenses, and family composition to re-determine your rent in CHFA financed housing.

To complete this review, we would like to meet with you at (**place of interview**) on (**day**), (**date**), at (**time**). Please complete the enclosed **Application for Continued Occupancy** and bring it with you to your interview. You should also bring verification of your income (a copy of your check or letter of determination if you receive social security or a pension, a copy of your Dept. of Social Service determination if you receive state assistance, your four (4) most recent check stubs if you work, etc.). Additionally, we will need to see all of your prescription receipts, medical insurance billing notices and other medical bills from last year if you pay for your medical expenses. All income must be reported for each family member. Full time students, aged 18-23, must provide verification of status from their educational institution. Finally, be sure to bring proof of your childcare expenses if you work and have to pay someone to provide childcare while you work.

Please call us immediately at (**telephone number**) if you cannot be interviewed on the above date and time. Failure to comply with the certification process could result in your paying an increased rent and in your eviction from CHFA financed housing.

Sincerely,

(Owner Representative)

REQUEST FOR CERTIFICATION FOLLOW-UP NOTICE

(OWNER NAME)

(OWNER ADDRESS)

(Tenant's Name)

(Address)

Dear _____:

In previous correspondence, dated _____, you did not report for the certification interview on (**day**), (**date**) at (**time**). You were asked to call us immediately if you could not attend the interview but failed to do so. We have rescheduled the interview for (**day**), (**date**) at (**time**).

Please complete the enclosed "Application for Continued Occupancy" and bring it with you to your interview. You should also bring verification of your income to the interview (a copy of your check or letter of determination if you receive social security or a pension, a copy of your Dept. of Social Service determination if you receive state assistance, your four (4) most recent check stubs if you work, etc.). Additionally, we will need to see all of your prescription receipts, medical insurance billing notices and other medical bills from last year if you pay for your own medical expenses. All income must be reported for each family member. Full time students, aged 18-23, must provide verification of status from their educational institution. Finally, be sure to bring proof of your childcare expenses if you work and have to pay someone to provide childcare while you are at work.

Please call us immediately at (**telephone number**) if you cannot attend the interview at the above date and time. **Failure to comply with certification requirements will result in your paying 125% of the FMR or _____ and may also result in your eviction from State financed housing.** Your every effort to attend the interview will be greatly appreciated.

Sincerely,

(Owner Representative)

REQUEST FOR CERTIFICATION FINAL NOTICE

(OWNER NAME)

(OWNER ADDRESS)

(Tenant's Name)
(Address)

Dear _____:

Procedures governing the annual certification process in CHFA financed housing provide that an owner will begin eviction proceedings against any tenant who fails to provide the information needed to verify his income and/or deductions.

Two appointments have been scheduled, both of which you did not attend. On (date of follow-up notice) you were asked to call us immediately if you could not attend the second certification interview scheduled on (day), (date) at (time). Because you failed to do so, your rental amount effective ____ will be \$ _____ and you may be subject to the eviction process.

Please contact us at (telephone number) if you want to remain in CHFA financed housing at this time. We will have no choice but to begin eviction proceedings against you unless you meet with us immediately to complete the certification process by (date).

Sincerely,

(Owner Representative)

SCHEDULE FOR ANNUAL RECERTIFICATIONS

120 days prior to rent increase, the owner shall mail an “Application for Continued occupancy” to each tenant in the complex. The owner should also initiate the annual recertification process at this time (see Section 5 of Chapter 9). The information collected during the recertification process will be needed to verify and compute each tenant’s eligibility for continued occupancy. CHFA must be notified at this time of the proposed rent increase and date of the tenant meeting.

120 Days Prior to Rent Increase

- d. Send a notice to all tenants (copied to CHFA) informing them that a change in the base rent and/or the percentage of income will be considered by the Owner during a formal meeting (include the date and time of meeting). This notice must be sent to all tenants, at least 30 days prior to the scheduled meeting. (Note: it is not sufficient to post a notice in the community room or any other area.) This notice must advise tenants that they can attend the meeting or submit written comments within the thirty (30) day notice period. The tenants should also be advised that they can review any documents supporting the proposed change in the base rent and/or percentage of income.

90 Days Prior to Rent Increase:

- e. At the end of the thirty (30) day notice period, the meeting is held to discuss the proposed increase. After the meeting is held and within the next (15) days, owners must submit to the CHFA any tenant comments, minutes of the meeting and a Board resolution recommending the new rental rates in the proposed Management Plan (operating budget.)
- f. The CHFA will approve, disapprove, or modify the proposed change in the base rent and/or percentage of income via the review and approval process for the management plan and will notify the Owner of its decision within that second fifteen (15) day period.

30 Days Prior to Rent Increase

- d. If the change in the base rent and/or percentage of income is approved by CHFA, the Owner must send all tenants a thirty (30) day notice of the rent increase that will result from the change. This notice must be received by the tenants 30 days prior to the implementation date of the new rent/percentage of income. The final approval of rent increases and/or percentage increases is done via approval of the owner’s management plan. Without the approved operating budget, the increase cannot be implemented.

APPLICATION FOR CONTINUED OCCUPANCY

THIS FORM MUST BE COMPLETED **IN YOUR OWN HANDWRITING**. YOU MUST USE THE CORRECT LEGAL NAME FOR EACH MEMBER OF YOUR HOUSEHOLD AS IT APPEARS ON THEIR SOCIAL SECURITY CARD. ALL ADULT MEMBERS OF THE HOUSEHOLD MUST SIGN ON PAGE 2 CERTIFYING THE INFORMATION PERTAINING TO THEM. PLEASE PRINT.

A. HOUSEHOLD COMPOSITION: List all persons who will be living in your home, listing head of the household first.

ADULTS (Legal name)	DATE OF BIRTH	RELATIONSHIP TO HEAD OF HOUSEHOLD	SOCIAL SECURITY NUMBER	PLACE OF BIRTH
1.				
2.				
3.				
4.				

CHILDREN (name as it appears on SS Card)	SOCIAL SECURITY NUMBER	DATE OF BIRTH	RELATIONSHIP TO HEAD OF HOUSEHOLD	SCHOOL NAME	PLACE OF BIRTH
1.					
2.					
3.					
4.					
5.					

B. WHO TO CONTACT IN CASE OF EMERGENCY:

NAME

STREET ADDRESS

CITY

RELATION

TELEPHONE NUMBER

NAME

STREET ADDRESS

CITY

RELATION

TELEPHONE NUMBER

C. TOTAL HOUSEHOLD INCOME: List all money earned or received by everyone living in your household. This includes money from wages, self-employment, child support, contributions, Social Security, disability payments (SSI), Workers Compensation, retirement benefits, AFDC, Veterans benefits, rental property income, stock dividends, income from bank accounts, alimony, and all other sources.

HOUSEHOLD MEMBER	EMPLOYER	TOTAL WEEKLY WAGES	AFDC	CHILD SUPPORT MONTHLY	SOCIAL SECURITY BENEFITS	UNEMPLOYMENT BENEFITS	ALL OTHER INCOME
1.							
2.							
3.							
4.							

D. ASSETS: Do you or any household member own or have an interest in any real estate, boat, and/or mobil home? _____

Have you sold any real estate in the last two years? _____

Do you own any stocks or bonds? _____ Do you have savings accounts? _____

If yes, give bank, account numbers, and amounts below.

_____ # _____ \$ _____

_____ # _____ \$ _____

_____ # _____ \$ _____

Do you own a car? _____ Model/Year _____ Plate No. _____

Do you own a second car? _____ Model/Year _____ Plate No. _____

1. Does anyone outside of your household pay for any of your bills or give you money? Yes/ No _____ If yes, please explain: _____

=====

The statements made by me in this application for continued occupancy are true to the best of my knowledge, for the purpose of verifying income at the time of signing this application. I have no objection to inquiries by the Housing Authority concerning my qualification for the purpose of income verification only. I agree to notify the Housing Authority immediately of any change in the statements or information required.

SIGNATURE OF HEAD OF HOUSEHOLD DATE

SIGNATURE OF SPOUSE DATE

SIGNATURE OF OTHER ADULT DATE

SIGNATURE OF OTHER ADULT DATE

E. AUTHORIZATION for Release of Information

CONSENT

I authorize and direct any Federal, State, or Local Agency, organization, business or individual to release to the Housing Authority of the _____ any information or materials needed to complete and verify my application for participation, and/or to maintain my continued occupancy under the Authority's various housing programs. I understand and agree that this authorization or the information obtained with its use may be given to and used by the Connecticut Housing Finance Authority (CHFA) and the _____ in administering and enforcing program rules and public housing policies.

I also consent for the _____ to release information from my file about my rental history to CHFA, credit bureaus, collection agencies, or future landlords. This includes records on my payment history, and any violations of my lease or _____ policies.

INFORMATION COVERED

I understand that, depend on program policies and requirements, previous or current information regarding me or my household may be needed. Verifications and inquiries that may be requested include but are not limited to:

- | | |
|--------------------------------|----------------------------------|
| Identity and Marital Status | Employment, Income, and Assets |
| Residences and Rental Activity | Medical Allowances or Child Care |
| Criminal Activity | Credits |

I understand that this authorization cannot be used to obtain any information about me that is not pertinent to my eligibility for and continued participation in a housing program.

I understand that this release may be used to allow any gas, electric, water or sewer utility company to release information about the status of my service and account information. In particular, to notify the Authority if service is about to be terminated.

GROUPS OR INDIVIDUALS THAT MAY BE ASKED

The groups or individuals that may be asked to release the above information (depending on program requirements) include but are not limited to:

Previous Landlords (including	Past and Present Employers
Public Housing Agencies)	Welfare Agencies
Courts and Post Offices	State Unemployment Agencies
Schools and Colleges	Social Security Administration
Law Enforcement Agencies	Medical and Child Care Providers
Support and Alimony Providers	Veterans Administration
Retirement Systems	Banks and other Financial Inst.
Credit Providers/Bureaus	Utility Companies

CONDITIONS

I agree that a photocopy of this authorization may be used for the purposed stated above. The original of this authorization is on file with the _____ and will stay in effect for a year and a month from the date signed. I understand I have a right to review my file and correct any information that I can prove is incorrect.

SIGNATURES

Head of Household (Print Name) Date

Spouse (Print Name) Date

Adult Member (Print Name) Date

Adult Member (Print Name) Date

NOTE: THIS GENERAL CONSENT MAY **NOT** BE USED TO REQUEST A COPY OF A TAX RETURN FROM THE INTERNAL REVENUE SERVICE OR THE DEPARTMENT OF REVENUE SERVICES.

NOTICE OF PROPOSED BASE INCREASE

(OWNER NAME)

(OWNER ADDRESS)

(Tenant Name)
(Tenant Address)

Dear _____:

We are currently contemplating a rent increase for the complex you live in. The increase, if approved by the President of CHFAs, would raise the base rent in the project from (current rent) to (proposed rent). (See note below)

A meeting will be held at (place) on (day), (date) at (time) to discuss the proposed increase. All tenants currently residing in the complex are welcome to attend. We will also consider any written tenant comments submitted by (date).

All documents and data supporting the proposed increase are available at the following address:
_____. Please call us at (telephone no.) if you would like to schedule an appointment to inspect these records.

Sincerely,

(Owner Representative)

Note: The first paragraph of the above letter should also contain the following sentence **if** the “percentage of income” used to determine the rent will also be increased: “The percentage of income used to determine the rent in the complex would also be raised from (current percentage) to (proposed percentage).”

30 DAY NOTICE OF RENT INCREASE

(OWNER NAME)

(OWNER ADDRESS)

(Tenant Name)
(Tenant Address)

Dear _____:

This is to notify you that your rent will be increased to (amount) effective (date) for the following reason(s):

Please call us at (telephone no.) if you have any questions or would like to discuss this increase.

Sincerely,

(Owner Representative)

Calculating Family Income From Assets that Generate Interest Income

List the Type of Asset (Savings/checking, etc.)	List the Cash Value of the Asset as shown on Bank Statement, etc.	List the Actual Annual Income from Asset as shown on Bank Statement, etc.
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
	Total Assets \$ _____	Total Earned Interest \$ _____

Calculating Family Income From Assets that DO NOT Generate Interest Income

List Any Non Income Producing Assets (Home, IRA, etc.)	List the Cash Value of Asset	Calculate the Imputed Income by multiplying the Value listed by .02
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
	Total Assets _____	Total Imputed Interest \$ _____

Imputed Income from Assets = Cash Value of non income producing assets listed, x .020

Actual Income from Earned Interest Income: \$ _____

Imputed Income from Non Income Producing Assets: \$ _____

Total Interest \$ _____

Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				Verification Tips
	Third Party^a		Documents Provided by Applicant	Self-Declaration	
	Written^b	Oral^c			
<ul style="list-style-type: none"> • Age. 	<ul style="list-style-type: none"> • None required. 	<ul style="list-style-type: none"> • None required. 	<ul style="list-style-type: none"> • Birth Certificate • Baptismal Certificate • Military Discharge papers • Valid passport • Census document showing age • Naturalization certificate • Social Security Administration Benefits printout 		

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				Verification Tips
	Third Party ^a		Documents Provided by Applicant	Self-Declaration	
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Alimony or child support. 	<ul style="list-style-type: none"> Copy of separation or divorce agreement provided by ex-spouse or court indicating type of support, amount, and payment schedule. Written statement provided by ex-spouse or income source indicating all of above. If applicable, written statement from court/attorney that payments are not being received and anticipated date of resumption of payments. 	<ul style="list-style-type: none"> Telephone or in-person contact with ex-spouse or income source documented in file by the owner. 	<ul style="list-style-type: none"> Copy of most recent check, recording date, amount, and check number. Recent original letters from the court. 	<ul style="list-style-type: none"> Notarized statement or affidavit signed by applicant indicating amount received. If applicable, notarized statement or affidavit from applicant indicating that payments are not being received and describing efforts to collect amounts due. 	<ul style="list-style-type: none"> Amounts awarded but not received can be excluded from annual income only when applicants have made reasonable efforts to collect amounts due, including filing with courts or agencies responsible for enforcing payments.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Assets disposed of for less than fair market value. 	<ul style="list-style-type: none"> None required. 	<ul style="list-style-type: none"> None required. 	<ul style="list-style-type: none"> None required. 	<ul style="list-style-type: none"> Certification signed by applicant that no member of family has disposed of assets for less than fair market value during preceding two years. If applicable, certification signed by the owner of the asset disposed of that shows: <ul style="list-style-type: none"> Type of assets disposed of; Date disposed of; Amount received; and Market value of asset at the time of disposition. 	<ul style="list-style-type: none"> Only count assets disposed of within a two-year period prior to examination or re-examination.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> • Auxiliary apparatus. 	<ul style="list-style-type: none"> • Written verification from source of costs and purpose of apparatus. • Written certification from doctor or rehabilitation agency that use of apparatus is necessary to employment of any family member. • In case where the disabled person is employed, statement from employer that apparatus is necessary for employment. 	<ul style="list-style-type: none"> • Telephone or in-person contact with these sources documented in file by the owner. 	<ul style="list-style-type: none"> • Copies of receipts or evidence of periodic payments for apparatus. 		<ul style="list-style-type: none"> • The owner must determine if expense is to be considered medical or disability assistance.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Verification Tips
	Third Party ^a		Documents Provided by Applicant	
	Written ^b	Oral ^c		
<ul style="list-style-type: none"> Care attendant for disabled family members. 	<ul style="list-style-type: none"> Written verification from attendant stating amount received, frequency of payments, hours of care. Written certification from doctor or rehabilitation agency that care is necessary to employment of family member. 	<ul style="list-style-type: none"> Telephone or in-person contact with source documented in file by the owner. 	<ul style="list-style-type: none"> Copies of receipts or cancelled checks indicating payment amount and frequency. 	<ul style="list-style-type: none"> Notarized statement or signed affidavit attesting to amounts paid. The owner must determine if this expense is to be considered medical or disability assistance.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Child care expenses (including verification that a family member who has been relieved of child care is working, attending school, or looking for employment). 	<ul style="list-style-type: none"> Written verification from person who provides care indicating amount of payment, hours of care, names of children, frequency of payment, and whether or not care is necessary to employment or education. Verification of employment as required under Employment Income. Verification of student status (full or part-time) as required under Full-Time Student Status. 	<ul style="list-style-type: none"> Telephone or in-person contact with these sources (child care provider, employer, school) documented in file by the owner. 	<ul style="list-style-type: none"> Copies of receipts or cancelled checks indicating payments. For school attendance, school records, such as paid fee statements that show that the time and duration of school attendance reasonably corresponds to the period of child care. 	<ul style="list-style-type: none"> For verification of “looking for work,” details of job search effort as required by owner’s written policy. 	<ul style="list-style-type: none"> Allowance provided only for care of children 12 and younger. When same care provider takes care of children and disabled person, the owner must prorate expenses accordingly. Owners should keep in mind that costs may be higher in summer months and during holiday periods. The owner must determine which family member has been enabled to work. Care for employment and education must be prorated to compare to earnings. Costs must be “reasonable.”

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				Verification Tips
	Third Party ^a		Documents Provided by Applicant	Self-Declaration	
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> • Citizenship 				<ul style="list-style-type: none"> • Citizens must sign declaration certifying U.S. Citizenship. 	<ul style="list-style-type: none"> • Owners may require applicants/residents to provide verification of citizenship.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				Verification Tips
	Third Party ^a		Documents Provided by Applicant	Self-Declaration	
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Current net family assets. 	<ul style="list-style-type: none"> Verification forms, letters or documents received from financial institutions, stock brokers, real estate agents, employers indicating the current value of the assets and penalties or reasonable costs to be incurred in order to convert nonliquid assets into cash. 	<ul style="list-style-type: none"> Telephone or in-person contact with appropriate source, documented in file by the owner. 	<ul style="list-style-type: none"> Passbooks, checking, or savings account statements, certificates of deposit, property appraisals, stock or bond documents, or other financial statements completed by financial institution. Copies of real estate tax statements, if tax authority uses approximate market value. Quotes from attorneys, stockbrokers, bankers, and real estate agents that verify penalties and reasonable costs incurred to convert asset to cash. Copies of real estate closing documents that indicate distribution of sales proceeds and settlement costs. 	<ul style="list-style-type: none"> Notarized statement or signed affidavit stating cash value of assets or verifying cash held at applicant's home or in safe deposit box. 	<ul style="list-style-type: none"> Use current balance in savings accounts and average monthly balance in checking accounts for last 6 months. Use cash value of all assets (the net amount the applicant would receive if the asset were converted to cash). NOTE: This information can usually be obtained simultaneously when verifying income from assets and employment (e.g., value of pension).

