**RENTAL HOUSING POLICIES AND PROCEDURES FOR

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

#### I. Purpose

This program will provide good quality affordable rental housing to low and very low income families.

#### II. AUTHORITY

The legal authority of this project comes from the working agreement with City of Chattanooga

#### III. PROGRAM RESOURCES

The source of funds for the undertaking of these activities is a grant in the amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ which \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ has been awarded by City of Chattanooga through the U.S. Department of Housing and Urban Development Home Investment Partnership Act.

#### IV. APPLICABLE LAWS

The City of Chattanooga and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are required to abide by a number of State and Federal laws, and may be required to sign documents certifying their compliance.

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

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

3. Standard Equal Opportunity Construction Contract specifications

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

 5. Title VI of Civil Rights Act of 1964 Provisions

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

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

 8. Age Discrimination Act of 1975 Provisions

 9. Section 504 Affirmative Action for Handicapped Provisions

 10. Lead-based Paint Hazard Provisions

 11. Access to Records/Maintenance of Records Provisions

 12. Conflict of Interest Provisions

 13. Certification of Bidder Regarding Equal Employment Opportunity

 14. Certification of Bidder Regarding Section 3 and Segregated Facilities

 15. Contractor Section 3 Plan Format

 16. Subcontractor Certification Regarding Equal Employment Opportunity

 17. Subcontractor Certification Regarding Section 3 and Segregated Facilities

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

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

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

 21. Drug Free Workplace policy

#### V. AFFIRMATIVE MARKETING PROCEDURES

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is committed to non-discrimination and equal opportunity in housing, and will seek to attract eligible tenants from all racial, ethnic and gender groups. In order to inform the public and potential tenants of available housing units, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ will:

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

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

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

#### VI. TENANT SELECTION - INCOME DETERMINATION

**a. ANNUAL INCOME (GROSS INCOME)** - The City of Chattanooga uses the Part 5 income definition in determining the annual income (gross income) used to classify a household for purposes of eligibility. Annual income means all amounts, monetary or not, which

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

2. Annual Gross Income is "anticipated" to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date based on current circumstances or known upcoming changes. In other words, it is the household’s *future or expected* ability to pay rather than its past earnings that is used to determine program eligibility. If it is not feasible to anticipate a level of income over a 12-month period, the income anticipated for a shorter period may be annualized, subject to a re-determination at the end of the shorter period; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Assets above and below $5,000 are treated differently.

 a. If the family's assets are $5,000 or less, actual income from assets (e.g., interest on a checking account) is counted as annual income.

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

 i. actual income from assets, or

 ii. imputed income from assets based on a passbook rate applied to the cash value of all assets.

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

 a. The value to be included as an asset is the difference between the cash value of the asset and the amount that was actually received (if any) in the disposition of the asset.

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

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

**D. ASSET INCLUDE:**

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

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

 3. Equity in real property or other capital investments. Equity if the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.

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

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

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

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

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

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

 10. Cash value of life insurance policies.

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

**e. ASSETS DO NOT INCLUDE:**

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

 2. Interest in Indian Trust lands

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

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

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

 5. Vehicles especially equipped for the handicapped.

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

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

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

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

 3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (F)(2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family. Where the Family has Net Family Assets in excess of $5,000, Annual Income shall include the greater of the actual income derived from net family assets or a percentage of the value of such Assets based on the current passbook saving rate, as determined by HUD;

 4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except Supplemental Security Income (SSI) or Social Security).

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

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

 a. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

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

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

 8. All regular pay, special pay and allowances of a member of the Armed Forces.

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

 1. Income from employment of children (including foster children) under the age of 18 years;

 2. Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone;

 3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except for payments in lieu of earnings – see paragraph (F)(5) of Income Inclusions).