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Disability status. 	<ul style="list-style-type: none"> Verification from medical professional stating that individual qualifies under the definition of disability. 	<ul style="list-style-type: none"> Telephone or in-person contact with medical professional verifying qualification under the federal disability definition and documentation in the file of the conversation. 		<ul style="list-style-type: none"> Not appropriate. 	<ul style="list-style-type: none"> If a person receives Social Security Disability solely due to a drug or alcohol problem, the person is not considered disabled under housing law. A person that does not receive Social Security Disability may still qualify under the definition of a person with disabilities. Owners must not seek to verify information about a person's specific disability other than obtaining a professional's opinion of qualification under the definition of a person with disabilities.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Dividend income and savings account interest income. 	<ul style="list-style-type: none"> Verification form completed by bank. 	<ul style="list-style-type: none"> Telephone or in-person contact with appropriate party, documented in file by the owner. 	<ul style="list-style-type: none"> Copies of current statements, bank passbooks, certificates of deposit, if they show required information (i.e., current rate of interest). Copies of Form 1099 from the financial institution, and verification of projected income for the next 12 months. Broker's quarterly statements showing value of stocks/bonds and earnings credited to the applicant. 	<ul style="list-style-type: none"> Not appropriate. 	<ul style="list-style-type: none"> The owner must obtain enough information to accurately project income over next 12 months. Verify interest rate as well as asset value.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> • Employment Income including tips, gratuities, overtime. 	<ul style="list-style-type: none"> • Verification form completed by employer. 	<ul style="list-style-type: none"> • Telephone or in-person contact with employer, specifying amount to be paid per pay period and length of pay period. Document in file by the owner. 	<ul style="list-style-type: none"> • W-2 Forms, if applicant has had same employer for at least two years and increases can be accurately projected. • Paycheck stubs or earning statements. 	<ul style="list-style-type: none"> • Notarized statements or affidavits signed by applicant that describe amount and source of income. 	<ul style="list-style-type: none"> • Always verify: frequency of gross pay (i.e., hourly, biweekly, monthly, bimonthly); anticipated increases in pay and effective dates; overtime. • Require most recent 6-8 consecutive pay stubs; do not use check without stub. • For a fee, additional information can be obtained from The Work Number 800-996-7556; First American Registry 800-999-0350; and Verifax 800-969-5100. Fees are valid project expenses. Information does not replace third-party verification.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Family composition. 	<ul style="list-style-type: none"> None required. 	<ul style="list-style-type: none"> None required. 	<ul style="list-style-type: none"> Birth certificates Divorce actions Drivers' licenses Employer records Income tax returns Marriage certificates School records Social Security Administration records Social service agency records Support payment records Utility bills Veterans Administration (VA) records 		<ul style="list-style-type: none"> An owner may seek verification only if the owner has clear written policy.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Family type. (Information verified only to determine eligibility for project, preferences, and allowances.) 	<ul style="list-style-type: none"> Disability Status: statement from physician or other reliable source, if benefits documenting status are not received. See paragraph 3.25 B.1 for restrictions on this form of verification. Displacement Status: Written statement or certificate of displacement by the appropriate governmental authority. 	<ul style="list-style-type: none"> Telephone or in-person contact with source documented in file by the owner. 	<ul style="list-style-type: none"> Elderly Status (when there is reasonable doubt that applicant is at least 62): birth certificate, baptismal certificate, social security records, driver's license, census record, official record of birth or other authoritative document or receipt of SSI old age benefits or SS benefits. Disabled, blind: evidence of receipt of SSI or Disability benefits. 	<ul style="list-style-type: none"> Elderly Status: Applicant's signature on application is generally sufficient. 	<ul style="list-style-type: none"> Unless the applicant receives income or benefits for which elderly or disabled status is a requirement, such status must be verified. Status of disabled family members must be verified for entitlement to \$480 dependent deduction and disability assistance allowance. Owner may not ask the nature/extent of disability.
<ul style="list-style-type: none"> Full-time student status (of family member 18 or older, excluding head, spouse, or foster children). 	<ul style="list-style-type: none"> Verification from the Admissions or Registrar's Office or dean, counselor, advisor, etc., or from VA Office. 	<ul style="list-style-type: none"> Telephone or in-person contact with these sources documented in file by the owner. 	<ul style="list-style-type: none"> School records, such as paid fee statements that show a sufficient number of credits to be considered a full-time student by the educational institution attended. 		

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Verification Tips	
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Immigration Status. 	<ul style="list-style-type: none"> Verification of eligible immigration status must be received from DHS through the DHS SAVE system or through secondary verification using DHS Form G-845. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> Applicant/resident must provide appropriate immigration documents to initiate verification. 	<ul style="list-style-type: none"> Noncitizens must sign declaration certifying the following: Eligible immigration status; or Decision not to claim eligible status. 	<ul style="list-style-type: none"> Owners must require noncitizens requesting assistance to provide verification of eligible immigration status.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Income maintenance payments, benefits, income other than wages (i.e., welfare, Social Security [SS], Supplemental Security Income [SSI], Disability Income, Pensions). 	<ul style="list-style-type: none"> Award or benefit notification letters prepared and signed by authorizing agency. TRACS or REAC may provide verification for social security. 	<ul style="list-style-type: none"> Telephone or in-person contact with income source, documented in file by the owner. NOTE: For all oral verification, file documentation must include facts, time and date of contact, and name and title of third party. 	<ul style="list-style-type: none"> Current or recent check stubs with date, amount, and check number recorded by the owner. Award letters or computer printout from court or public agency. Copies of validated bank deposit slips, with identification by bank. Most recent quarterly pension account statement. 		<ul style="list-style-type: none"> Checks or automatic bank deposit slips may not provide gross amounts of benefits if applicant has deductions made for Medicare Insurance. Pay stubs for the most recent four to six weeks should be obtained. Copying of U.S. Treasury checks is not permitted. Award letters/printouts from court or public agency may be out of date; telephone verification of letter/printout is recommended.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Interest from sale of real property (e.g., contract for deed, installment sales contract, etc.) 	<ul style="list-style-type: none"> Verification form completed by an accountant, attorney, real estate broker, the buyer, or a financial institution which has copies of the amortization schedule from which interest income for the next 12 months can be obtained. 	<ul style="list-style-type: none"> Telephone or in-person contact with appropriate party, documented in file by the owner. 	<ul style="list-style-type: none"> Copy of the contract. Copy of the amortization schedule, with sufficient information for the owner to determine the amount of interest to be earned during the next 12 months. NOTE: Copy of a check paid by the buyer to the applicant is not acceptable. 		<ul style="list-style-type: none"> Only the interest income is counted; the balance of the payment applied to the principal is merely a liquidation of the asset. The owner must get enough information to compute the actual interest income for the next 12 months.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				Verification Tips
	Third Party ^a		Documents Provided by Applicant	Self-Declaration	
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Medical expenses. 	<ul style="list-style-type: none"> Verification by a doctor, hospital or clinic, dentist, pharmacist, etc., of estimated medical costs incurred or regular payments expected to be made on outstanding bills which are not covered by insurance during recertification period. 	<ul style="list-style-type: none"> Telephone or in-person contact with these sources, documented in file by the owner. 	<ul style="list-style-type: none"> Copies of cancelled checks that verify payments on outstanding medical bills that will continue for all or part of the 12 months. Copies of income tax forms (Schedule A, IRS Form 1040) that itemize medical expenses. Receipts, cancelled checks, pay stubs, which indicate health insurance premium costs, or payments to a resident attendant. Receipts or ticket stubs that verify transportation expenses directly related to medical expenses. 	<ul style="list-style-type: none"> Notarized statement or signed affidavit of transportation expenses directly related to medical treatment, if there is no other source of verification. 	<ul style="list-style-type: none"> Medical expenses are not allowable as deduction unless applicant is an elderly or disabled family. Status must be verified.
<ul style="list-style-type: none"> Need for an assistive animal. 	<ul style="list-style-type: none"> Letter from medical provider. 				<ul style="list-style-type: none"> If the owner's policy is to verify this need, owner must implement policy consistently.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Net Income for a business. 	<ul style="list-style-type: none"> Not applicable. 	<ul style="list-style-type: none"> Not applicable. 	<ul style="list-style-type: none"> Form 1040 with Schedule C, E, or F. Financial Statement(s) of the business (audited or unaudited) including an accountant's calculation of straight-line depreciation expense if accelerated depreciation was used on the tax return or financial statement. Any loan application listing income derived from business during the preceding 12 months. For rental property, copies of recent rent checks, lease and receipts for expenses, or IRS Schedule E. 		

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				Verification Tips
	Third Party ^a		Documents Provided by Applicant	Self-Declaration	
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> Recurring contributions and gifts. 	<ul style="list-style-type: none"> Notarized statement or affidavit signed by the person providing the assistance giving the purpose, dates, and value of gifts. 	<ul style="list-style-type: none"> Telephone or in-person contact with source documented in file by the owner. 	<ul style="list-style-type: none"> Not applicable. 	<ul style="list-style-type: none"> Notarized statement or affidavit signed by applicant stating purpose, dates, and value of gifts. 	<ul style="list-style-type: none"> Sporadic contributions and gifts are not counted as income.
<ul style="list-style-type: none"> Self-employment, tips, gratuities, etc. 	None available.	None available.	<ul style="list-style-type: none"> Form 1040/1040A showing amount earned and employment period. 	<ul style="list-style-type: none"> Notarized statement or affidavit signed by applicant showing amount earned and pay period. 	

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				Verification Tips
	Third Party ^a		Documents Provided by Applicant	Self-Declaration	
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> • Social security number. 	<ul style="list-style-type: none"> • None required. 	<ul style="list-style-type: none"> • None required. 	<ul style="list-style-type: none"> • Original Social Security card • Driver's license with SSN • Identification card issued by a federal, State, or local agency, a medical insurance provider, or an employer or trade union. • Earnings statements on payroll stubs • Bank statement • Form 1099 • Benefit award letter • Retirement benefit letter • Life insurance policy • Court records 	<ul style="list-style-type: none"> • Certification that document is complete/accurate unless original Social Security card is provided. 	<ul style="list-style-type: none"> • Individuals who have applied for legalization under the Immigration Reform and Control Act of 1986 will be able to disclose their social security numbers but unable to supply cards for documentation. Social security numbers are assigned to these persons when they apply for amnesty. The cards go to DHS until the persons are granted temporary lawful resident status. Until that time, their acceptable documentation is a letter from the DHS indicating that social security numbers have been assigned.
<ul style="list-style-type: none"> • Unborn children. 	<ul style="list-style-type: none"> • None required. 	<ul style="list-style-type: none"> • None required. 	<ul style="list-style-type: none"> • None required. 	<ul style="list-style-type: none"> • Applicant/tenant self-certifies to pregnancy. 	<ul style="list-style-type: none"> • Owner may not verify further than self-certification.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> • Unemployment compensation. 	<ul style="list-style-type: none"> • Verification form completed by source. 	<ul style="list-style-type: none"> • Telephone or in-person contact with agency documented in a file by an owner. 	<ul style="list-style-type: none"> • Copies of checks or records from agency provided by applicant stating payment amounts and dates. • Benefit notification letter signed by authorizing agency. 		<ul style="list-style-type: none"> • Frequency of payments and expected length of benefit term must be verified. • Income not expected to last full 12 months must be calculated based on 12 months and interim recertification completed when benefits stop.
<ul style="list-style-type: none"> • Welfare payments (as-paid states only). 	<ul style="list-style-type: none"> • Verification form completed by welfare department indicating maximum amount family may receive. • Maximum shelter schedule by household size with ratable reduction schedule. 	<ul style="list-style-type: none"> • Telephone or in-person contact with income source, documented in file by the owner. 	<ul style="list-style-type: none"> • Maximum shelter allowance schedule with ratable reduction schedule provided by applicant. 	<ul style="list-style-type: none"> • Not appropriate. 	<ul style="list-style-type: none"> • Actual welfare benefit amount not sufficient as proof of income in “as-paid” states or localities since income is defined as maximum shelter amount.

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Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES			Self-Declaration	Verification Tips
	Third Party ^a		Documents Provided by Applicant		
	Written ^b	Oral ^c			
<ul style="list-style-type: none"> • Zero Income. 	<ul style="list-style-type: none"> • Not applicable. 	<ul style="list-style-type: none"> • Not applicable. 	<ul style="list-style-type: none"> • Not applicable. 	<ul style="list-style-type: none"> • Applicant/Tenant self-certifies to zero income. 	<ul style="list-style-type: none"> • Owners may require applicant/tenant to sign verification release of information forms for state, local, and federal benefits programs, as well as the HUD 9887 and HUD 9887-A. • Owners may require the tenant to reverify zero income status at least every 90 days.

A sample release form, “Record of Third Party Verification” form and calculation worksheet for medical expenses appear in Exhibits 9-1, 9-2 and 9-3.

Zero Income Checklist and Worksheet: Verification of Non-case Contributions

This Checklist and Worksheet is to be completed for all families whose Total Tenant Payment equals the minimum rent, or, for PHA's without minimum rents, for all families reporting less than \$100 per month in total income. The Form should be completed prior to admission and at each recertification (which may be monthly or quarterly depending on the PHA's policy on reexamination of tenant's with minimum rents or zero income). The form first lists all the cash and non-cash contributions the family is receiving and then assists PHA staff to compute the annual value of such contributions. This form should be completed after the Home Visit to an applicant or a home inspection of a resident. The family is required to submit documentation of amounts claimed.

1. Food Expenses

Is the family receiving Food Stamps? Yes No. If yes, what is the monthly value of food stamps? \$ _____ If no, what is the family's weekly grocery bill? \$ _____ How does the family pay the weekly grocery bill? _____

If someone other than a member of the applicant/tenant family contributes to groceries, who contributes? _____ What is the average cash weekly amount for groceries contributed from all sources? \$ _____ **This amount is income.**

Does anyone contribute groceries or prepared food to the family on a regular basis? Yes No
If yes, what is the average weekly value of groceries or prepared food contributed? \$ _____

This amount is income.

Note: Food contributed by food banks, received from the surplus commodity program, the WIC program, or consumed at publicly or non-profit funded meals programs does not count as income. Food or cash for food contributed by private persons does count as income.

Verification: The family should bring in at least one month's worth of grocery receipts. Check the receipts to make sure a family of that size could manage on the amount of food documented.

2. Cleaning, Grooming and Paper Products Expenses

What is the weekly value of paper products used by the family? Include paper napkins, toilet paper, paper towels, trash bags, other paper goods, and disposable diapers. \$ _____ How does the family pay for these paper products? _____

If someone other than a member of the applicant/tenant family contributes to paper products, who contributes? _____ What is the average weekly value of cash contributions for paper products? \$ _____ **This amount is income.**

Does anyone contribute paper products to the family on a regular basis? Yes No. If yes, what is the average weekly value of paper products contributed to the family? \$ _____

This amount is income.

What is the weekly value of grooming products and services used by the family? Include soap, deodorant, shampoo, toothbrushes, toothpaste, dental floss, cosmetics, hair color, barber, beautician services etc. \$ _____ How does the family pay for the cost of grooming products and services? _____

If someone other than a member of the applicant family contributes to grooming products, who contributes? _____ What is the average weekly value of contributions (cash or products) for grooming products? \$ _____ **This amount is income.**

What is the weekly value of cleaning products used by the family? Include dishwashing soap, laundry detergent, and household cleaning products. \$ _____ How does the family pay for cleaning products? _____ If someone other than a member of the

applicant/tenant family contributes to cleaning products, who contributes?
What is the average weekly value of cash contributions for cleaning products? \$ _____ **This amount is income.**

Does anyone contribute cleaning products to the family on a regular basis? Yes No. If yes, what is the average weekly value of cleaning products contributed to the family? \$ _____
This amount is income.

Verification: Most families buy cleaning supplies, grooming products and paper products at the grocery store. Review the families grocery receipts to help verify amount spent.

3. Transportation Expenses

Does the family own a car? Yes No. If yes, are there still payments due on the car? Yes No. If yes, what is the amount of the monthly car payment? \$ _____. How does the family make the car payment? _____ If someone other than a member of the applicant/tenant household contributes to the car payment, who contributes? _____ What is the monthly amount of contribution toward the car payment? \$ _____

This amount is income. The amount is income whether it is cash paid to the family or cash paid directly to the holder of the car note.

If the family owns a car outright (no payments are due), what are the average monthly amounts the family pays for the following:

Gas \$ _____ Maintenance \$ _____ Insurance \$ _____ Tires \$ _____

How does the family pay for these auto-related expenses? _____

If someone other than a member of the applicant/tenant family contributes to the car's operating costs, who contributes? _____ What is the average monthly amount of cash or direct payment contribution to the car's operating costs? \$ _____

This amount is income.

Verification: The family should bring in one month's gas receipts, proof of insurance and proof of car payment (if applicable).

Note: Uninsured automobiles cannot be parked on PHA property.

If the family does not own a car, what does the family use for transportation? _____

How does the family pay for this transportation? If someone other than a member of the applicant/tenant family contributes to other transportation costs, what is the average monthly amount of cash or other contribution to transportation? \$ _____ **This amount is income.**

Verification: A family without a car should provide a credible statement of the way they pay for transportation to shop, attend school, visit friends, take care of medical needs, attend church, etc.

4. Entertainment Expenses

Does the family have a cable TV connection? Yes No. If yes, does the family have the basic minimum service or do they also have any premium channels? Yes No. What is the average monthly cost of cable TV service? \$ _____. How does the family pay for the cable TV service? If someone other than a member of the applicant/tenant family contributes to the cost of cable TV service, who contributes? _____ What is the average monthly contribution (in cash or direct payment to the cable company) for cable TV? \$ _____ **This amount is income.**

What are the average weekly costs of other types of entertainment to the family? Include the following:

Magazines \$ _____ Movies \$ _____ Video Rentals \$ _____ Club memberships \$ _____ Sporting events \$ _____ Liquor/Beer/Wine \$ _____ Lottery tickets \$ _____ Vacations \$ _____ Other entertainment \$ _____

How does the family pay for the other entertainment costs? If someone other than a member of the applicant/tenant family contributes to the cost of other entertainment, who contributes? What is the average monthly contribution (in cash or entertainment provided) for other entertainment? \$ _____ **This amount is income.**

Verification: The family should bring in two monthly bills for cable TV, plus receipts for other entertainment costs.

5. Clothing Expenses

What are the ages and sexes of all family members? _____

What is the average monthly cost for clothing and shoes for the family? _____

How does the family pay for clothing and shoes? _____ If someone other than a member of the applicant/tenant family contributes to the cost of clothing, who contributes? _____

What is the average monthly contribution (in cash or new clothes and shoes) for clothing? \$ _____ **This amount is income.**

What is the weekly amount spent by the family for laundry/dry cleaning clothing? \$ _____

How does the family pay for cleaning its clothing? _____ If someone other than a member of the applicant/tenant household contributes to the cost of cleaning clothing, who contributes? _____

What is the average monthly contribution for clothes cleaning? \$ _____ **This amount is income.**

Note: Clothing acquired from Clothing banks or given to the family second hand is not counted as income.

Verification: The family should provide a schedule that shows when clothing and shoes are purchased and the amounts spent. Remember that children will need more clothing and shoes than adults because they are growing.

6. Smoking Expenses

Does anyone in the applicant/tenant household smoke cigarettes or cigars? Yes No. If yes, how many packs per day, are smoked by the smokers in the household? _____ How does the family pay for the cost of cigarettes/cigars? _____

If someone other than a member of the applicant/tenant household contributes to the cost of smoking, who contributes? _____

What is the average monthly contribution (in cash, cigarettes or cigars) \$ _____ **This amount is income.**

Verification: The family should document the brand of cigarettes/cigars smoked and the staff will document the least expensive price for that brand in the locality to impute cost.

7. Communications Expenses

Does the family have a telephone? Yes No. If yes, how many lines does the family have into its house/apartment? _____ Does the family have any special telephone services? _____

(For example, call waiting, call forwarding, caller ID, etc.) Yes No. Does anyone in the family have a cell phone? Yes No. What is the average monthly cost for telephone service? \$ _____

How does the family pay for the cost of telephone service? _____ If someone other than the a member of the applicant/tenant household contributes to the cost of telephone service, who contributes? What is the average monthly contribution (in cash or direct payment of the telephone bill) for telephone service? \$ _____ **This amount is income.**

Does anyone in the family have a pager/beeper? Yes No. If yes, how many members have beepers/pagers? _____

What is the average monthly cost for the beepers/pagers? \$ _____

How does the family pay for the cost of beepers/pagers? _____ If someone other than a member of the applicant/tenant household contributes to the cost of beeper/pager service, who contributes? What is the average monthly contribution (in cash or direct payment of the beeper/pager bill)? \$ _____ **This amount is income.**

Does the family have an internet connection? Yes No. If yes, who is the internet provider? _____

What is the monthly cost of the internet connection? _____ Is there a dedicated telephone line for the internet? Yes No. If yes, does the telephone line show on the family's telephone bill? Yes No. If no, get a copy of the family's other telephone bill. How does the family pay for the internet connection? _____

What is the average monthly cost of the internet connection? \$ _____ If someone other than a member of the applicant/tenant family contributes to the cost of the internet connection, who contributes? _____

_____ What is the average monthly contribution (in cash or direct payment to the internet provider) for internet services? \$_____ **This amount is income.**

Verification: The family should bring in at least two month's worth of bills for telephone, beeper/pager and internet services, as applicable. Review the bills carefully to determine the average monthly cost for communications services.

8. Shelter Expenses

For applicants, what is the average monthly cost for housing and utilities? \$_____ How does the applicant pay the cost of shelter? _____ If someone other than a member of the applicant household contributes to housing or utility costs, who contributes? _____

What is the average monthly contribution to shelter (housing plus utilities)? _____ Will the person(s) contributing toward shelter continue to do so when the applicant is admitted to public housing? Yes No. If no, why not? _____

For tenants, what is the average monthly cost for housing and utilities? \$_____ How does the tenant pay the cost of shelter? _____ If someone other than a member of the tenant household makes a contribution toward the shelter cost, who contributes? What is the value of the contribution toward shelter? \$_____ **This amount is income .**

Verification: Families should bring in documentation of their actual cost for housing and utilities.

9. Medical Expenses

Does the family have any unreimbursed medical expenses? Yes No. If yes, what is the average monthly cost of unreimbursed medical expenses? \$_____ How does the family

pay for unreimbursed medical expenses? _____ If someone other than a member of the applicant/tenant household contributes toward medical expenses, who contributes?

_____ **Such contributions are not income.**

10. Miscellaneous Expenses

Listed below are a series of expenses the family might have. Indicate the monthly amount the family spends on any applicable expenses and the amounts contributed toward the expenses:

Church contributions \$_____ Unreimbursed Educational Expenses \$_____

Unreimbursed Child care Expenses \$_____ Unreimbursed Job Expenses \$_____

Chapter 10**USE OF REPAIR, MAINTENANCE AND REPLACEMENT RESERVE****Section 1. Use of Repairs, Maintenance and Replacement Reserve**

10-1. Use of Repairs, Maintenance & Replacement Reserve. The Connecticut Housing Finance Authority's (CHFA) policies and procedures pertaining to the requesting use of RM&R account are listed below. Approval and pre-approval over a fixed amount from any Repair, Maintenance and Replacement (RM&R) reserve account will be subject to the CHFA's discretion.

Life Cycle Cost Analysis

The appropriate RM&R levels can only be determined by undertaking and updating, on a regular cycle (2 to 4 years depending on the age of the project), a Life Cycle Cost Analysis Replacement Reserve Report (LCCA). As part of your capital budgeting efforts, a LCCA helps you to assess the long-term capital needs of each state-financed property in order to extend and preserve the physical life of the asset.

The CHFA, at its discretion, or as part of our annual budget approval may require the owner to commission a LCCA, by a qualified independent inspection firm, on each property. The cost of the LCCA report is considered an operating expense and is payable, first from unappropriated retained earnings or if funds are insufficient, then the remainder from the RM&R reserve account. Any request for financial assistance (for capital improvements) will only be considered after a LCCA has been completed and submitted to CHFA. Copy of the approved sample format for a LCCA found in Exhibit 10-2. The sample life expectancy of housing components is found in Exhibit 10-3.

Without LCCA - Minimum Balances

Without an updated LCCA, the minimum balances in the RM&R account shall be:

- \$1,500 per unit for family developments*
- \$1,000 per unit for elderly and congregate developments

* Family developments are properties created under the Affordable, Moderate Rental, Mutual Housing, and Limited Equity Cooperative programs.

The minimum balances, as determined by CHFA as of August 2002, should increase at a rate of 4% per annum or the Consumer Price Index, whichever is greater. The minimum balance amounts are to be used where the sponsors/owners has not completed and maintained a LCCA for the property.

Use Of RM&R

1. Disbursement from the RM&R reserve account of less than \$100,000 does not require CHFA's prior approval, however, the CHFA expects that sponsors/owners will use discretion when utilizing the RM&R reserve account. Sponsors/owners must be sure that the improvements made from the RM&R reserve account are eligible items. Sponsors/ownesr should seek alternative funding when available funds dip below CHFA minimum balances or the amounts shown on your LCCA. Newly built or substantially rehabilitated developments are generally not eligible for withdrawals within the first five (5) years following initial occupancy.
2. Disbursement from the RM&R Account above \$100,000 will be subject to the CHFA's discretion. Reserve requests may be denied or reduced on the basis of limited available funds

due to encroachment of the minimum RM&R balance policy. Newly built or substantially rehabilitated developments are generally not eligible for withdrawals within the first five (5) years following initial occupancy.

Bid Process

All requests for work exceeding \$100,000 must be pre-approved by the Asset Manager assigned to your development. Each request must be accompanied by:

1. A statement of physical improvement need;
2. A detailed description of improvement work needed to be performed;
3. Bids, plans, specifications, and contracts may be subject to review by the Infrastructure and Tech Services Director, and the Asset Management Division;
4. Comparable, competitive, public bids, generally three (3), from third-party contractors; and
5. An anticipated time schedule for completion.

The "Transmittal for Pre-Approval" CHFA HM 6-21 was created to assist in this requirement. The form must be completed by the Sponsors/Owners and forwarded to your Asset Manager for their signature. All bids, job specs and contracts prior to acceptance must accompany the CHFA HM 6-21 so they may be reviewed. This process eliminates the need for formal written correspondence with your Asset Manager. **Note:** The CHFA acceptance of an annual budget does not constitute approval of the aforementioned requirements.

Public Act 02-79

This Public Act amends Section 8-44 for local housing authorities. It makes purchasing and procurement procedures consistent with federal law in three ways: (1) raises the spending threshold that triggers public bidding to the federal threshold of \$100,000 (previously set at \$25,000) and specifies that the requirements only apply to construction work, supplies or personal property; (2) imposes federal competitive proposal requirements for purchases at or below \$100,000; and (3) removes procurement of professional services at any expense level from bidding and places it under federal competitive proposal requirements.

These changes do not supercede the requirements imposed by this policy. Where this policy is inconsistent or more stringent than Public Act 02-79, this policy will prevail. Sponsors should review their current/adopted procurement policy and consider changes to reduce or eliminate conflicts with Public Act 02-79. Any changes in your procurement policy must be approved by Board resolution.

Contracts

Any structural or large-scale mechanical repairs or improvements require a contract to be executed with the contractor providing the services. The purchase of property equipment, such as refrigerators, will not require an executed contract.

Descriptive Codes

CHFA has assigned "codes" for items that are generally considered to be capital items. These are available on the CHFA website.

Extraordinary Circumstances

An exception to the approval process may be considered if a development encountered an emergency situation. Asset Managers will consider all extraordinary circumstances on a case-by-case basis. Please

notify your Asset Manager within 48 hours of an emergency.

Section 2. Procurement Guideline

**LOCAL HOUSING AUTHORITIES WITH
CHFA FINANCED HOUSING DEVELOPMENTS**

10-2. Changes to CT General Statute Sec. 8-44 “Powers of Authority”. Expenditures in excess of \$100,000 governed by state law.

- A. CT General Statute Sec. 8-44 is repealed and the following is substituted in lieu thereof by State Public Act 02-79.

Effective July 1, 2002, Connecticut General Statute (CGS), Section 8-44 (b) in part states, “...‘housing project construction work’ means the construction, reconstruction, improvement, alteration or repair of a housing project or any part of a housing project; and "simplified acquisition threshold" has the same meaning as "simplified acquisition threshold", as defined in 41 USC 403(11). All contracts to be made or let by an authority for housing project construction work, supplies, or purchases of personal property of every description, shall be publicly advertised, for the purpose of receiving bids upon the same, in a local daily paper and, if deemed advisable, in other papers, provided the several parts of such housing project construction work, supplies or personal property shall, together, involve an expenditure that exceeds the simplified acquisition threshold. The bids received in response to such public advertisement shall be publicly opened at a hearing of the authority, the date and time of such hearing being named in such public advertisement, and the contract or award shall be made by the authority with or to the lowest responsible bidder. Such bidding shall not be required for housing project construction work, supplies or personal property previously bid and contracted for by the Department of Administrative Services, the federal General Services Administration, the United States Department of Housing and Urban Development, or a municipality. An expenditure for housing project construction work, supplies or personal property which is less than or equal to the simplified acquisition threshold and any expenditure for legal or other professional services shall be made in accordance with the competitive proposals requirements of 24 CFR 85. 36. In any contract let in connection with a housing project, an authority, notwithstanding any provision to the contrary in this chapter or in any other statute, may include stipulations requiring that the contractor and any subcontractors comply with requirements as to minimum wages, maximum hours and any conditions which the federal government or any other obligee may have imposed as prerequisite to the granting of financial aid to the housing project.

- B. State Public Act 02-79 passed during the 2002 legislative session, made changes to CT General Statute Sec. 8-44, effective July 1, 2002. The new provisions, which are set forth in a new section 8-44(b), removes procurement of professional services from previous bidding requirements of more than \$25,000 and established it under the federal procurement competitive proposal requirements as set forth in 24 CFR 85.36

Summary of Public Act 02-79

1. Raises the spending threshold that triggers bidding requirements from more than \$25,00 to more than \$100,000 (federal threshold) and specifies that the requirements apply only to housing project construction work, supplies, or personal property;
2. Imposes federal competitive proposal requirements for purchases at or below \$100,000; and
3. Removes procurement of professional services from bidding requirements and places it under federal competitive proposal requirements.

Under prior law, all contracts or purchases of more than \$25,000 had to follow a competitive bidding process and no distinction was made between construction work and professional services. Prior law allowed an authority to waive the bidding process for contracts up to \$30,000 by a vote of the authority board if it stated that the waiver was in the public interest.

In light of the changes effected by Public Act 02-79, it is suggested that you review with the Board of Commissioners possible changes to the Housing Authority's current procurement procedures to ensure compliance with Public Act 02-79, CGS Sec. 8-44(b). Changes to the Housing Authority's current procurement policy must be adopted by vote of the Board of Commissioners.

- C. CT General Statute Sec. 8-44 "Powers of Authority" was repealed and substitutions incorporated in accordance with State Public Act 02-79 effective July 1, 2002. It is suggested that you review with the Board of Commissioners possible changes to the Housing Authority's current procurement procedures in regards to Public Act 02-79. Changes to the Housing Authority's current procurement policy must be adopted by vote and resolution of the Board of Commissioners. This will allow for compliance with Public Act 02-79, the repealed and substituted language referenced in CGS Section 8-44 (b) related to Housing Authority's business within the management of state financed housing projects that may involve expenditures utilizing reserves or state (DECD) Rental Rehabilitation Program funded project work.
- D. In accordance with CGS, Section 8-37x (c),"The President of CHFA may, in his discretion, with respect to partially completed state-financed programs or projects or in the event of emergencies affecting human health, safety, welfare and life or endangering property, waive the bidding requirement of said section 8-44"..... In such a case, the President of CHFA must receive a formal written request from the authorized representative of the local housing authority stating in sufficient detail the supporting information for a waiver.

10-3. Procedures to follow for expenditures in excess of \$100,000.

- A. A local housing authority **must request written approval from the CHFA prior to soliciting bids**, see Repair, Maintenance and Replacement Reserve Policy and Procedure, "**Transmittal for Pre-Approval**".
- B. Upon receiving the request, the CHFA will provide guidance as needed to determine **(1)** whether the local housing authority should use the services of a consultant; and

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(2) if the housing authority has sufficient reserve funds to finance the repairs. If the housing authority does not have sufficient funds, they will be referred to CHFA and/or DECD field staff for assistance in applying for other potential funds.

If a consultant is recommended, the CHFA will provide the local housing authority with the CHFA's new guidelines for the procurement of consultant by competitive proposal process that should be used to engage the services of the consultant. Copies of these guidelines are available by calling CHFA's Asset Managers.

- C. The local housing authority may be required to submit a set of the consultant's final plans and specifications to the Asset Manager Division. In such cases, Technical Services will conduct a very limited review of the plans and specifications and advise the local housing authority and consultant of any required changes. The consultant will then prepare a set of plans and specifications for bidding that incorporates these changes.
- D. The local housing authority shall document in their files the acceptance of the final plans and specifications and insure that CHFA's comments are incorporated. It is recommended that an acceptance letter be sent by the housing authority to the consultant.
- E. After the final plans and specifications have been accepted by the local housing authority, the Board, or its designee, should issue the approval for procurement of public advertisement for bids in accordance with the latest CT General Statute Sec. 8-44(b).
- F. The local housing authority must retain copies of all bid packages that were received from perspective bidders along with copies of all legal notices of bid advertisements.
- G. The staff of the local housing authority should make a recommendation of the selected lowest responsible bidder to the Board for approval and passage of an appropriate resolution.
- H. CHFA reserves the right to request any and all information on any bid at anytime.
- I. After the selection of a contractor is approved by the Board, CHFA's Asset Management staff will provide the local housing authority with the bid award and contract execution information and procedures to be utilized by the local housing authority in the execution of the construction contract.
- J. The Housing Authority must submit to CHFA's staff, one set of original executed construction contract documents with an insurance certificate(s) from the contractor that lists the following coverage's:
 - 1. Workers' Compensation and Employers Liability Insurance:
 - bodily injury by accident \$100,000-each accident
 - bodily injury by disease \$100,000-each employee
 - bodily injury by disease \$500,000-policy limit

2. Comprehensive General liability with Non-owned and Hired Auto Endorsement and Broad Form CGL Endorsement and Owners and Contractors protective:

<u>Coverage Amount</u>		<u>Construction Amount</u>
\$300,000	CSL	\$ 10,001 to \$ 200,000
\$500,000	CSL	\$ 200,001 to \$1,000,000
\$1,000,000	CSL	\$1,000,001 and up

If any digging is involved, the Contractor must carry XCU (underground explosion endorsement)

3. Commercial Auto Liability Coverage (owned vehicle)

<u>Coverage Amount</u>		<u>Construction Amount</u>
\$300,000	CSL	\$ 10,001 to \$ 200,000
\$500,000	CSL	\$ 200,001 to \$1,000,000
\$1,000,000	CSL	\$1,000,001 and up

4. Subcontractor’s Workers’ Compensation - same as above.

Note: No work should be scheduled or commenced until the local housing authority has received and reviewed the executed contract documents and insurance certificates (s). See Section 8-5 for the requirements that apply to insurance certificates.

10-4. Procedures to follow for expenditures totaling \$100,000 or less but more than \$1,000.

- A. The local housing authority will approve these expenditures directly without CHFA approval, provided there are sufficient fund balances in the RM&R reserve account. The housing authority should determine if they have available reserve funds. When reserve funds dip below the CHFA minimum balance or the amount shown on the housing authority’s LCCA, alternate funding should be sought.
- B. Public bidding is not required, however, there is nothing to preclude a local housing authority from public bidding for expenditures regardless of cost.
- C. When public bidding is not conducted, the local housing authority should follow the federal competitive proposal requirements of 24 CFR 85.36. If 3 competitive proposals cannot be obtained, local housing authority should document for their files whatever efforts were made to obtain competitive proposals.
- D. Proposals for expenditures in excess of \$1,000 must be obtained in writing.
- E. Prior to execution of a contract for work totaling less than \$100,000, the local housing authority must obtain an insurance certificate that lists the following

coverage's. See Section 10-5 for the requirements that apply to insurance certificates.

1. Workers' Compensation and Employers Liability Insurance:
bodily injury by accident \$100,000-each accident
bodily injury by disease \$100,000-each employee
bodily injury by disease \$500,000-policy limit
2. Comprehensive General liability with Non-owned and Hired Auto Endorsement and Broad Form CGL Endorsements in the amount of \$300,000.
3. Commercial Auto Liability Coverage (owned vehicle) in the amount of \$300,000.
4. Subcontractor's Workers' Compensation - same as above.

10-5 Procedures to follow for expenditures totaling \$1,000 or less.

- A. Quotes for expenditures of \$1,000 or less may be obtained verbally but must be documented in the local housing authority files.
- B. Each housing authority should have written procedures on how and when the Board will approve such expenditures.
- C. Insurance requirements, if any, are left to requirements of the local housing authority.

Insurance Certificates

- I. The insurance certificate for the Comprehensive General Liability policy must list the Connecticut Housing Finance Authority as an Additional Insured and A.T.M.I.A..
- II. The insurance certificates for all of the other policies must list the Housing Authority and Connecticut Housing Finance Authority as a Certificate Holder.
- III. Local housing authorities should inform and/or provide their insurance agent with a copy of these instructions.
- IV. CHFA must be notified by the agent or broker 30 days prior to expiration or cancellation of any policy.
- V. Each certificate should include a description of operations: Identify the project name, number and title of work. The Named Insured, Additional Insured/Certificate Holder and Property location must be listed.

10-6. Bid Waiver.

CT General Statute, sub-section (c) of Section 8-37x is repealed and the following is substituted in lieu thereof.

In accordance with, effective July 1, 2002, the President of CHFA may, in his discretion, with respect to partially completed state-financed programs or projects or in the event of emergencies affecting human health, safety, welfare and life or endangering property, waive the bidding requirement and threshold of said.

In the event of an emergency, the local housing authority must submit documentation to the President of CHFA the public interest reason(s) for such waiver. When in doubt seek legal guidance from your legal counsel.

Section 3. Life Cycle Cost Analysis For RM&R

10-7. Life Costs Analysis. RESERVES BY PROJECT, ANNUAL RM&R CASH FLOW ANALYSIS, FOR STATE FINANCED PROJECTS (SAMPLE FORMAT)

Life Cycle Cost Analysis - LCCA

- LCCA replaces old 5-Year Capital Needs Assessment.
- In the future, LCCA may be required as part of rehab application to DECD/CHFA.
- Old 5-Year Capital Needs Assessment was not the best tool for the asset manager or CHFA to determine the necessary RM&R levels, annually or cumulatively, or reserve cash flows year to year.
- LCCA
 - is better asset management and budgetary tool
 - is more comprehensive
 - required by most lenders and syndicators
 - can be used by Asset Manager and CHFA to adjust rents and RM&R Pums
 - can be used to support requests for financial assistance from CHFA or others
 - can be used by CHFA as part of our capital budget process
 - should be done by independent consultants, with assistance from your maintenance staff
- Technical Services and Asset Management will review all LCCA submissions.
- Asset Management has been and will continue to look closely at RM&R Pums and reserve levels in an effort to move all owners to self-sufficiency as required by law.
- Asset Management Division has been and will continue to disapprove annual management plans if they believe RM&R Pums and overall reserve levels are too low. LCCA have been used to resolve differences.
- If requested in writing, the Asset Management has and will approve RM&R funds to undertake the LCCA.

TRANSMITTAL for PRE-APPROVAL Connecticut Housing Finance Authority

CHFA Form HM 6-21

Asst Management – Multifamily Housing

The purpose of this form is to obtain pre-approval from Asset Management in order to commence work or purchase items intended to be reimbursed from the development's escrow accounts. All purchases/jobs in excess of \$5,000 require pre-approval. Any purchases/jobs not assigned a pre-authorized descriptive CODE (as outlined in CHFA Forms HM 6-22 & HM 6-23), regardless of cost, require pre-approval. This form must be accompanied by a minimum of three (3) bids from third party contractors outlining the scope and cost of work. Please note: 1) Asset Management acceptance of annual budget does not constitute a pre-approval. 2.) For HUD Insured Development, a copy of HUD approval Form 9250 must be included. 3.) CHFA's Tech Services Department may review proposal for building code compliance or cost reasonableness. This form must be completed by the Owner/Agent and forwarded to the Asset Manager via FAX @ (860) 571-4371 or mail to Connecticut Housing Authority – 999 West Street – Rocky Hill, CT 06067-4005

I. DEVELOPMENT INFORMATION:

Development Name: _____ Date: _____

CHFA Number: _____ Asset Manager: _____

Presented by (name): _____ Phone Number: _____

Management Company: _____ FAX Number: _____

II. PROPOSED PURCHASE/JOB INFORMATION:

Please "X" the following if YES: Three (3) Bids Attached: HUD Insured Development: HUD Approval Attached:

STATEMENT OF NEED: _____

PROPOSED START DATE: _____ COMPLETION: _____

RECOMMENDED VENDOR: _____

ESTIMATED COST: _____

PAYMENT SCHEDULE: _____

DESCRIPTION OF WORK: _____

III. CHFA APPROVAL:

Please "X" if APPROVED: Replacement Reserve Residual Receipts General Operating Reserve

ASSET MANAGER: _____

DATE: _____

COMMENTS: _____

**LIFE CYCLE COST ANALYSIS FOR COMPARISON OF REPLACEMENT WORK
TO
RESERVES (RM&R) CASHFLOW ANALYSIS**

Cover Page

Development Name:

Address:

Project Number:

Prepared For:

Name of Owner:

Address:

Phone:

Fax:

E-mail:

Prepared By:

Consultant Name:

Consultant Address:

Phone:

Fax:

E-mail:

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- II. Schematic Site Plan (8 1/2" x 11" or 11" x 17")
- III. Condition of the Project - Overviews
 - A. Structure
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- IV. Recommendations for Repair/Replacement
- V. References for Project Data
- VI. References for Life Cycle Cost Analysis (LCCA) Estimating Data
- VII. Table 1 – Spreadsheet – LCCA for RM&R Reserve by Project
- VIII. Table 2 – Spreadsheet – Consolidated Management Plan – Annual RM&R Cash Flow Analysis

General Project Information

Development Name:

Address:

Project Number:

Type Of Project:

Construction Date:

Occupancy Date:

Number of Residential Buildings:

Gross Sq Ft of Residential Buildings: Sq Ft

Number of Community Buildings:

Gross Sq Ft of Community Buildings: Sq Ft

Number of Other Buildings:

Gross Sq Ft of Other Buildings: Sq Ft

Total Number of Buildings:

Total Gross Sq Ft of Buildings: Sq Ft

Dwelling Units:

0 Bedroom:

1 Bedroom:

2 Bedrooms:

3 Bedrooms:

4 Bedrooms:

5 Bedrooms:

Total Number of Dwelling Units:

Construction Type (brief description):

Site Improvements (brief description):

Instructions
Tab
le 1 - Spreadsheet
LCCA for RM&R Reserve by Project

Table 1 is a sample spreadsheet that may be used by the consultant. Table 1 needs to be completed on each individual project.

Modifications may be made to the form **only** under the heading of “**Replacement Items**” provided the changes enhance the purpose of the exercise.

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Life Cycle Cost Analysis for RM+R Reserves By Project

Exhibit 10-2 Page 5 of 7

Name: _____
 Address: _____

Year Placed In Service: _____
 Project Number: _____

Number of Units: _____
 Gross Square Feet: _____

#	Replacement Item	Unit/Quantities (Cubic, Linear, Square Feet, etc.)	Unit Cost \$	Estimated Useful Life in Years	Remaining Useful Life in Years	Current Replacement Cost	Future Replacement Cost	Annual RM & R Needed
	SITE							
1	Landscaping					\$0	\$0	#DIV/0!
2	Fencing/Equipment					\$0	\$0	#DIV/0!
3	Paving/Driveways/Sidewalks					\$0	\$0	#DIV/0!
4	Sewers					\$0	\$0	#DIV/0!
5	Drainage					\$0	\$0	#DIV/0!
	EQUIPMENT							
6	Ranges					\$0	\$0	#DIV/0!
7	Refrigerators					\$0	\$0	#DIV/0!
8	Dishwashers/Disposals					\$0	\$0	#DIV/0!
9	Washer/Dryer/Laundry Area					\$0	\$0	#DIV/0!
10	Hot Water Heaters					\$0	\$0	#DIV/0!
11	Window Air Conditioners					\$0	\$0	#DIV/0!
12	Vehicles					\$0	\$0	#DIV/0!
13	Tractor & Accessories					\$0	\$0	#DIV/0!
14	Maintenance Equipment					\$0	\$0	#DIV/0!
15	Office Equipment					\$0	\$0	#DIV/0!
	SYSTEMS							
16	HVAC					\$0	\$0	#DIV/0!
17	Electrical					\$0	\$0	#DIV/0!
18	Plumbing					\$0	\$0	#DIV/0!
19	Roofing					\$0	\$0	#DIV/0!
20	Gutters/Roof Drains					\$0	\$0	#DIV/0!
21	Siding/Brick Re-Pointing					\$0	\$0	#DIV/0!
22	Windows					\$0	\$0	#DIV/0!
23	Storm Windows & Screens					\$0	\$0	#DIV/0!
24	Exterior Doors					\$0	\$0	#DIV/0!
25	Exterior Cycle Painting					\$0	\$0	#DIV/0!
	INTERIOR							
26	Flooring					\$0	\$0	#DIV/0!
27	Call for Aid					\$0	\$0	#DIV/0!
28	Bathroom Fixtures					\$0	\$0	#DIV/0!
29	Kitchen Cabinets					\$0	\$0	#DIV/0!
30	Kitchen Countertops					\$0	\$0	#DIV/0!
31	Interior Doors							
32	Fire Detection					\$0	\$0	#DIV/0!
	OTHER							
33						\$0	\$0	#DIV/0!
34						\$0	\$0	#DIV/0!
	SUBTOTAL					\$0	\$0	\$0
	SOFT COST (15%)					\$0	\$0	\$0
	TOTAL					\$0	\$0	\$0

Instructions
Table 2 – Spreadsheet
Consolidated Management Plan - Annual RM&R Cash Flow Analysis

Table 2 is a spreadsheet that must be completed by the owner with input from your consultant, see Table 1 above. Table 2 may include more than one project.

If you have one or more consolidated management plans, Table 2 should reflect the number of management plans submitted annual to CHFA. Modifications may be made to the form **only** under the heading of **“Items”** to match “Replacement Items” from Table 1. No other modifications **may not** be made to this form.

DRAFT

Starting RM&R Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Reserve Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Funds Available	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
#	Items	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
	SITE														
1	Landscaping														
2	Fencing														
3	Paving/Driveways/Sidewalks														
4	Sewers														
5	Drainage														
	EQUIPMENT														
6	Ranges														
7	Refrigerators														
8	Dishwashers/Disposals														
9	Washer/Dryer/Laundry Area														
10	Hot Water Heaters														
11	Window Air Conditioners														
12	Vehicles														
13	Tractor & Accessories														
14	Maintenance Equipment														
15	Office Equipment														
	SYSTEMS														
16	HVAC														
17	Electrical														
18	Plumbing														
19	Roofing														
20	Gutters/Root Drains														
21	Siding/Brick Re-Pointing														
22	Windows														
23	Storm Windows & Screens														
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25	Exterior Cycle Painting														
	INTERIOR														
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27	Call for Aid														
28	Bathroom Fixtures														
29	Kitchen Cabinets														
30	Kitchen Countertops														
31	Interior Doors														
32	Fire Detection														
	OTHER														
33															
34															
	TOTALS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Ending RM & R Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Current-Needed RM & R Level														
	Surplus/Deficit	\$0													

SAMPLE
LIFE EXPECTANCY OF HOUSING COMPONENTS

The following information was developed for the National Association of Home Builders Economic Department based on a survey of manufactures, trade associations, and product researchers.

The following is a sample chart that should be used as a guide by the owner’s consultant.

Various factors affect the life expectancy of housing components and need to be considered by the owner’s consultant in determining the remaining useful life and when estimating future replacement needs of each component and systems.

LIFE EXPECTANCY OF HOUSING COMPONENTS

The following information was developed for the National Association of Home Builders Economic Department based on a survey of manufactures, trade associations, and product researchers.

The following is a sample chart that should be used as a guide by the owner’s consultant.

Various factors affect the life expectancy of housing components and need to be considered by the owner’s consultant in determining the remaining useful life and when estimating future replacement needs of each component and systems.

Site	Life in Years
Wooden decks	15
Brick and concrete patios	24
Tennis courts	10
Concrete Walks	24
Gravel walks	4
Asphalt driveways	10
Swimming pools	18
Sprinkler systems	12
Fences	12

Sources: Associated Landscape Contractors of America, irrigation

Footings and Foundation

Poured footings and foundations	200
Concrete block	100
Cement	50
Waterproofing bituminous coating	10
Termite proofing (may have shorter Life in damp climates)	5

Source: WR Grace and Company

Rough Structure

Basement floor systems	Lifetime
Framing, exterior and interior walls	Lifetime

Source: National Roofing Contractors Association

Masonry	Life in Years
Chimney, fireplace, and brick veneer	Lifetime
Brick and stone walls	100+
Stucco	Lifetime

Sources: Brick Institute of America, Architectural Components, National Association of Brick Distributors, National Stone Association

Finishes Used for Waterproofing

Paint, plaster, and stucco	3-5
Sealer, silicone, and waxes	1-5

Source: Brick Institute of America Association

Roofing

Asphalt and wood shingles and shakes	15-30
Tile (depends on quality of tile and Climate)	50
State (depends on grade)	50-100
Sheet metal (depends on gauge of metal and quality of fastening and application)	20-50+
Built-up roofing, asphalt	12-25
Built-up roofing, coal and tar	12-30
Asphalt composition shingle	15-30
Asphalt overtag	25-35

Source: NAHB Research Foundation

Siding Life in Years

Gutters and downspouts	30
Siding, wood (depends on maintenance)	10-100
Siding, steel	50-Lifetime
Siding, aluminum	20-50
Siding, vinyl	50

Sources: Alcoa Building Products, Alside, Inc. Vinyl Siding Institute

Shutters

Wood, interior	Lifetime
Wood, exterior (depends on weather Conditions)	4-6
Vinyl plastic, exterior	7-8
Aluminum, interior	35-50
Aluminum, exterior	3-5

Sources: A.C. Shutters, Inc. Alcoa Building Products, American Heritage Shutters

Windows

Window glazing	20
Wood casement	20-50
Aluminum and vinyl casement	20-30
Screen	25-50

Sources: Best built Products, Optimum Window manufacturing, Safety Glazing Certification Council, Screen Manufacturers Association

Insulation

For Foundations, roofs, ceilings, walls, And floors	Lifetime
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Sources: Insulation Contractors Association of America, North American Insulation Manufacturers Association

Walls and Wall Treatments

Drywall and plaster	30-70
Ceramic tile, high grade installation	Lifetime

Sources: Association of Wall and Ceiling Industries International Ceramic Tile Institute of America

Floors Life in Years

Oak or pine	Lifetime
State flagstone	Lifetime
Vinyl sheet or tile	20=30
Terrazzo	Lifetime
Carpeting (depends on installation, Amount of traffic, and quality of carpet)	11
Marble (depends on installation thickness of marble, and amount of traffic)	Lifetime+

Sources: Carpet and Rug Institute, Congoleum Corporation, Hardwood Plywood manufacturers Association, Marble Institute, National Terrazzo and Mosaic Association, National Wood Flooring Association, Resilient Floor Covering Institute

Doors

Screen	25-50
Interior, hollow core	Less than 30
Interior, solid core	30-lifetime
Exterior, protected overhang	80-100
Exterior, unprotected and exposed	25-30
Folding	30-lifetime
Garage doors	20-50
Garage door opener	10

Sources: Wayne Dalton Corporation, National Wood Window and Door Association, Raynor Garage Doors.

Millwork

Stairs, trim	50-100
Disappearing stairs	30-40

Paints and Stains

Exterior paint on wood, brick, and aluminum	4-10
Interior wall paint (depends on The acrylic content)	5-10
Interior trim and door paint	5-10
Wallpaper	7

Bathrooms	Life in Years	Appliances	Life in Years
Cast Iron bathtubs	50	Compactors	10
Fiberglass bathtub and showers	10-15	Dishwashers	10
Shower doors, average quality	25	Dryers	14
Toilets	50	Disposal	10
Sources: Neil Kelly Designers, Thompson House of Kitchens and Bath		Freezers, compact	12
Cabinetry		Freezers, standard	16
Kitchen cabinets	15-20	Microwave ovens	11
Medicine cabinets and bath vanities	20	Electric ranges	17
Sources: Kitchen Cabinet Manufacturers Association, Neil Kelly Designers		Gas ranges	19
Countertops		Gas ovens	14
Laminate	10-15	Refrigerators, compact	14
Ceramic tile, high-grade installation	Lifetime	Refrigerators, standard	17
Wood/butcher block	20+	Washers, automatic and compact	13
Granite	20+	Exhaust fans	20

Sources: AFP Associates of Western Plastics, Ceramic Tile Institute of America

Source: Appliance Statistical Review, April 1990

Closet Systems

Closet shelves	Lifetime
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Home Security Appliances

Intrusion systems	14
Smoke detectors	12
Smoke/fire/intrusion systems	10

Plumbing

Waste piping, cast iron	75-100
Sinks, enamel steel	5-10
Sinks, enamel cast iron	25-30
Sinks, china	25-30
Faucets, low quality	13-15
Faucets, high quality	15-20

Sources; American Concrete Pipe Association, Cast Iron Soil and Pipe Institute, Neil Kelly Designers, Thompson House of Kitchens and Baths

**Heating Ventilation
and Air Conditioning**

	Life in Years
Central air conditioning unit (newer units should last longer)	15
Window unit	10
Air conditioner compressor	15
Humidifier	8
Electric water heater	10-14
Gas water heater (depends on type water heater lining and quality of water)	11-13
Forced air furnaces, heat pump	15
Rooftop air conditioners	15
Boilers, hot water or steam (depends on quality of water)	30
Furnaces, gas- or oil-fired	18
Unit heaters, gas or electric	13
Radiant heaters, electric	10
Radiant heaters, hot water or steam	25
Baseboard systems	20
Diffusers, grilles, and registers	27
Induction and fan coil units	20
Dampers	20
Centrifugal fans	25
Axial fans	20
Ventilating roof-mounted fans	20
DX, water, and steam coils	20
Electric coils	15

Life in Years

Heat Exchangers, shell-and-tube	24
Molded insulation	20
Pumps, sump and well	10
Burners	21

Sources: Air Conditioning and Refrigeration Institute, Air Conditioning, Heating, and refrigeration News, Air Movement and Control Association, American Gas Association, American Society of Gas Engineers, American Society of Heating, Refrigeration and Air-Conditioning Engineers, inc., Safe Aire Incorporated

Electrical

Copper wiring, copper plated, copper clad aluminum, and bare copper	100+
Armored cable (BX)	Lifetime
Conduit	Lifetime

Source: Jesse Aronstein, Engineering Consultant

The above ranges for the useful life of components is intended to give guidelines which can be used in forecasting future failure of installed components, thus allowing the asset manager to predict Reserve for Replacement deposits and balances that will be necessary. The Owner should maintain a log with all pertinent information, i.e., model and serial numbers, date of installation, vendor, warranties, etc. The actual economic life of the above components will vary depending on abuse and the effectiveness of a well-planned and practiced preventative maintenance program.

Chapter 11

**SUGGESTED POLICIES AND PROCEDURES
AND REPORTING REQUIRMENTS**

This Chapter contains administrative requirements that apply to all owners of CHFA Financed Housing. Compliance is **mandatory** and subject to review/audit by Independent Public Accountants (IPAs), State auditors, and CHFA personnel.

1. Insurance Requirements
2. Quarterly Financial Statements
3. Investment of Funds
4. Allowance for Collection Loss
5. Unappropriated Retained Earnings
6. Program Financing Budget Line Overruns
7. Rent Collections
8. Cash Receipts
9. Personnel Guide
10. Tenant Files
11. Minimum Record Retention Schedule
12. Use of Project funds
13. Use of Funds for other Activities
14. Affirmative Action and Fair Housing Requirements
15. Directory
16. Sales Tax or Use Exemption
17. Revolving Fund
18. Travel
19. Membership in Organizations
20. Identification of Motor Vehicle Equipment
21. LHA Exemption from State Gasoline Tax
22. Room Count Basis for Proratable Expenses
23. Safety and Security Procedures

CHFA Housing Releases pertain only to local housing authorities.

CHFA-HA-101	Commissioners
CHFA-HA-102	Directory
CHFA-HA-103	Conflict of Interest
CHFA-HA-104	By Laws
CHFA-HA-105	Meetings
CHFA-HA-106	Minutes
CHFA-HA-114	Annual Report

Revised 4/97

1. INSURANCE REQUIREMENTS

A. Required Coverages

1. Owners and all contractors working on CHFA financed projects or properties must obtain the coverages listed in the Insurance Manual for Asset Management Division. (www.chfa.org)
2. Insurance Certificates listing all of the required coverages must be obtained and submitted to the CHFA, see Insurance Manual.
3. Insurance Premiums Chargeable to the Project. Only the Owner's insurance premiums are chargeable to the project as an operating expense. Managing Agents cannot charge their insurance premiums to the project as an operating expense and must pay the premiums from their own funds.
4. Insurance will be obtained at the lowest premium cost consistent with required coverages listed in the Insurance Manual.
5. The Named Insured, Additional Insured/Certificate Holder and Property Location must be listed in the following manner on each certificate:

Named Insured

Owner Name
A.T.I.M.A.
Owner Address

Additional Insured/Certificate Holder

Administration
State Housing Portfolio
CHFA
A.T.I.M.A.
999 West Street
Rocky Hill, CT 06067

COPY CHFA ON INSURANCE NOTIFICATION

B. Records

1. The owner will maintain an insurance register in accordance with the provisions of the CHFA's Accounting Manual and maintain an insurance file containing the following:
 - a. A copy of each insurance policy currently in force.
 - b. A copy of each expired policy for the previous five years.
 - c. The insurer's claim kits with forms, instructions and points of contact. A file for each loss and claim. This is a permanent record regardless of the disposition of the claim.

C. Insurance Manual

Copy of the manual follows.

INSURANCE MANUAL**I. Introduction**

When you finance the purchase of a car, what does the lender require? When you purchase a home and take out a mortgage, what does the mortgagee require? If you guessed insurance, you guessed correctly. The lenders are listed on your insurance policies as a requirement to their loans. In case of loss, their money will be protected. They have an **INSURED INTEREST**.

The Connecticut Housing Finance Authority "the Authority" **INSURED INTEREST** goes beyond money, we want to be assured that if tenants are displaced because of damage, they will be able to return as quickly as possible to their homes.

The only way to protect everyone's insured interest is through **INSURANCE**. Insurance requirements set up by the Authority are designed to protect everyone's insured interest in all stages, exposures and instances.

IMPORANT: It is required that all the insurance/surety companies that issue insurance policies have a Best Rating of **B+ or better and are licensed to do business in the State of Connecticut.**

The A. M. Best Company is an approved Insurance Industry leader that reviews methods and procedures to analyze and evaluate the financial performance and stability of insurance companies. The **A. M. BEST RATING GUIDE** also verifies if the insurance company is licensed in the State of Connecticut. This publication is available in most public libraries.

II. Types of Insurance and Bonds

A. LIABILITY INSURANCE: Any form of coverage whereby the insured is protected against claims of other parties. The insured's liability for damages under such coverage usually results from his negligence or accused negligence (attorneys' fees - important item). The following are forms of liability insurance:

1. Occurrence Form: An accident or a series of incidents happening over a period of time that will collectively result in personal injury or property damage. **Example:** You have an existing liability policy in place as of today's date, someone falls on your property, and states they are not injured. You did not report it to your agent. Five years from now this individual who fell sues you. There would be coverage under an **Occurrence Form** on the policy that was in effect at that time.

2. Claim-made Form: A claim must be reported within the policy period, or there is not any coverage, the same claim in the above example would not have any coverage. **This is why the Authority requires an OCCURRENCE FORM Liability Policy.** The only time **Claim-made Form is acceptable** are for; Director and Officers, Public Officials, Professional Liability and Environmental. **Occurrence Form** is not available for these forms of insurance.

3. Non-Owned and Hired Auto: Must be endorsed to the basic liability policy. This covers the liability exposure of an employee using their own vehicle to perform a service for their

employer. The only time that **Non-owned Hired Auto** does not have to be a required endorsement to the liability policy is when there is an Auto Policy with a Non-Owned and Hired Auto Endorsement with a liability insurance designation symbol of "1". **All agents and Insurance Companies automatically use a Symbol 7, which is not acceptable to the Connecticut Housing Finance Authority.**

The following are descriptions of Auto coverages and designation symbols:

Symbol and Description of Coverage

- 1 Any Auto**
- 2 Owned Auto Only:** Only those autos you own (and for liability coverage any trailers you don't own while attached to power units you own). This includes those autos whose ownership you acquire after the policy begins.
- 3 Owned Private Passenger Auto Only:** Only the private passenger auto(s) you own. This includes those private passenger auto(s) whose ownership you acquire after the policy begins.
- 4 Owned Auto Other Than Private Passenger Auto Only:** Only those autos you own which are not of the private passenger type (and for liability coverage of any trailers you do not own while attached to power units you do own). This includes those autos, not of the private passenger type, whose ownership you acquire after the policy begins.
- 5 Owned Auto Subject To No Fault:** Only those autos you own for which you are required to have No-Fault Benefits in the state where they are licensed or principally garaged. This includes those autos whose ownership you acquire after the policy begins provide you are required to have No-Fault Benefits in the state where they are licensed or principally garaged.
- 6 Owned Auto Subject To a Compulsory Uninsured Motorist Law:** Only those autos you own for which, because of the law in the state where they are licensed or principally garaged you are required to have and cannot reject uninsured motorist insurance. This includes those autos whose ownership you acquire after the policy begins provided they are subject to the same uninsured motorist requirement.
- 7 Specifically Described Autos:** Only those autos described in "4" above for which a premium charge is shown (and for liability coverage any trailers you don't own while attached to any power unit described in "4" above)
- 8 Hired Autos Only:** Only those autos you lease, hire, rent or borrow. This does not include any autos you lease, hire, rent or borrow from any of your employees or members of their households.
- 9 Non-Owned Autos Only:** Only those autos you do not own, lease, hire or borrow which are used in connection with your business. This includes autos owned by your employees or members of their households but only while used in your business or your personal affairs.

4. **Broad Form CGL Endorsement:** A **General Liability** policy is a basic liability policy with minimum coverage. Various endorsements have to be added to cover additional exposures. The **Broad Form CGL Endorsement** has twelve additional coverages including contractual liability.

5. **XCU Endorsement** (Underground Explosion): All excavator contractors are required to provide this coverage before signing any contract.

6. **Independent Contractors:** It is required that all contractors and subcontractors carry liability insurance. The General Contractor can add this endorsement to cover all of his subcontractors for liability. All contractors and subcontractors are still required to carry Workers Compensation to cover all of their employees.

7. **Professional Liability Insurance:** Professionals such as Lawyers, Architects, Surveyors, etc. must have this insurance. It covers direct monetary loss and expense from a Lawyer, Architect, Surveyor, etc. or firm arising from claims for alleged neglect, error or omission in the performance of services in a professional capacity, (only available on a claims made form). It is important that even a potential claim be reported to the insurance company within the policy period. **Example:** A Surveyor surveys a property and puts in markers and writes up the description. The client builds a house on the property within the markers installed by the surveyors. One year later the owner is sued by the adjoining landowner claiming part of the house was built on his property. It turns out the adjoining landowner is correct and wants to be compensated. The surveyor is responsible for the additional monetary loss under his **Professional Liability** insurance.

8. **Umbrella Liability:** A form of **Excess Liability** insurance that provides very substantial limits of coverage over and above the limits of an underlying liability policy, generally subject to substantial "drop-down" or deductible; Also a contract that provides coverage against many forms of liability excluded under the typical underlying **Liability Policy**, or not intended to be provided, such a **Personal Injury Liability**.

B. PROPERTY INSURANCE: Also known as Fire Insurance and Hazard Insurance. There are many types of **Property Insurance** coverages. The most common two are "**Named Perils**" and "**All Risks**". **Named Perils** specifies the perils which are insured against, as distinguished from the **All Risks**. **Named Perils** policies represent, insured beware.

With **All Risks**, the insured is protected from direct loss arising from any forthwith (happening by accident) cause other than those perils or cause specifically excluded by name. This is in contrast to other policies which name the peril or perils insured against. **Example:** An owner has frozen pipes which causes much damage. Under a **Named Peril** policy, since it did not specify frozen pipes, coverage would be denied. Full coverage would be provided under an **All Risks** policy. This is why the Connecticut Housing Finance Authority requires All Risks coverage. In addition, the following **Endorsements** must be added to **Property All Risks** coverage policies:

1. **Replacement Cost Endorsement or 100% of Replacement Value:** Insurance providing for replacement of the damaged property without deduction for depreciation. The usual replacement cost form requires that the property actually be replaced before the insured may collect a claim. It is primarily available only for buildings, with a few exceptions, and is subject to a co-insurance requirement.

This coverage guarantees that the property will be insured for 100% replacement cost. It also guarantees that a partial loss will be paid in full without penalty for not insuring the property to 80% of value. When a property is insured for less than 80% of its replacement value, the insured (owner) becomes a Co-insurer (20%). The replacement cost of buildings does not include the land with improvements, utilities and foundation or slab. It is based on the square footage of the living area and a per square foot cost to rebuild.

This is why it is important that the owners have all information on a building, so that all replacement cost figures are obtained. It also protects the owner from not over insuring the property and over paying the premium. Remember that owner will only receive the amount it will cost to replace, even though owner may be insured for more.

2. Personal Property Replacement Cost: Items such as refrigerators, ranges, etc. are not included in the building coverage. It is important that we have evidence of this coverage.

3. Flood: If a property is in a designated flood hazard zone; then flood insurance is required. A regular **Property Insurance** policy excludes flood exposure.

4. Boiler and Machinery: Insurance against loss arising from the operation of pressure vessel's and mechanicals and electrical equipment. The following is a **description of covered objects:**

a. All steam boilers - All hot water boilers or heaters in which one or more of the following limitations are exceeded:

- . A heat input of 200,000 BTU/hour;
- . A water temperature of 210 F (99 C); and
- . A water-containing capacity of 120 gallons (430 liters).

b. All air tanks requiring State inspection, and all other air tanks located at any Insured Location.

c. All metal steam piping and metal condensation return piping on premises if Insured(s) at said location(s) and not owned, operated or controlled by the Insured(s).

There are certain boilers that are excluded from **Property Insurance** coverage. When specific boilers are used **Boiler Insurance** must be in place to cover 100% replacement cost of the property.

5. Earthquake: This is excluded from regular coverage. It is not required, but it is recommended.

6. Loss of Rental Income: Coverage for loss of income in case of fire, windstorm, etc. to the insured's property. There is a specific time that has to be stated, (3 months, 6 months, or 1 year) the longer the coverage the more the premium.

7. Demolition: The standard fire policy excludes liability for any loss caused by the demolition of an undamaged portion of the building because of the enforcement of "ordinance or law regulating construction or repair". Insurance against such loss may be provided by a **Demolition Endorsement** or by a **Contingent Form Operation of Building Laws Endorsement**.

It is most important that we are aware that a property is zoned a **NONCONFORMING USE**. A fire loss could jeopardize the amount of units that can be rebuilt or built under current zoning and planning regulations. **Example:** 30 units of housing is rehabilitated on a nonconforming lot where the structure

is built 10 feet from the street. There is a fire that destroys the building. The present zoning stipulates that you must build 20 feet from the street. This could represent a loss of 10 units. Therefore, if the cost of each unit is \$90,000, the department requires \$900,000 in demolition coverage. **Note:** The only way **Demolition** insurance coverage could be waived is if the Planning and Zoning Commission **certifies in writing that if any portion of a building is destroyed by fire, etc., the same amount of units could be rebuilt as had existed prior to the fire, etc.**

8. Builder's Risk: Insurance against loss to buildings in course of construction, including materials incidental to construction. **Note:** The contractor is responsible to provide this coverage prior to his contract signing. There are two ways to write this coverage, either a **Reporting Value Form** or a **Completed Value Form**. The Department will only accept a **Completed Value Form**.

The contractor is responsible for this coverage only up to when a **Certificate of Occupancy (CO)** (whether temporary or permanent) is issued. Prior to the CO being issued, it is imperative that the owner has **Property Insurance** in place as well as all other required coverages.

C. PUBLIC OFFICIALS LIABILITY/DIRECTORS AND OFFICERS LIABILITY INSURANCE

1. Public Officials Liability: Section 8-41a of Connecticut General Statutes stipulates the responsibility of housing authorities in relationship to their commissioners. This section states, " Each housing authority shall protect and save harmless any commissioner or any full-time employee of such authority from financial loss and expense, including legal fees and cost, if any arising out of any claims, demand, suit or judgement by reason of alleged negligence, or for alleged infringement of any person's civil rights, on the part of such commissioner or such employee while acting in the discharge of his duties". The only way to economically provide what the law requires is through a **Public Officials Liability Insurance Policy**. Only available on a **Claim-Made Form**. Any possible claim must be reported within the policy period.

2. Directors and Officers Liability: Is required when an Organization, Business, etc. is incorporated. It provides similar coverage to Public Officials Liability. Only available on a **Claim-Made Form**. Any possible claim must be reported within the policy period.

D. BONDS AND LETTERS OF CREDIT

1. Fidelity Bond: Is required and will reimburse an employer (the insured) for loss sustained by him because of any dishonest act by an employee covered by the bond. **Blanket Fidelity Bonds** covers groups of employees. The amount of this coverage should be determined by the exposure. What is the maximum amount that can be stolen by an employee(s), before they get caught? **This is the amount of fidelity coverage that is required.**

2. Money & Securities: This coverage is for burglary or holdups where **money** and/or **securities** are stolen. The amount of this coverage is determined by the exposure.

3. Bid Bond: Is a guarantee that bids are properly submitted and that obligate the contractor to enter into a contract if it is awarded to him. It is recommended that the owner reserve the

right to approve the bid bond in compliance with the owner's requirements. Damages are normally the difference between the low bid and the next lowest bid (rather than the entire amount of the bid bond, if it exceeds the difference). The owner must seek recovery if a bidder fails to execute a contract, a bidder fails to provide **Performance** and/or **Payment Bonds** that is required by the terms of the **Bid Bond** and in instances in which a bidder attempts to rescind its bid due to its claim of a mistake.

4. Performance Bond: Is a guarantee that the contractor will begin and carry through to completion in accordance with the contract. They are issued in the amount of the contract. **Note:** The Surety generally shares the same amount of liability as the contractor and may utilize the same defenses (although there are additional defenses particular to the Surety such as "material alteration", which can include significant change orders.

5. Payment Bond: Guarantee that the subcontractors and suppliers receive payment. These bonds are in the amount of the contract.

6. Letter of Credit (LOC): May be used by the general contractor in lieu of bonds. An LOC is issued by a bank guaranteeing the payment of general contractor's drafts up to a stated amount. An LOC substitutes the bank's credit for that of another. Any LOC must be unified and irrevocable; and must be from institutions with an acceptable rating from Standard & Poors, Moody's, Keefe, Bruyette and Woods or Laclede bank rating.

E. WORKERS COMPENSATION INSURANCE: It is statutory that employers carry this insurance. This provides coverage for an employee who is injured on the job. 100% of medical expenses (including rehabilitation) are covered as well as a percentage of the individual's gross salary.

Except as noted below, it is **mandatory** that all individuals (Contractors, Sub-Contractors, Managers, Agencies, Lawyers, Surveyors, Engineers, Architects, etc.) that are directly or indirectly involved with your project must carry **Workers Compensation Insurance**.

Effective June 4, 1996, Connecticut General Statute Section 31-275 allows: (1) an officer of a corporation or a partner in a partnership **may be** excluded under this section; and (2) a sole proprietor is **excluded** from having to carry workers compensation insurance. In both cases, any employees of the corporation, partnership or sole proprietorship **must** be covered under this section.

The CHFA recommends obtaining a copy of Form 6B (for an officer of a corporation) and/or Form 6B-1 (for a partner in a partnership) filed with the Commissioner of Workers Compensation. Furthermore, the CHFA recommends that sole proprietorships acknowledge that they are aware that Workers Compensation is available but they elect not to carry it. **The decision to follow the CHFA's recommendation is at the sole discretion of the Owner.**

F. TITLE INSURANCE: The Department requires the seller to deliver a marketable title and a policy of title insurance. This coverage protects the mortgagee, mortgagor and all interested parties against loss due to the negligence of an individual (usually attorney) who, after a title search fails to correctly identify problems with the title. The attorney's **Professional Liability Policy is Claim-made Form**. Therefore, if a claim was reported after his **Professional Liability** ran out, the only place where coverage would be provided would be under the **Title Insurance**.

G. OWNER'S TITLE INSURANCE: The Department requires the seller to deliver a marketable title and a policy of title insurance. This coverage protects the owner and all interested parties, when grant funds only are used, against loss due to the negligence of an individual (usually attorney) who, after a title search fails to correctly identify problems with the title. The attorney's **Professional Liability Policy** is **Claim-made Form**. Therefore, if a claim was reported after his **Professional Liability** ran out, the only place where coverage would be provided would be under the **Owner's Title Insurance**.

H. ENVIRONMENTAL INSURANCE: This coverage is to pay the cost of investigating and reediting certain environmental conditions not **discovered** in an Environmental Assessment Report accepted by the insurer. This is a **Claim-made Form**. The insurance policy transfers the risk of the unknown hazard to the insurer. This relieves the owner of the onus that comes with the suddenly discovered hazardous substance conditions during the policy period.

III. Certificate of Insurance

A. What is a Certificate of Insurance? It is evidence that an insurance policy has been issued when signed by an authorized representative. The certificate shows types of insurance, policy number, effective dates and amounts of coverages. **Binders are not acceptable.**

B. How to read a Certificate of Insurance. Please follow sample certificate:

- 1. Issue Date** - the date that the Certificate of Insurance was issued;
- 2. Producer** - the agency or agent that issued the Certificate of Insurance;
- 3. Insured** - the owner with which the Producer is doing business (i.e., Developers, Contractors, Architects, Engineers, etc.);
- 4. Companies Affording Coverage** - the insurance company or companies which are providing coverage(s);
- 5. Company Letter (CO LTR)** - the letter which coincides with the insurance companies affording coverage;
- 6. Policy Number** - the number assigned to the policy by the insurance company;
- 7. Policy Effective and Expiration Dates** - self explanatory;
- 8. Limits** - the amount of coverage for the type of insurance; Note: Does the certificate agree with the Department's required insurance limits?
- 9. Description of Operations/Locations/Vehicles/Special Items** - the location of the property, i.e. street address and town; and the Department's Project Number are to be shown here;

10. the Connecticut Housing Finance Authority must be listed here as an additional insured;
11. **Certificate Holder** - the Connecticut Housing Finance Authority must be listed here as "A.T.I.M.A." (as their interests may appear);
12. **Attention** - insert the appropriate Division Director;
13. **Cancellation** - the Certificate should have a minimum of 30 days for cancellation;
14. **Authorized Representative** - to be valid, the certificate must be signed by an authorized representative/agent.

IV. Asset Management Division

- A. The insurance requirements for the programs administered by the Asset Management Division are essentially the same for all **Owners**. The only difference is in the organizational insurances.
- B. The following reiterates and highlights the Connecticut Connecticut Housing Finance Authority's ("the Authority") insurance requirements for the Housing Development Division:

1. All Insurance Policies for which the Authority has an insurable interest must include the following endorsement:

Administration
State Housing Portfolio
CHFA
999 West Street
Rocky Hill, CT 06067-4005

2. All Certificates of Insurance must contain the project name, address and the Authority's project number. This will ensure that all copies of policies, changes and notifications are properly forwarded to the Authority.
3. All Certificates of Insurance must specify that the Authority will receive thirty (30) days written notice for non-renewal or cancellation. The Authority shall be named as an additional insured for the required insurances.
4. All **Owners** must meet the insurance requirements attached. Only Housing Authorities have the option to a) be included in the Authority's Master policy through DAS (see attached), or b) provide the same coverage for the same cost or less by another insurance company. **Note:** Municipal Developers may seek a written waiver based on the uniqueness of each municipality's our insurance program, however, the Authority will be the sole determiner of the adequacy of the insurance coverage.

5. All insurance policies coverages must be kept per the latest requirements of the Authority. All independent contractors hired by an Owner must provide evidence of the insurances required by the Authority.

6. Any claims or potential claims must be reported immediately to the insurance agent and the Authority and must subsequently be confirmed in writing to same. **Note:** It is important to make sure claims are made in the manner and within the time frames provide in each policy.

7. The Authority will not pay for any insurance coverage in excess of the amount required.

8. All Insurance Companies that provides coverage for Eligible Developers must have a B+ or better rating as per Best's Rating Guide --- current edition and be licensed to do business in the State of Connecticut.

9. All insurance agencies and/or insurance brokers that issue insurance must verify in writing that they carry Errors and Omissions Insurance in the minimum amount of \$1,000,000.

C. All Owners are responsible for obtaining the insurance requirements from the Authority's Asset Management Division.

D. The following insurance matrix details the various coverages needed during on-going management and, if applicable modernization or rehabilitation of the housing development.

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STAGES	RESPONSIBILITY	INSURANCE MATRIX REQUIRED COVERAGES	MINIMUM LIMITS
Doing business with the CHFA	1.a. Housing Authority & Municipal Developer	1.a. Public Official Liability	1.a. \$500,000 for 0-99 units built or planned; \$1,000,000 for 100 units or more
	b. Non-Profit Corporation, For-Profit Corporation, General Partner(s) of Limited Partnership (LP) or Limited Liability Company (LLC), if corporation(s) General Partner of LP or LLC is Housing Authority or Non-Profit Corporation	b. Directors & Officers Liability or Resolution (see Manual)	b. \$500,000 for 0-99 units built or planned; \$1,000,000 for 100 units or more
	2. Comprehensive General Liability Occurrence Form with Broad Form CGL Endorsement and Non-owned & Hired Auto		2.\$1,000,000
Upon hiring an employee or sweat equity participants	3.a. Housing Authority	3.a. Worker's Compensation & Employer's Liability	3.a. Bodily injury by accident \$1,000,000/accident Bodily injury by disease \$1,000,000/employee Bodily injury by disease \$1,000,000 policy limit

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<u>STAGES</u>	<u>RESPONSIBILITY</u>	<u>REQUIRED COVERAGES</u>	<u>MINIMUM LIMITS</u>
	b. All other Eligible Developers		b. Bodily injury by accident \$100,000/accident Bodily injury by disease \$500,000/employee Bodily injury by disease \$100,000 policy limit
Upon site control	Eligible Developer	4. Property Insurance, if improvements on site 5. Title Insurance 6. Environmental Insurance (Note: Policy not taken out until construction start) 7. Flood Insurance, if site is located in a federally designated Flood Hazard Zone 8. Boiler & Machinery Insurance, if applicable 9. Earthquake Insurance (Recommended not required) 10. Commercial Auto Liability, if applicable	4. 100% Replacement Cost 5. Equal to the cost of acquisition & development 6. 100% coverage, no exclusions unless approved in writing by CHFA 7. 100% Replacement Cost 8. 100% Replacement Cost 9. 100% Replacement Cost 10. \$1,000,000
Upon hiring an Attorney	Attorney	11. Professional Liability	11. \$1,000,000

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<u>STAGES</u>	<u>RESPONSIBILITY</u>	<u>REQUIRED COVERAGES</u>	<u>MINIMUM LIMITS</u>
		12. Comprehensive General Liability Occurrence Form with Broad Form CGL Endorsement and Non-owned & Hired Auto	12. \$1,000,000
	Attorney	13. Worker's Compensation & Employer's Liability	13. Bodily injury by accident \$100,000/accident Bodily injury by disease \$100,000/employee Bodily injury by disease \$500,000 policy limit
Upon hiring independent contractors \$250,000	Design Professionals, Surveyors, Consultants, & Others	14. Professional Liability	14. For construction cost not exceeding \$999,999 Minimum Coverage (MC) - \$1 - 2,999,999, MC - \$500,000

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\$3 - 4,999,999, MC - \$750,000

\$5,000,000 & up,
MC - \$1,000,000

15. Comprehensive General
Liability Occurrence Form
with Broad Form CGL
Endorsement and Non-
owned & Hired Auto

15. \$1,000,000

16. Worker's Compensation &
Employer's Liability

16. Bodily injury by accident
\$100,000/accident
Bodily injury by disease
\$100,000/employee
Bodily injury by disease
\$500,000 policy limit

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STAGES	RESPONSIBILITY	REQUIRED COVERAGES	MINIMUM LIMITS
	Development Consultants	17. Comprehensive General Liability Occurrence Form with Broad Form CGL Endorsement and Non-owned & Hired Auto	17. \$1,000,000
	Development Consultants	18. Worker's Compensation & Employer's Liability	18. Bodily injury by accident \$100,000/accident Bodily injury by disease \$100,000/employee Bodily injury by disease \$500,000 policy limit
Upon signing contract for financial assistance	19. a. Housing Authority	19.a. Fidelity Bond	19.a. \$100,000/employee
	b. All other Eligible Developers		b. Commensurate with financial risk
	20. a. Housing Authority	20.a. Monies & Securities	20.a. \$20,000
	b. All other Eligible Developers		b. Commensurate with financial risk
NOTE: Directors & Officers Liability (section 1.b.) must be purchased if you had previously chosen to be personally liable.			
Upon hiring Clerk of the Works, if not an employee	Clerk of the Works	21. Comprehensive General Liability Occurrence Form with Broad Form CGL Endorsement combined single limits (CSL)	21. For construction cost of \$ 10,001 - 99,999, Minimum Coverage (MC)= \$100,000 SL \$100,000 - 499,999, MC = \$300,000 CSL \$500,000 - 999,999, MC = \$500,000 CSL \$1,000,000 and up, MC = \$1,000,000 CSL

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<u>STAGES</u>	<u>RESPONSIBILITY</u>	<u>REQUIRED COVERAGES</u>	<u>MINIMUM LIMITS</u>
		22. Commercial Auto Liability, if applicable	22. \$1,000,000
	Clerk of the Works	23. Worker's Compensation & Employer's Liability	23. Bodily injury by accident \$100,000/accident Bodily injury by disease \$100,000/employee Bodily injury by disease \$500,000 policy limit
At Bid	Bidders	24. Bid Bond or irrevocable Letter of Credit (LOC)	24. 5% of bid amount
Upon signing construction contract	Contractor	25. Performance & Payment Bonds or irrevocable & unified LOC to 25% of	25. Amount of the bond must equal to construction contract or the LOC be equal the construction contract
		26. Comprehensive General Liability Occurrence Form with Broad Form CGL Endorsement and Non-owned & Hired Auto	26. \$1,000,000
		27. Commercial Auto Liability, if applicable	27. \$1,000,000
		28. Contractor's Protective Liability	28. \$1,000,000

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STAGES

RESPONSIBILITY

REQUIRED COVERAGES

MINIMUM LIMITS

- | | |
|---|--|
| 29. Worker's Compensation & Employer's Liability
Note: when lead based and/or asbestos abatement work is undertaken, direct & indirect damages arising from these activities must be covered. | 29. Bodily injury by accident
\$1,000,000/accident
Bodily injury by disease
\$1,000,000/employee
Bodily injury by disease
\$1,000,000 policy limit
or
\$100,000/\$500,000/\$100,000
when not involving hazardous material abatement |
| 30. Certificates of insurance for all subcontractors' Workers Compensation & Employer's Liability
Note: when lead based and/or asbestos abatement work is undertaken, direct & indirect damages arising from these activities must be covered. | 30. Bodily injury by accident
\$1,000,000/accident
Bodily injury by disease
\$1,000,000/employee
Bodily injury by disease
\$1,000,000/employee
or
\$100,000/\$500,000/\$100,000
when not involving hazardous materials abatement |
| 31. Builder's Risk Policy, Completed Value Form | 31. 100% Replacement Cost |
| 32. X.C.U. Liability Endorsement, when any digging is required | 32. \$1,000,000 |

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STAGES	RESPONSIBILITY	REQUIRED COVERAGES	MINIMUM LIMITS
At the issuance of the Certificates of Occupancy And Substantial Completion	Eligible Developer/Owner	33. Property Insurance	33. 100% Replacement Cost
On-going Management	34.a. Housing Authority	34. Fidelity Bond	34.a. \$100,000/employee
	34.b. All Other Owners		34.b. Consider adjusting commensurate with financial risk
	35.a. Housing Authority	35. Monies & Securities	35.a. \$20,000
	35.b. All Other Owners		35.b. Consider adjusting commensurate with financial risk
Upon Hiring Management Firm	All Owners	36. Professional Liability	36. \$1,000,000
		37. Comprehensive General Liability Occurrence Form with Broad Form CGL Endorsement and Non-owned & Hired Auto	37. \$1,000,000
		38. Worker's Compensation & Employer's Liability	38. Bodily injury by accident \$100,000/accident; Bodily Injury by disease \$100,000/employee; Bodily injury by disease \$500,000 policy limit
		39. Fidelity Bond	39. Commensurate with financial risk

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STAGES	RESPONSIBILITY	REQUIRED COVERAGES	MINIMUM LIMITS
Upon signing Rehabilitation Contract	Contractor	40. Monies & Securities	40. Commensurate with financial risk
		41. Commercial Auto Liability if applicable	41. \$1,000,000
		42. Performance & Payment Bonds or irrevocable & unified LOC	42. Amount of the Bond must equal to construction be equal to 25% of the rehab contract
		43. Comprehensive General Liability Occurrence Form With Broad Form CGL Endorsement and Non-owned & Hired Auto	43. \$1,000,000
		44. Commercial Auto Liability, If applicable	44. \$1,000,000
		45. Contractor's Protective Liability	45. \$1,000,000
		46. Worker's Comprehensive & Employer's Liability Note: when lead based and/or Asbestos abatement work is Undertaken, direct & indirect Damages arising from these Activities must be covered	46. Bodily injury by accident \$1,000,000/accident; Bodily injury by disease \$1,000,000/employee Bodily injury by disease \$1,000,000 policy limit Or \$100,000/\$500,000/ \$100,000 when not involving hazardous material abatement

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<u>STAGES</u>	<u>RESPONSIBILITY</u>	<u>REQUIRED COVERAGES</u>	<u>MINIMUM LIMITS</u>
		47. Certificates of insurance for all subcontractors' Workers Compensation & Employers Liability Note: when lead based and/or asbestos abatement work is undertaken, direct & indirect damages arising from these Activities must be covered.	47. Bodily injury by accident \$1,000,000/accident Bodily injury by disease \$1,000,000/employee Bodily injury by disease \$1,000,000policy limit Or \$100,000/\$500,000/\$100,000 when not involving hazardous material abatement
		48. Builder's Risk Policy, Completed Value Form	48. 100% Replacement Cost
		49. X.C.U. Liability Endorsement when any Digging is required	49. \$1,000,000

2. QUARTERLY FINANCIAL STATEMENTS

Owners are required to submit quarterly financial statements for all state financed programs. [Reg. 8-79a-18] The financial information reflected on the statements shall be in agreement with the general ledger. Financial statements must be submitted to the CHFA's Asset Management Division no later than thirty (30) days after the end of each quarter.

The Sponsor must submit an affidavit, signed by the authorized party, with the financial statements.

Note: Financial statements for Limited Equity and Mutual Housing complexes must be submitted biannually (i.e., every six months)

Note: In lieu of Quarterly financial statements, the Housing for Homeless Program requires an annual program report. Each year, Sponsor's of Homeless Projects receive a notice from CHFA, requiring that the "Annual Report to CHFA, Housing for the Homeless Program" be completed. The narrative style questionnaire is required in place of annual management plans and periodic financial reporting.

3. INVESTMENT OF FUNDS

A. In order to guarantee against loss of principal invested, formal investments may be made only in the following:

1. United States Treasury Bills
2. Bank Certificates of Deposits
3. Savings Account
4. State Treasurer's Investment Fund and Money Market.

B. The amount placed with any one institution shall not be in excess of the FDIC - FSLIC limits unless otherwise approved by CHFA.

When investing funds in the State Treasurer's Investment Fund, please note the following:

- The amount invested may be greater than \$100,000.
- The account is non insured.

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4. ALLOWANCE FOR COLLECTION LOSS

No write-off of tenants accounts receivable to this account may be made without a written request from the Owner with a copy of a Board Resolution. The request must specify what efforts were made to collect the amounts due before they were deemed uncollectible **and** must specify the unit number; the tenant name and the date the tenant vacated the unit.

Written approval is required from the CHFA prior to writing off the uncollectible accounts from the balance sheet.

5. UNAPPROPRIATED RETAINED EARNINGS

- A. The owner will record any net **operating gains** or losses to this account.
- B. No charges, other than operating losses, shall be made to this account without the prior written approval of the CHFA.
- C. All unappropriated retained earnings in excess of two months operating costs, less reserves, shall be moved to the RM&R account within 30 days after completion of the year end financial statement.

6. PROGRAM FINANCING BUDGET LINE OVERRUNS

The CHFA recognizes that budget overruns within an approved budget may occur during the rehabilitation of housing units. The approved Program Financing Budget and each line item thereon is the owner's authorization to expend monies for each specific purpose. Any deviation from the Program Financing Budget must be approved by the CHFA. When requesting approval for overruns, the owner should supply information and back up material to explain and justify such overruns.

Annual operating budgets, i.e. management plans, are required for all programs. Operating budgets should be the owner's closest estimate of anticipated costs for the upcoming fiscal year, based on the actual expenses of the previous year expenses plus any known deviations. For example: last year was a mild winter; expenses for heat and snow removal were less than budgeted. The new proposed budget would allow for expenses greater than the previous year on those two line items due to the unusual circumstances.

CHFA considers all Administrative Costs to be controllable. Expenses projected by the owner and approved by CHFA for salaries, payroll taxes, pensions and medical insurance must remain within the limits of the approved management plan. CHFA must be notified of any significant increase in these line items, with the owner identifying how the increased items will be absorbed into the current budget.

Management Plan forms may be obtained via the CHFA website www.chfa.org or from your Asset Manager. Forms were revised in June 2006. Please use current forms.

7. RENT COLLECTION

It is recommended that each owner shall formally adopt a Rent Collection Policy. The following is a guideline that may be used in formulating the minimum requirements of the policy:

- A. Location of collection;
- B. Restrictions on collection (e.g., only checks will be accepted, etc.);
- C. Late fees, if applicable, stating amount and when imposed; and
- D. Due date.

*Provide to Asset Management actual monthly rent collections data on a quarterly basis.

8. CASH RECEIPTS

It is recommended that each Owner shall formally adopt a Cash Receipts policy. The following is a guideline that may be used in formulating the minimum requirements of the policy. CHFA advises owners/PHA's not to accept cash payments.

- A. Rent receipts are posted to the tenant account ledger cards need to be updated referring to manual/computer files and the Cash Receipts Journal and deposited fully intact.
- B. Tenants may be issued a receipt.
- C. Other receipts (i.e., interest, laundry and refund checks) shall be recorded as received and fully documented.
- D. Checks are stamped with the restrictive endorsement, "For Deposit Only".
- E. Deposit ticket filled out.
- F. Frequency of deposits - amounts must be deposited daily.

NOTE: The employee responsible for performing each of the above functions should be clearly designated in the owner's records. The person who will perform these functions in the employee's absence should also be designated.

9. PERSONNEL GUIDE

It is recommended that the owner develop a written Personnel Policy with the following as a minimum:

- A. Job description
- B. Rate of pay consistent with Management Plan and/or Union Contract.
- C. Accrual of Vacation Time and Sick Leave, and any limitations on “carry-over” of accruals from year to year.
- D. Method of payment of accrued vacation time and sick leave upon retirement or termination.
- E. Paid Holidays.
- F. Health and/or Retirement Benefits.
- G. Equal Employment/ Fair Housing

Note: Any monetary change in the employee benefit package must be budgeted for and approved by CHFA.

10. TENANT FILES

In maintaining tenant files, we suggest that the left side of the file has the application, emergency contact form, lease, letter of rent changes. The right side should have income, medical, calculation form, correspondence and work order. If it is a long term tenant you will need a second file. You would move the left side information over to another file and label files 1 of 2 and 2 of 2.

A. Complete and consistently arranged tenant files are essential to the proper administration and review of state financed housing. All of the documents relating to a particular certification should be grouped and arranged according to the following format:

1. Lease or Addendum to Lease;
2. Calculation Worksheet;
3. Income Documentation;
4. Medical Expense Documentation – stapled with calculation worksheet;
5. Other Required Documentation;
6. Move-In/Annual Inspection Report; and
7. Correspondence and any other documents that are not directly related to the tenant's certification should be arranged chronologically above the lease.

B. Documents obtained via the 3rd party to verify income, medical expenses, etc. should be copied and returned. Keeping bundles or stacks of check stubs, prescription receipts, canceled checks or other original documents in the file is cumbersome and unnecessary.

C. Income verification for each source of income should always be limited to a single, supportive document. Retaining two or more different documents to verify the same source of income can be confusing and misleading.

D. Medical expense documentation can be particularly troublesome. The documentation used to verify a tenant's paid medical expenses should be divided into four or more groups:

1. Doctor and Hospital Bills;
2. Medical Insurance (Medicare, Blue Cross, etc.);
3. Prescriptions and other Medicines;
4. Other Medical Expenses

NOTE: Each of the above groups should be subtotaled and prefaced with a calculator tape or itemized list to show how the subtotal was determined. Organizing a tenant's medical expenses in this fashion will greatly facilitate the manner in which the total medical expenses can be calculated and later reviewed. Proof of payment should be provided. Re-imburements should be accounted as well.

E. Letter Size (9 x 11 ¾) file folders are too small to accommodate the legal size documents that are a part of each tenant's file. Legal size (9 x 14 ¾) file folders should be used instead.

F. All of the documents in the files should be securely fastened to the file folders to prevent loss.

11. MINIMUM RECORD RETENTION SCHEDULE
(Note: Does not apply to Federal Funds)

Record Title	Minimum Retention Required
Audit Reports	Permanent
Bank Statements, Check Stubs, Canceled Checks & Deposit Slips	3 Years after Audit
Budget, Formal, Adopted	Permanent
Tenant Rent & Security Deposit History (In tenants folder)	Permanent
Tenant Application, as pertains to Waiting Lists and those applicants who were never housed	5 Years
Tenant Receipts	5 Years
Tenant Files, including original application	Complete files, 3 yrs after post separation audit; Evicted tenant files must remain permanently; Income verification must be kept 3 yrs after the effective date of the certification or recertification
Minute Books	Permanent
Employee Earnings and Tax Records	Permanent
Group Insurance Records	Permanent
Invoices/Vouchers/Vendors Contracts	3 Years after Audit
General Ledgers	Permanent
Cash Receipts and Disbursements	3 Years after Audit
Passbooks, Closed Bank Accounts/ Certificates of Deposit	3 Years after Audit
Payroll Check Registers, Checks, Journals	3 Years after Audit
Payroll Ledgers (Earnings Records)	3 Years after Audit
Purchase Orders	3 Years after Audit
General Correspondence	3 Years after Audit
Land Files	Permanent
Federal, State & Municipal Agreements	Permanent
Equipment Records	Permanent
Expired Insurance Policies	3 Years after Audit

*In the event of litigation or other controversy surrounding any of the above, records must be kept until resolved.

12. Certificate of Fiduciary Bailment

CERTIFICATE OF FIDUCIARY BAILMENT

_____ ("Owner") of _____ has contracted
(Name of Partnership/Mortgagor) (Name of Development)

with _____ ("Agent"). The Manager has established the
(Name of Management Company)

following accounts as Agent for the owner and as both fiduciary and bailee of the Connecticut

Housing Finance Authority ("Authority"), the mortgagee of _____:
(Name of Development)

Name of Bank	Account Name	Account Number

As such, the Authority is the assignee of the funds in and accessions to the accounts. This Certificate of Fiduciary Bailment, if accompanied by an affidavit as provided for in Connecticut General Statutes ("C.G.S.") Section 36a-293, shall constitute sufficient documentation for an adverse claim(s) to be made by the Authority pursuant to C.G.S. Section 36a-293.

OWNER

By: _____

Title: _____

Date: _____

AGENT

By: _____

Title: _____

Date: _____

Acknowledged by:

DEPOSITORY BANK (the "Bank")

The undersigned Bank acknowledges receipt of this Certificate of Fiduciary Bailment, and confirms that the above referenced account(s) is/are open with the Bank under the account name and account number(s) as shown.

Name of Bank: _____

By: _____

Title: _____

Date: _____

13. USE OF PROJECT FUNDS

The owner shall not mingle or co-mingle project funds with any of the other funds held by the owner.

The funds collected from rents/carrying charges, laundry receipts, interest, miscellaneous charges, etc., may only be used for project purposes. Advances, loans, or payments from these project funds to any other project or program are strictly prohibited.

Prohibited activities include:

- A. Using project funds from a State Financed complex to finance the acquisition or development of another State or Federally financed complex.
- B. Using the projects funds from one State Financed complex to pay for goods and services used in another State or Federally Financed complex.
- C. Using **the project funds** from a State Financed complex to cover operating shortfalls (whether temporary or permanent) in a Federal or State rental assistance program.

NOTE: Nothing in this Release should be construed as preventing the owner from establishing the Revolving Fund described in No. 18.

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14. USE OF FUNDS FOR OTHER ACTIVITIES

Project funds can only be used by the project that generated the income. Funds may be used only for purposes approved in the annual operating budget.

Owners cannot include any expenses incurred for activities not directly related to the operation, or administration of each individual CHFA financed housing projects on the individual program records, or funded by DECD prior to July 2003. Example: funds from CHFA financed Elderly program cannot be used by a CHFA financed Moderate Rental program.

15. AFFIRMATIVE ACTION AND FAIR HOUSING REQUIREMENTS

- A. Owners must develop and submit an Affirmative Action Plan/ Program. The Plan/Program must be approved by the Affirmative Action Office.
- B. Owners must comply with:*
1. CHFA set-aside requirements for small businesses, minority and female owned firms.
 - a. Twenty-five percent (25%) of the total award from CHFA, minus exemptions from the set-aside, must be awarded to small business enterprises. Of this small business set-aside, twenty-five percent must be awarded to minority/female owned business enterprises; and
 - b. Set-aside firms must be certified by the Department of Economic Development.
 2. Contract compliance requirements as mandated by Section 4a-60 of the CGS. (These requirements do not apply to municipalities). The following documents with the required information must be on file at CHFA prior to final application.
 - a. Fair Housing Policy Statement;
 - b. Affirmative Action Program; and
 - c. Notification to Bidders.
 3. The following items will be required prior to the Assistance Agreement signing with the CHFA:
 - a. Contract Award Notice;
 - b. Minority Business Utilization Form;
 - c. Small Business Utilization Form; and
 - d. Affidavit

NOTE: The Affirmative Action Office will provide technical assistance regarding all Affirmative Action Requirements.
- C. Fair Housing. All CHFA funding programs must promote racial and economic integration.
1. Affirmative Fair Housing Marketing Plan is required where Department funding is used for the development or rehabilitation of five (5) or more units:
 - a. Owners must carry out an affirmative program to attract buyers or tenants of all minority and majority groups to the housing for initial or ongoing sale or rental; and
 - b. At least twenty percent (20%) of the units must be promoted to the group identified in the Affirmative Fair Housing Marketing Plan as “least likely to apply.”
 2. Owners who are not producing housing must affirmatively market their programs so that a broad range of minority and majority beneficiaries are encouraged to apply for whatever assistance is provided.
 3. Owners/other recipients of CHFA funds must develop a Fair Housing Policy Statement.

NOTE: All of the forms and instructions relating to the above requirements are noted in the Affirmative Action Chapter of this manual.
- D. The following programs have been exempted from CHRO’s Contract Compliance Requirements:
1. Community Housing Developing Corporation - Administrative Cost
 2. Congregate Operating Subsidy Program
 3. Downpayment Assistance Program
 4. Energy Conservation Loan Program

5. Federal Section 8 Rental
6. Multi-Family Conservation Loan Program
7. Passive Solar Mortgage Subsidy Program
8. Payment-in-lieu-of-Taxes (Pilot)
9. Rent Subsidy Pilot Program
10. Sale or Moderate Rental Housing
11. Solar Energy and Energy Conservation Bank Program
12. Tax Abatement
13. Weatherization/Conservation Demonstration Program
14. Federal Small Cities Community Development Block Grant Program
15. Federal Rental Rehabilitation Program
16. Housing Development Corporation Program
17. Urban Homesteading Program
18. Surplus Land/Property
19. Land Bank & Land Trust

E. Exemptions to the Set-Aside:

1. Loans or grant awards from CHFA less than \$10,000 in value
2. The value of any contract(s) or purchase order(s) which may be in conflict with a federal law or regulation
3. HUD Consolidated Contracts
4. Projects funded from the developer's reserve funds
5. The value of any contract or purchase orders for goods or services which, has been determined by the Commissioner of Economic Development not to be customarily available from or supplied by small contractors
6. Administrative costs - salaries, fringe, overhead
7. Acquired property operation costs
8. Site acquisition
9. Relocation
10. Awards to municipalities

16. DIRECTORY

The Owner must maintain a directory using the format attached. A directory must be submitted annually and/or whenever any item of information is changed. One copy of the directory must be forwarded to the CHFA. The directory must contain the following information:

1. Effective date;
2. Officers, include the following information for each Board Member;
 - a. Name
 - b. Office (President, Vice-President, Secretary, Treasurer, Assistant Treasurer),
 - c. Term of current appointment (inclusive dates),
 - d. Mailing address for each officer, and
 - e. Occupation and business affiliations
3. Name of the Executive Director;
4. Owner's office;
 - a. Location,
 - b. Telephone and Fax number, Email address
 - c. Office hour,
 - d. Mailing address, if different from location, and
 - e. Point of contact outside office hours. Indicate if an answering machine or service is used.
5. Meetings;
 - a. The schedule of regular meetings, including time (i.e., first Monday of each month at 8:00 PM),
 - b. The date of the annual meeting for election of officers and approval of the annual report, and
 - c. The location of meetings.

Note: See attached form.

DIRECTORY
page 2

Effective Date: _____
Name of Owner (Legal Name of Organization): _____

OFFICERS/BOARD MEMBERS

Name: _____ **Office:** _____
Term: _____ through _____
 Month/Day/Year Month/Day/Year
Mailing Address: _____
_____ **Day Phone:** () _____
Occupation and business affiliations: _____

Name: _____ **Office:** _____
Term: _____ through _____
 Month/Day/Year Month/Day/Year
Mailing Address: _____
_____ **Day Phone:** () _____
Occupation and business affiliations: _____

Name: _____ **Office:** _____
Term: _____ through _____
 Month/Day/Year Month/Day/Year
Mailing Address: _____
_____ **Day Phone:** () _____
Occupation and business affiliations: _____

Name: _____ **Office:** _____
Term: _____ through _____
 Month/Day/Year Month/Day/Year
Mailing Address: _____
_____ **Day Phone:** () _____
Occupation and business affiliations: _____

Name: _____ **Office:** _____
Term: _____ through _____
 Month/Day/Year Month/Day/Year
Mailing Address: _____
_____ **Day Phone:** () _____
Occupation and business affiliations: _____

Executive Director: _____ **E-mail** _____
Office Location: _____ **Phone #:** () _____
Mailing Address: _____ **Fax #** () _____
Office Hours: _____ **Outside Office Hours Contact:** _____
Regular Meeting Schedule: _____

Annual Meeting Date: _____

Note: Use additional sheets if necessary

17. SALES TAX OR USE EXEMPTION

Section 12-412(1), C.G.S. states, “Sales of tangible personal property or services to the United States, the State of Connecticut or any of the political subdivisions thereof, or its respective agencies” shall be exempt from payment of sales or use tax,

18. REVOLVING FUND

A Revolving Fund is a fund that is set up with a separate bank account and a separate general ledger to facilitate the payment of expenses of a Housing Authority administering more than one program. Common expenses should be pro-rated according to the instructions contained in No. 23, Room Count Basis for Proratable Expenses.

The purpose of the Revolving Fund is to avoid having to make out a separate check from each program. As noted above, the Revolving Fund is set up with a separate bank account and a separate general ledger. Each project that is to have bills paid by the Revolving Fund on its behalf must advance funds to the Revolving Fund. This advance should be **approximately** 1 to 1 ½ months of the average amount the Revolving Fund will pay out each month for that particular project.

Each month each of the programs participating in the Revolving Fund account must reimburse the Revolving Fund for the expenditures it has paid out on behalf of that program. The payments made by the Revolving Fund for each project are recorded as an accounts receivable in the Revolving Fund General Ledger due from the particular program. Once the particular program has reimbursed the Revolving Fund, the receivable in the Revolving Fund General Ledger can be cleared.

The individual programs participating in the Revolving Fund must record an entry each month to charge the proper cost accounts for the expenditures which the Revolving Fund has made on its behalf and to credit an Account 2119 Accounts Payable - Revolving Fund. If the Revolving Fund is reimbursed at the end of the month, the amount of the reimbursement should equal the expenditures made on behalf of the program.

Revised 4/97

19. TRAVEL

Local Housing Authorities receiving state financial assistance may charge administrative expense (Account 4153) for authorized travel.

A. Special or general travel may be authorized by formal action of the Authority to areas beyond the official station (the post of duty designated by the Authority). Travel is reimbursed for actual expense not exceeding the following limits:

1. Transportation -
 - a. Air Travel: Commissioners and employees shall utilize economy and/or tourist accommodations. First class travel is not allowed, and
 - b. Automobile: Commissioners and employees using personally owned vehicles will be reimbursed at a rate per mile consistent with the Internal Revenue Service (IRS) or collective bargaining agreements.
2. Hotel - Cost for single occupancy is allowable. If accompanied by a spouse, the difference between a single room rate and the double room rate will be paid by the individual.
Meals - **The following should only be used as a basic guideline. Each Board of Commissioners should establish limits, adopt them by formal Resolution and update them as required.** GSA Schedule may be used as one method or actual receipts.
4. List of taxi fares - to and from.
5. List of phone calls - date - points between which service was rendered (no receipts required).
6. List of faxes - copy of fax must accompany travel vouchers.

B. When an Authority-owned vehicle is not available for use by the Executive Director or other Authority personnel within the limits of the official station, reimbursement for the use of a personally-owned vehicle shall be at the rate per mile consistent with the IRS.

C. In lieu of payment for mileage, the Authority may allow a reasonable monthly flat rate payment to its personnel who regularly use their personally-owned vehicle for Authority business. Documentation for such monthly flat rate shall be maintained by the Authority.

D. Flat rate per diem charges for travel are not allowed.

20. MEMBERSHIP IN ORGANIZATIONS

A. Expenditures for agency membership dues and fees in organizations shall be considered eligible project costs if:

1. The organization furnishes technical or professional information, training, workshops, or other services beneficial to State financed housing programs.
2. The membership is specifically authorized by the Commissioners of the Authority.
3. The organization is not involved solely in political activity.

B. Project costs may include the costs of individual membership of officials or employees in any organization. Approval is through the budgetary process if local agency membership dues and fees are to be included in project costs. For an organization which has not already been found to qualify under the criteria stated above, it will be necessary for the local agency to submit a justification for inclusion of the dues and fees in project costs.

C. Attendance at meetings, conventions, conferences, and seminars shall, as approved through the budgetary process, be limited to the number of persons necessary to cover the meeting adequately as authorized in advance by board action. When more than one person is authorized to attend such meetings, the local agency's records shall be documented with justification to support the approval of multiple coverage. Generally, costs of attendance at conferences, conventions, seminars and meetings of local, regional or national organizations which are devoted to broad and general interest subjects are not classified as staff training. These costs shall be charged to the regular travel expense account. By the way of distinction, Training is concerned primarily with the development of a particular skill through instruction on a systematized basis usually involving a class room situation and some individual attention to the learner. Advance approval shall be obtained for any service training involving a period of more than one week duration. Approval must be granted by the LHA and the CHFA. The CHFA shall review the request from the standpoint of benefits to be derived by the local agency as compared to the costs involved.

21. IDENTIFICATION OF MOTOR VEHICLE EQUIPMENT

All motor vehicle equipment such as cars, trucks, tractors, etc., owned and operated by a Local Housing Authority and charged (meaning purchase, repairs and/or insurance coverage) in whole or in part to State financed housing units, shall have the name of the Authority distinctly and permanently painted or imprinted thereon.

22. LHA EXEMPTION FROM STATE GASOLINE TAX

Local Housing Authorities are exempt from the State Gasoline Tax. Your local dealer should be notified of your exemption in order to make the necessary deductions in your purchases. The Excise Tax Section of the State Tax Department may require a listing of all vehicles and equipment owned by your Authority.

23. ROOM COUNT BASIS FOR PRORATABLE EXPENSES

The room count basis may be used in preparing management plans or operating budgets whenever a housing authority has elderly units along with-family. If no elderly exist then a unit basis may be used. PHA's may direct cost or pro-rate central costs. PHA's may also follow the HUD project-based accounting method.

The demand for service in projects having a larger number of occupants per unit are more likely; requiring more supervision and maintenance. Thus, to permit the use of the unit count as a basis for proration of certain expenses would be unduly allocating to the elderly housing project certain overhead expenses more properly chargeable to the Moderate and/or Low Rents units.

In determining room count, CHFA will accept the following:

1. Room Count
 - a. a kitchen is one room
 - b. a living room is one room
 - c. a full bath is one-half room (lavatory only is one-quarter room)
 - d. each bedroom or other room is counted as one room
2. An elderly efficiency apartment is considered as two and one-half rooms
3. An elderly 1 BR is considered three and one-half rooms

24. SAFETY AND SECURITY PROCEDURES

CHFA and DECD require local housing authority plans for safety and security measures be part of the required management plans submitted annually for review.

This manual includes guidance from FEMA on procedures to address major safety and security threats or emergencies. For routine safety and security, housing authorities are encouraged to establish rapport with local police departments, and outline respective roles and responsibilities in responding to negative incidents. It is further suggested that Housing Authorities implement a Workplace Violence policy.

Housing Authorities must implement a documentation procedure for dealing with reports from tenants of negative incidents. At a minimum, the details of the complaint should include the date, time, persons involved, nature of the incident, follow-up investigation, referrals made for outside services (ie: police, mediation, social services intervention, court, etc) and resolution of the incident. Housing Authorities shall maintain the information at the site or in the central office in a “negative incident” file. CHFA and/or DECD may require reports of the number of negative incidents and nature. Negative incidents include tenant disputes between tenants, and/or involving staff.

**CHFA-HA-101
COMMISSIONERS**

The powers of the Housing Authority are vested in the Commissioners by Section 8-41 of the Connecticut General Statutes (C.G.S.). They are jointly, responsible and accountable for all the Housing Authority does or fails to do. Commissioners exercise their powers by establishing policies and directing the operation of the Housing Authority in accordance with the powers and responsibilities promulgated in the Section 8-44, C.G.S.

A. **Duties of Officers.** The office of Chairperson is established by Section 8-41, C.G.S. Other offices (Vice-Chairperson, Secretary, Treasurer, Assistant Treasurer) and their duties are established in the by-laws. Each Commissioner is selected for an office at the annual meeting.

1. **Chairperson.** The first Chairperson of the Housing Authority is designated by the appointing authority. Subsequent Chairpersons are selected at annual meetings. The duties and responsibilities of the Chairperson may include:
 - a. Presiding at meetings.
 - b. Signing all contracts, deeds and other legal documents, unless another officer or the Executive Director is designated by resolution to do so.
 - c. Acting as the Chief Executive Officer of the Housing Authority if there is no Executive Director.
2. **Vice-Chairperson.** The duties and responsibilities of the Vice-Chairperson may include:
 - a. Performing the duties of the Chairperson in his/her absence.
 - b. Acting as Chairperson if the office is vacant.
3. **Secretary.** The office of Secretary held by a Commissioner must not be confused with the Secretary (Executive Director) employed by the Housing Authority under the provisions of Section 8-41, C.G.S. If the Secretary is absent from a meeting, the Chairperson must appoint one of the Commissioners present to be Secretary Pro Tempore. The duties and responsibilities of the Secretary may include:
 - a. Recording the minutes of all meetings of the Housing Authority and maintain its minute book.
 - b. To perform the duties of Chairperson in the absence of the Chairperson and Vice-Chairperson.
 - c. To keep the seal of the Housing Authority and certify copies of resolutions and other documents.
 - d. To perform the duties normally incident to the office of Secretary.
4. **Treasurer.** The duties-and responsibilities of the Treasurer may include:
 - a. Signing checks.
 - b. Preparing and publishing financial reports and statements.
5. **Assistance Treasurer.** The duties and responsibilities of the Assistant Treasurer may include:
 - a. Performing the duties of the Treasurer in his/her absence.
 - b. Acting as Treasurer if the office is vacant.
6. **Tenant Commissioner.** At least one Commissioner of a Housing Authority must be a tenant who has lived for more than one year in housing owned or managed by the Housing Authority in accordance with the provisions of Section 8-41, C.G.S. This requirement is not applicable if the Housing Authority does not own or manage housing, or if no tenant qualifies.

Tenant Commissioners are prohibited by Section 8-41, C.G.S. from voting on any matter concerning the establishment or revision of rents in any project owned or managed by the Housing Authority.

B. **Subsequent Employment.** Section 8-42(b), C.G.S., prohibits a former Commissioner of a Local Housing Authority (LHA) from being employed by that Authority within two years of leaving office.

C. **Public Office.** Section 8-41, C.G.S., prohibits a Commissioner of a LHA from holding any other public office in the municipality, with the exception of the Justice of the Peace and the Registrar of Voters. The Commissioner of the CHFA will require periodic certifications by the municipal clerk that the Commissioners of the LHA have not acceded to another public office since appointment to the Housing Authority.

D. **Public Officials Liability.** Section 8-41a, C.G.S., charges the LHA with the responsibility of protecting its officials (Commissioners and full time employees) from financial loss and expense, including legal fees and court costs, resulting from any legal action against an official for negligence or civil rights infringements while acting in the discharge of his/her duties. The Housing Authority should take the following actions to reduce the likelihood of negligence or misconduct resulting in litigation:

1. Insure that all Commissioners and the Executive Director have a working knowledge of the Connecticut General Statutes applicable to LHA operations.
2. Insure that all policies and administrative procedures are established in writing and have been reviewed by legal counsel. The CHFA will, on request, review all policies and procedures promulgated by LHA.
3. Insure that all LHA Commissioners and employees understand policies and procedures.
4. Monitor compliance with established policies and procedures.

E. **Compensation.** Commissioners serve without compensation, but may be reimbursed for expenses incurred in the performance of their duties.

F. **Appointment.**

1. **Qualifications.** The appointing authority is responsible to insure that each Commissioner meets the following requirements in accordance with the provisions of S§8-41 and 8-42, C.G.S.:

- a. Is a resident of the municipality.
- b. Holds no other public office in the municipality.
- c. Has no interest, direct or indirect, in any housing project or in any property included or planned to be included in any project, or any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any housing project of the Housing Authority.

2. **Number.** The Housing Authority consists of five Commissioners.

3. **Term.** The first five Commissioners of a Housing Authority are appointed for terms of one, two, three, four and five years, respectively, so that the term of one Commissioner expires each year. The term begins on the first day of the month following the appointment and terminates on the last day of the month designated for that term (e.g., July 1, 1986 through June 30, 1991). A Commissioner will hold office until his/her successor is appointed and has qualified. All subsequent appointments are for terms of five years. Vacancies resulting from change of residence, removal, resignation or death are filled for the unexpired portion of the term.

4. **Certificate of Appointment.** The municipal clerk must provide three certified copies of the appointment with original seals and signatures. One copy is presented to the Commissioner, one copy is retained by the Housing Authority as a permanent record and one copy is forwarded to the Commissioner of the CHFA.

5. **Oath of Office.** The oaths of office for Commissioners is administered by the municipal clerk in the form prescribed in the first paragraph of Section 1-25, C.G.S.

G. Removal.

1. A Commissioner may be removed from office by the appointing authority for one or more of the following reasons in accordance with Section 8-43, C.G.S.:

- a. Inefficiency
- b. Neglect of duty
- c. Misconduct in office

2. A Commissioner should resign from office when he/she no longer meets the qualifications for appointment specified in Section 8-41, C.G.S. Failure to remain qualified is not specifically addressed as grounds for removal in the statutes. Therefore, removal by the appointing authority of Commissioners who fail to resign in such circumstances must be adjudicated on a case-by-case basis.

3. A Commissioner subject to removal must be given a hearing by the appointing Authority not less than ten days after he/she is given a copy of the charges against him/her.

4. The appointing Authority may subpoena any records necessary to investigate the charges against a Commissioner. Any person who willfully refuses to produce such records may be fined up to \$500, imprisoned for six months, or both.

5. If a Commissioner is removed, a record of the proceedings, including the charges and findings must be filed with the municipal clerk.

CERTIFICATE OF APPOINTMENT TO THE HOUSING AUTHORITY OF THE (Municipality)

1. Pursuant to Section 8-41, Connecticut General Statutes. (name) is hereby appointed (First Chairmen)(Commissioner) of the Housing Authority Or the (municipality) for the period (date) through (date), to hold office until his successor is appointed and duly qualified.
2. (name) is a resident of the (municipality).
3. (name) holds no other public office in the (municipality). (Justice of the Peace and Registrar of Voters exempted.)
4. (name) has no interest, direct or indirect, in any housing project or in any property included or planned to be included in any project, or any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any housing project of the Housing Authority of the (municipality).
5. (name) is a tenant who has lived for more than one year in housing (owned) (managed) by the Housing Authority of the (municipality). (Note: this paragraph is applicable to Tenant Commissioners only.)

Date

Name/Title of Chief Executive Officer

CERTIFICATION

I, (name), clerk of the (municipality), hereby certify that:

1. (name) has been duly appointed by the (governing body)(title of chief executive officer) of the (municipality) to the office of (First Chairman) (Commissioner) of the Housing Authority of the (municipality),
2. (name) holds no other public office in the (municipality).
3. I have administered the following oath to (name) on (date):

You do solemnly (swear)(and sincerely affirm and declare) that you will support the constitution of the United States, and the constitution of the State of Connecticut, so long as you continue a citizen thereof; and that you will faithfully discharge, according to law, the duties of the office of Commissioner of the Housing Authority of the (municipality) to the best of your abilities. (So help you God.) (Upon the pains and penalties of perjury or false statement.)

Date
(seal)

Name
Clerk

**CHFA-HA-102
Director**

LOCAL HOUSING AUTHORITY DIRECTORY

Effective Date: _____
Housing Authority Of The _____ **of** _____

COMMISSIONERS

Name: _____ **Office:** _____
Term: _____ **through** _____
 Month/Day/Year Month/Day/Year
Mailing Address: _____

Day Phone: (____) _____
Occupation and business affiliations: _____

Name: _____ **Office:** _____
Term: _____ **through** _____
 Month/Day/Year Month/Day/Year
Mailing Address: _____

Day Phone: (____) _____
Occupation and business affiliations: _____

Name: _____ **Office:** _____
Term: _____ **through** _____
 Month/Day/Year Month/Day/Year
Mailing Address: _____

Day Phone: (____) _____
Occupation and business affiliations: _____

Name: _____ **Office:** _____
Term: _____ **through** _____
 Month/Day/Year Month/Day/Year
Mailing Address: _____

Day Phone: (____) _____
Occupation and business affiliations: _____

Name: _____ **Office:** _____
Term: _____ **through** _____
 Month/Day/Year Month/Day/Year
Mailing Address: _____

Day Phone: (____) _____
Occupation and business affiliations: _____

Executive Director: _____ **E-mail** _____
Office Location: _____ **Phone Number:** (____) _____
Mailing Address: _____ **Fax #** (____) _____
Office Hours: _____ **Outside Office Hours Contact:** _____
Regular Meeting Schedule: _____

Annual Meeting Date: _____

Note: Use additional sheets if necessary

**CHFA-HA-103
CONFLICT OF INTEREST**

A conflict of interest exists when a Commissioner or Executive Director is in a position where his/her private interests, which includes the interests of his/her relatives, close friends and business associates, conflicts with his/her public duty.

A. Conflict of interest, as defined by Section 8-42 of the Connecticut General Statutes (C.G.S), includes any interest, direct or indirect, in any of the following:

1. Any housing project owned or managed by the Housing Authority;
2. Any property included or planned to be included in any housing project by the Housing Authority;
3. Any contract or proposed contract for materials or services in connection with Housing Authority operations; and
4. Occupancy of a dwelling unit owned, managed or assisted by the Housing Authority is not a conflict of interest.

B. A Commissioner must disclose, in writing, any conflict of interest, or the appearance of a conflict of interest, to the Housing Authority. The disclosure must be entered into the minutes of the Authority. Failure to disclose a conflict of interest constitutes misconduct in office under the provisions of Section 8-42, C.G.S., and is grounds for removal from office under Section 8-43, C.G.S.

C. The President of CHFA will, at his/her discretion, investigate any conflict of interest, or the appearance of conflict of interest.

**CHFA-HA-104
BY-LAWS**

The by-laws of the Local Housing Authority contain basic rules relating to the function of the organization. The by-laws should not include rules of order, standing rules, or recapitulate statutory provisions, unless necessary for clarity. Sample bylaws are attached. As a minimum by-laws should include the following:

1. Description and use of the seal;
2. Election procedures, responsibilities and duties.;
3. Meetings;
 - a. Regular meeting schedule,
 - b. Special meetings,
 - c. Emergency meetings,
 - d. Annual meeting, and
 - e. Conduct of meetings.
4. Quorum;
5. Order of business;
6. Resolutions; and
7. Amendments

**BYLAWS
THE HOUSING AUTHORITY
OF THE _____
OF _____**

**ARTICLE I
The Authority**

Section 1. Name. The name of the Authority shall be “The Housing Authority of the _____ of _____.”

Section 2. Seal. The seal of the Authority shall be in the form of a circle and shall bear the name of the Authority and the year of its activation, and the word “Connecticut”.

Section 3. Composition. The Authority shall consist of five commissioners. The powers of the Authority shall be vested in the commissioners in office.

**ARTICLE II
Commissioners**

Section 1. Appointment. The commissioners shall be appointed in accordance with the provisions of Section 8-41, Connecticut General Statutes.

Section 2. Term. The term of each commissioner shall be five years, except that initially four of the five commissioners shall be appointed for terms of one, two, three and four years, so that the term of one commissioner will expire each year.

Section 3. Duties. The commissioners shall perform such duties as are incumbent upon them by reason of appointment under the Connecticut General Statutes and shall perform such other duties and functions as may from time to time be required by the Authority or by the Bylaws, or which may arise by reason of their appointment to serve on committees functioning within the Authority or in cooperation with persons or groups outside the Authority.

Section 4. Compensation. The commissioners shall serve without compensation. From time to time the commissioners may incur expenses incidental to their duties, which may be reimbursed by the Authority.

**ARTICLE III
Officers and Employees**

Section 1. Officers. The officers of the Authority shall be a Chairmen, a Vice Chairman, a Secretary, a Treasurer, and an Assistant Treasurer, all of whom shall be commissioners.

Section 2. Selection of Officers. The Chairman, Vice Chairman, Secretary, Treasurer and Assistant Treasurer shall be elected at the annual meeting of the Authority and shall hold office for one year, or

until his successor is elected and qualified. The first Chairman of the Authority is selected by the appointing authority of the municipality.

Section 3. Vacancies. In the event of a vacancy occurring in the Authority prior to the normal expiration date of a term, the appointing authority of the municipality shall appoint a replacement who shall serve for the remaining portion of the vacated term.

Section 4. Duties of Officers.

a. Chairman. The Chairman shall preside at all meetings of the Authority. Except as otherwise authorized by resolution of the Authority, the Chairman shall sign all contracts, deeds, and other instruments made by the Authority. At each meeting, the Chairman shall submit such recommendations and information as he may consider proper concerning the business affairs and policies of the Authority.

b. Vice Chairman. The Vice Chairman shall perform the duties of the Chairman in the absence or incapacity of the chairman, and in the case of a vacancy in the office of the Chairman.

c. Secretary. The Secretary shall record the minutes of all meetings of the Authority and shall perform all other duties normally incident to the office of secretary. At any regular or special meeting, in the absence of the Secretary, a Secretary pro tempore shall be appointed by the Chairman from among the other Commissioners present. The Secretary shall keep the seal of the Authority and certify all copies of resolutions and other documents.

d. Treasurer. The Treasurer shall sign all orders and checks for the payment of money and shall pay out and disburse such money under the direction of the Authority, except as otherwise authorized by resolution of the authority. The Authority may, by resolution, designate one or more Commissioners to countersign such orders and checks, and from time to time qualify, change or cancel any such designation. The Treasurer shall give bond for the faithful performance of his duties.

e. Assistant Treasurer. The Assistant Treasurer shall perform the duties of the Treasurer in the absence or incapacity of the Treasurer, or, in case of a vacancy in the office of the Treasurer, until such vacancy is filled. The Assistant Treasurer shall give bond for the faithful performance of his duties.

Section 5. Executive Director. The Commissioners shall, at their discretion, appoint one person to fill the office of Executive Director for such term and for such compensation as they may fix. In the event of a vacancy occurring in the office of Executive Director, the Commissioners may designate one of their number to serve in such capacity on a pro tempore basis, without compensation, until such time as a replacement is appointed.

ARTICLE IV

Meetings

Section 1. Regular Meetings. Regular meetings shall be held on _____ the of each month in the calendar year, at _____ and at such time as may be designated by resolution, for the transaction of the business of the Authority. Meetings shall be conducted in accordance with the provisions of Chapter 3, Connecticut General Statutes.

Section 2. Special Meetings. The Chairman and two consenting commissioners may call a special meeting for the purpose of transacting any business designated in the call. Notice of a special meeting shall be given not less than 24 hours prior to the time of such meeting by posting a notice of the time

and place thereof in the office of the municipal clerk at least 24 hours prior to the date set forth in the call for such meeting. No other business may be transacted at such special meeting.

Section 3. Emergency Special Meetings. Special meetings may be called in emergencies as in Section 2, but without 24 hours notice. The minutes of emergency special meetings must be filed with the municipal clerk within 72 hours of the meeting, and must describe the nature of the emergency which precluded 24 hours notice, and the proceedings of the meeting.

Section 4. Annual Meetings. Annual meetings shall be held on _____ the day in _____ for the purpose of electing officers, receiving the annual report and for the conduct of such other business as may come before the meeting.

Section 5. Quorum. Three commissioners shall constitute a quorum for the purpose of conducting the business of the Authority and exercising its powers, and for all other purposes, but a smaller number may meet and adjourn from time to time until a quorum is obtained.

Section 6. Order of Business.

a. Regular Meetings. The order of business at regular meetings shall be as follows:

- (1) Roll call;
- (2) Reading and approval of the minutes of the previous regular meeting and any intervening special or emergency special meeting;
- (3) Bills and communications;
- (4) Report of the Executive Director;
- (5) Reports of committees;
- (6) Unfinished business;
- (7) New business; and
- (8) Adjournment.

b. Special and Emergency Special Meetings. The order of business at special meetings and emergency special meetings may follow that set forth above or may be restricted to action upon the business for which the special meeting is called, as the commissioners shall determine by vote.

Section 7. Manner of Voting. All questions coming before any meeting of the commissioners shall be presented in the form of motions or resolutions. Questions of substance shall be determined by resolutions, the vote on such resolutions to be by roll call. All resolutions shall be submitted in written form and shall be entered in full in the minute book, with the vote of each commissioner indicated therein. All resolutions shall be chronologically numbered on entry.

ARTICLE V Amendments

The bylaws of the Authority shall be amended only by resolution adopted by the affirmative vote of at least three commissioners of the Authority at a regular or special meeting, held after seven days notice in writing of the substance of the proposed amendment. Written notice shall be sent to each commissioner.

**CHFA-HA-105
MEETINGS**

A meeting of the Local Housing Authority is any hearing or other proceeding of a quorum of the Commissioners to discuss or act upon any matter over which the Housing Authority has supervision, control, jurisdiction or advisory powers. A chance encounter or social gathering not planned or intended for the discussion of business is not considered a meeting. Strategy or negotiation sessions with respect to collective bargaining are not meetings. The definition of meetings and adherence to the schedule of regular meetings and the procedures for special and emergency special meetings are critical to insuring compliance with the freedom of information provisions of Chapter 3, C.G.S.

A. Types of Meetings

1. Regular Meetings.

- a. Schedule. The regular meetings of the Authority must be held in accordance with a predetermined, published schedule (i.e., the first and third Wednesdays of each month). This schedule must be adopted by resolution, incorporated in the by-laws and published in the Directory. A requirement of Section 1-21, C.G.S is to file the schedule of regular meetings for the ensuing year with the municipal clerk by January 31 of each year. A change in schedule (e.g., from monthly to semimonthly meetings), must be made by resolution and amendment of the by-laws, published in the Directory and filed with the municipal clerk. No meeting can be held sooner than 30 days after the schedule is filed. If a regular meeting date falls on a holiday, the meeting will be held on the next business day in accordance with the provisions of Section 1-21f, C.G.S.
- b. Location. The location of regular meetings must be established by resolution and published in the Directory. If the regular meeting place is unsafe or inaccessible, the Chairperson may designate an alternate meeting place. The minutes of any meeting held in an alternate location must be filed with the municipal clerk within 72 hours of the meeting and must include the reasons for the change in location and the full proceedings of the meeting in accordance with the provisions of Section 1-21f, C.G.S.
- c. Time. The starting time of the meeting must be established by resolution and published in the Directory.

2. Special Meetings. A special meeting may be called, as required, to handle any business which must be disposed of prior to the next regular meeting in accordance with the provisions of Section 1-21, C.G.S. Notice of the meeting, including time, place and agenda, must be filed with the municipal clerk not less than 24 hours prior to the meeting. Items not on the agenda may not be raised at special meetings. Notice of special meetings must be delivered to the home of each Commissioner prior to the meeting. Commissioners may file a written waiver of the notice requirement with the Secretary of the Housing Authority to permit notice by telephone or other means.
3. Emergency Special Meetings. Special meetings may be called, in emergencies, without 24 hours notice in accordance with Section 1-21, C.G.S. The minutes of emergency special meetings must be filed with the municipal clerk within 72 hours of the meeting, and must describe the nature of the emergency which precluded 24 hours notice, and the proceedings of the meeting.

4. Annual Meetings. Annual Meetings are regularly scheduled meetings at which the principal items on the agenda are the election of officers and approval of the Annual Report. The date of the Annual Meeting must be published in the Directory.
 5. Executive Session. An executive session of the Housing Authority is limited to the Commissioners and anyone designated by them to present testimony or opinion pertinent to the subject at hand. An executive session may be held provided two-thirds of the Commissioners present vote to do so, the vote is conducted in public, and the reason for the executive session is stated and recorded in the minutes. Executive sessions are governed by Section 1-18a(e) and 1-21g, C.G.S.
- B. Agenda: The agenda for each meeting must be available in the office of the Housing Authority not less than 24 hours prior to the meeting. If the Housing Authority does not have an office, the agenda must be filed with the municipal clerk in accordance with Section 1-21, C.G.S.

**CHFA-HA-106
MINUTES**

Minutes of all regular meetings, special meetings and emergency special meetings must be kept in a formal minute book with sequentially numbered pages. As a minimum the minutes must include the following:

1. Date of the meeting;
2. Treasurer's report;
3. Disposition of all items on the agenda;
4. Resolutions numbered chronologically;
5. Approval of payment of invoices;
6. Names of all persons in attendance during executive sessions (except job applicants being interviewed);
7. The votes of each Commissioner on all issues; and
8. Signed and dated by the secretary of the Local Housing Authority.

The votes of each Commissioner shall be reduced to writing and made available for public inspection within 48 hours and shall also be recorded in the minutes of the session at which taken, which minutes shall be available for public inspection within seven days of the session to which they refer, as required by Section 1-21, of C.G.S.

**CHFA-HA-114
ANNUAL REPORT**

The Local Housing Authority must prepare an annual report on its activities in accordance with the provisions of Section 8-63, C.G.S. Normally, the report is included as a part of the annual report of the municipality. In general, the format, content and completion date of the report are prescribed by the municipality. As a minimum, the Housing Authority's portion of the report must contain the following information:

- A. Summary of programs administered by the Housing Authority during the year.
- B. Summary of rehabilitation or modernization work completed, in progress or proposed during the year.
- C. Summary of new projects completed, in progress or proposed during the year.
- D. Summary of legislative or other recommendations made pursuant to Section 8-63, C.G.

Distribution of the annual report should be as follows:

- A. File a copy with the municipal clerk in accordance with procedures established by the municipality.
- B. Retain one copy of the report as a permanent public record.
- C. Submit one copy of the report to the CHFA upon publication of the Municipal Report.
- D. Failure to file and submit copies to CHFA may jeopardize current or future funding from CHFA.

Glossary

<u>Terms Used to Compute the Rent</u>	
Family Income	The total gross annual income received by all persons residing in the unit.
Adjusted Gross Income	The family income less all allowable deductions.
Adjusted Monthly Income	The adjusted income divided by twelve (12).
Current Approved Percentage	The percentage by which the adjusted monthly income is multiplied to determine whether the tenant will pay more than the base rent. The percentage of income must be established by the owner and approved by the president of CHFA.
Utility Allowance	The owner's estimate of the average monthly utility bills (gas, electric, water, sewer, oil, propane) for an energy conscious household. This estimate considers only utilities paid directly by the tenant. If all utilities are included in the rent, there is no utility allowance.
Tenant Rent	The greater of the adjusted monthly rent (based on percentage of income) or the base rent.
Total Monthly Surcharge	Two percent (2%) of the adjusted gross income that is in excess of the continued occupancy limit.
Total Monthly Payment	The total monthly surcharge added to the tenant's rent.
Base Rent	The minimum rent that must be charged to meet all of the complex's operating expenses. This rent is established on the Management Plan (i.e. the operating budget) for each complex. State rental increases must be phased in \$1-25 in 1 year; \$26-50 in 2 years. \$51-100 in 3 years. Over \$100 needs approval from CHFA. [Regulations 8-79a-14]
Available Monthly Income	The adjusted monthly income multiplied by the current approved percentage.
Adjusted Monthly Rent	The available monthly income minus the Utility Allowance.

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Adjusted Gross Income – Elderly/Congregate Program	The gross family income less annual medical expenses not covered by insurance, which exceeds 3% of the gross family income.
<p><u>Congregate Program</u></p> <p>Monthly Allowable Deductions</p>	There are four (4) monthly deductions subtracted from the tenant’s monthly income to determine the monthly income available for services. The approved deductions are from DECD
Monthly Income Available for Services	An amount equal to the Monthly Income less the sum of the Monthly Allowable Deductions, the Monthly Income Available for Rent, and the applicable Utility Allowance
Per Unit, Per Month (PUM) Cost of Congregate Services	This amount is determined as follows: {Total Cost of Congregate Services divided by 12} divided by {Total Number of Units in the Complex} = the PUM for Congregate Services.
<p>Total Tenant Payment to the Owner</p> <p><u>Fair Housing</u></p>	An amount equal to the sum of the Monthly Income Available for Rent and the Monthly Income Available for Services.
Accessible (FH Act)	When used with respect to the public and common use areas of a building containing covered multifamily dwellings, means that the public or common use areas of the building can be approached, entered, and used by individuals with physical impairments (handicaps). The phrase <i>readily accessible to</i> , and <i>usable by</i> , is synonymous with accessible. A public or common use area that complies with the appropriate requirements of ANSI (American National Standards Institute) A117.1-1986 or a comparable standard is accessible within the meaning of this paragraph
Accessible Route	A continuous unobstructed path connecting accessible elements and spaces in a building or within a site that can be negotiated by a person with a severe disability using a wheelchair and that is also safe for and usable by people with other disabilities. Interior accessible routes may include corridors, floors, ramps, elevators, and lifts. Exterior accessible routes may include parking access aisles, curb ramps, walks, ramps, and lifts. A route that complies with the appropriate requirements of ANSI (American National Standards Institute) A117.1-1986 or a comparable standard is an accessible route.
Adaptability	The ability of certain elements of a dwelling unit, such as

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(Section 504)	kitchen counters, sinks, and grab bars, to be added to, raised, lowered, or otherwise altered, to accommodate the needs of persons with or without disabilities (handicaps), or different types or degrees of disability. For example, in a unit adaptable for a hearing-impaired person, the wiring for visible emergency alarms may be installed, but the alarms need not be installed until such time as the unit is made ready for occupancy by a hearing-impaired person.
Alteration (Section 504)	Any change in a facility or its permanent fixtures or equipment. It includes, but is not limited to, remodeling, renovation, rehabilitation, reconstruction, changes or rearrangements in structural parts, and extraordinary repairs. It does not include normal maintenance or repairs, reroofing, interior decoration, or changes to mechanical systems.
Auxiliary Aids (Section 504)	Services or devices that enable persons with impaired sensory, manual, or speaking skills to have an equal opportunity to participate in, and enjoy the benefits of, programs or activities receiving Federal financial assistance. For example, auxiliary aids for persons with impaired vision may include readers, Brailled materials, audio recordings, and other similar services and devices. Auxiliary aids for persons with impaired hearing may include telephone handset amplifiers, telephones compatible with hearing aids, telecommunications devices for deaf persons (TTYs), interpreters, notetakers, written materials, and other similar services and devices.
Disability (Handicap) (Section 504) [as defined for Civil Rights Protections]	Any condition or characteristic that renders an individual <i>a person with disabilities</i> (handicaps).

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Fair Housing Act	Title VII of the Civil Rights Act, 42 U.S.C. 3601. The Fair Housing Act is a broad statute that prohibits discrimination based upon race, color, religion, sex, national origin, disability, or familial status in most housing and housing-related transactions
Familial Status	One or more individuals (who have not attained the age of 18 years) being domiciled with: 1. A parent or another person having legal custody of such individual or individuals (regardless of age or number of children); or 2. The designee of such parent or other person having such custody, with the written permission of such parent or another person. <i>The protections afforded against discrimination on the basis of familial status shall apply to any person who is pregnant or is in the process of securing legal custody of any individual who has not attained the age of 18 years. [24 CFR 100.20]</i>
Federal Financial Assistance (Section 504)	Any assistance provided or otherwise made available by the Department through any grant, loan, contract, or any other arrangement, in the form of: 1. Funds; 2. Services of Federal personnel; or 3. Real or personal property or any interest in such property, including: a. Transfers or leases of the property for less than fair market value or for reduced consideration; and b. Proceeds from a subsequent transfer or lease of the property if the Federal share of its fair market value is not returned to the Federal Government. Federal financial assistance includes community development funds in the form of proceeds from loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended, but does not include assistance made available through direct federal procurement contracts or payments made under these contracts or any other contract of insurance or guaranty. [24 CFR 8.3]

<p>Federally Assisted Housing</p>	<p>Includes housing assisted under any of the following programs:</p> <ol style="list-style-type: none"> 1. Public housing; 2. Housing receiving project-based or tenant based assistance under Section 8 of the U.S Housing Act of 1937 (42 U.S.C. 1437f); 3. Housing that is assisted under section 202 of the Housing Act of 1959, as amended by section 801 of the National Affordable Housing Act (12 U.S.C. 1701q); 4. Housing that is assisted under section 202 of the Housing Act of 1959, as such section existed before the enactment of the National Affordable Housing Act; 5. Housing that is assisted under section 811 of the National Affordable Housing Act (42 U.S.C 8013); 6. Housing financed by a loan or mortgage insured under section 221(d)(3) of the National Housing Act of (12 U.S.C. 1715l(d)(3)) that bears interest at a rate determined under the provision of section 221(d)(5) of such Act (12 U.S.C. 1715l(d)(5)); 7. Housing insured, assisted, or held by HUD or by a State or local agency under section 236 of the National Housing Act (12 U.S.C. 1715z-1); or 8. Housing assisted by the Rural Housing Service under section 514 or section 515 of the Housing Act of 1949 (42 U.S.C. 1483, 1484). <i>[24 CFR 5.100]</i>
<p>Prohibited Bases</p>	<p>Civil rights statutes establish the demographic categories by which discrimination is prohibited. HUD refers to these categories as “prohibited bases.” For instance, under the Fair Housing Act, the prohibited bases are race, color, religion, sex, national origin, familial status, and disability. It is more inclusive and explanatory than the term “protected classes,” because it does not categorize people into sets of classes (e.g., male, female, White, Black, Asian, Native American, Pacific</p>

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	Islander, Hispanic, Non-Hispanic, Christian, Jewish, Muslim, Buddhist).
Qualified Persons with Disabilities (Individual with Handicaps) ¹	An individual with disabilities (handicaps) who meets the essential eligibility requirements for participation in, or receipt of benefits from, that program or activity. "Essential eligibility requirements" include stated eligibility requirements such as income as well as other explicit or implicit requirements inherent in the nature of the program or activity, such as requirements that an occupant of multifamily housing be capable of meeting the recipient's selection criteria and be capable of complying with all obligations of occupancy with or without supportive services provided by persons other than the recipient. For example, a chronically mentally ill person whose particular condition poses a significant risk of substantial interference with the safety or enjoyment of others or with his or her own health or safety in the absence of necessary supportive services may be "qualified" for occupancy in a project where such supportive services are provided by the recipient as part of the assisted program. The person may not be "qualified" for a project lacking such services. <i>[Relevant language excerpted from 24 CFR 8.3]</i>
Recipient (Section 504)	Any State or its political subdivision, any instrumentality of a State or its political subdivision, any public or private agency, institution, organization, or other entity, or any person to which federal financial assistance is extended for any program or activity directly or through another recipient, including any successor, assignee, or transferee of a recipient, but excluding the ultimate beneficiary of the assistance. An entity or person receiving housing assistance payments from a recipient on behalf of eligible families under a housing assistance payments program or a voucher program is not a recipient or subrecipient merely by virtue of receipt of such payments. <i>[24 CFR 8.3]</i>
Section 504	Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, as it applies to programs or activities receiving Federal financial assistance. <i>[24 CFR 8.3]</i>
Title VI-D	Title VI, Subtitle D of the Housing and Community Development Act of 1992 authorizes owners of certain HUD multifamily assisted developments to elect to serve elderly families, to limit the numbers of disabled families residing in a project or to adopt preferences for elderly families, depending

	upon the type of project and whether certain requirements are met. See paragraph 2-10 for a discussion on the applicability of this Act.
<p>Sec. 8-37ee-301. Definitions All terms defined in Section 8-37ee-1 of the Regulations of Connecticut State Agencies shall have the meanings set forth there. The following apply to Section 8-37ee-300 through Section 8-37ee-314 of the Regulations of Connecticut State Agencies:</p>	<p>(1) "Least likely to apply" means those persons who, in the main, do not live in the area of the development because of racial or ethnic patterns, perceived community attitudes, price or other factor, and thus need additional outreach to inform them of their opportunity to live in the development. In predominantly white areas, these shall be minority groups; in predominantly minority areas, these shall be white groups.</p> <p>(2) "Recipient" means a person, organization or individual who applies or may receive state financial assistance from the department.</p> <p>(3) "Resident" means a person, including an applicant, living or working in the municipality in which the housing is located. Durational residency requirements are not permitted.</p>
<p><u>Homeless Program</u></p> <p>Rooming Houses</p>	<p>Applicants must be homeless persons referred by an emergency shelter, municipal welfare department, the Department of Social Services, the Department of Human Resources, or the Department of Income Maintenance.</p>
<p>Transitional Housing</p>	<p>Applicants must have received emergency shelter services or shelter services for battered women within six months prior the date of application. Applicants must also be referred by an emergency shelter, municipal welfare department, the Department of Social Services.</p>
<p>Emergency Shelter</p>	<p>A privately or publicly supported structure designed to house persons on a temporary basis for whom shelter is not otherwise available.</p>
<p>Emergency Shelter Services</p>	<p>The provision of temporary housing to homeless persons.</p>
<p>Homeless Person</p>	<p>Any person who does not have overnight shelter or sufficient income or resources to secure such shelter.</p>
<p><u>LEC's</u> <u>Terms Used to Compute</u></p>	

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<u>the Carrying Charge</u>	
Gross Family Income	The total gross annual income received by all persons residing in the unit.
Adjusted Gross Income	The Family Income less all allowable deductions.
Monthly Adjusted Gross Income	The Adjusted Gross Income divided by twelve (12).
Carrying Charge	The amount, excluding any security deposits, membership fees or down payments, payable by each resident for occupancy of a dwelling unit, whether or not such dwelling unit is owned or operated on a landlord-tenant or home ownership basis, or as a condominium or cooperative.
Established Carrying Charge	The minimum carrying charge that must be collected from each family to meet all of the complex's operating expenses. This carrying charge is established on the Management Plan (i.e., the operating budget) for the complex.
Income Based Carrying Charge	The carrying charge determined by multiplying the residents' Monthly Adjusted Gross Income by the Current Approved Percentage.
Current Approved Percentage	The percentage by which the Monthly Adjusted Gross Income is multiplied to determine the Income Based Carrying Charge, to a maximum of 30%. The percentage must be established by the owner and approved by the President of CHFA.
Utility Allowance	The Cooperative's estimate of the average monthly utility bills (except telephone, cable, and internet) for an energy-conscious household. This estimate considers only utilities paid directly by the resident. If all utilities are included in the carrying charge there is no utility allowance.