 4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

 5. Income of a live-in aide;

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

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

 8. a. Amounts received under training programs funded by HUD;

 b. Amounts received by a Disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

 c. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care etc.) which are made solely to allow participation in a specific program;

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

 9. Temporary, nonrecurring or sporadic income (including gifts);

 10. Reparation payments paid by a foreign government pursuant to claims under the laws of that government by persons who were persecuted during the Nazi era;

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

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

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

 14. Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.

 15. Amounts received by the family in the form of refunds or rebates under state or local law from property taxes paid on the dwelling unit.

 16. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.

 17. Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions apply.

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

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

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

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

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

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

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

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

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

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

 k. Any earned income tax credit to the extent it exceeds income tax liability;

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

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

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

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

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

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

 3. Households must qualify as low income at the time of occupancy or at the time funds are invested, whichever is later.

**I. INCOME VERIFICATION** - Grantees must verify and retain documentation of all information collected to determine a household's income. Under the grant programs, there are three forms of verification which are acceptable: third-party, review of documents, and applicant certification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

 3. EARNED INCOME OF MINORS - Earned income of minors (age 17 and under) is not counted. However, unearned income attributable to a minor (e.g., child support, AFDC payments, and other benefits paid on behalf of a minor) is counted.

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

 5. ADULT STUDENTS LIVING AWAY FROM HOME - If the adult student is counted as a member of the household in determining the Income Limit used for eligibility of the family, the student's income must be counted in the family's income.

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

#### VII. TENANT SELECTION - APPLICATION PROCESS

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

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

 1. pay stubs;

 2. certified statements from employers;

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

 4. income tax returns;

 5. bank statements; and

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

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

 1. a valid Section 8 Voucher or Certificate;

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

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

 4. other verifiable evidence acceptable to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

D. The applicant must qualify for housing and the size and type available.

 1. Households which meet the following criteria will qualify for a two-bedroom unit:

 a. Households of two persons in which one person is handicapped or disabled and must have a separate bedroom because of the nature of the handicap or disability.

 b. Households consisting of two parents or a single parent and one child or two children of the same gender.

 c. Households consisting of two to four related adults of different generations.

 d. Other households as determined by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 2. Households which meet the following criteria will qualify for a three-bedroom unit:

 a. Households consisting of two parents and one child or two children of the same gender in which one of the parents is handicapped or disabled and needs a separate bedroom because of the nature of the handicap or disability.

 b. Households consisting of a single parent or two parents and two children of different gender.

 c. Households consisting of a single parent or two parents, one or two grandparents, and one or more children.

 d. Households consisting of five (5) or more persons.

 e. Other households as determined by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

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

#### viiI. TENANT SELECTION - INITIAL SELECTION PROCEDURES

A. The initial selection process shall apply only to those applicants who apply by or before \_\_\_\_\_\_\_\_\_\_\_\_\_\_ days after an advertisement announcing the availability of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ units for rent are first published in a local newspaper.

B. All applicants who qualify for the initial selection procedure and who meet the Eligibility Criteria shall be ranked according to the date of application as described above. Selections shall begin with the applicant with the earliest application and appropriate family composition for the first available unit and proceed in chronological order to the next application and so forth until all units are initially rented.

C. In the event that there is more than one applicant with the same date of application, the unit will be allocated as follows:

1. If the applicants have the same date of application, preference shall be given to the applicant who in the judgement of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is best suited for participation in the project, all factors considered.

2. The judgement and determination shall be made only by the City of Chattanooga, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Board of Directors, its Executive Committee, or a special appointed by the owner/Board for the purpose of making such selections.

#### iX. TENANT SELECTION - PERMANENT SELECTION PROCEDURE

A. After the initial selection procedure, all applicants who meet the eligibility criteria, including those left in the initial applicant pool, will be placed on a waiting list for an appropriate unit (determined by number of bedrooms).

B. Each waiting list will be organized according to chronological order, based on the date of the applications.

#### X. TENANT SELECTION - NOTIFICATION PROCEDURES

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

B. All applicants who are placed on a waiting list will be so notified.

#### XI. TENANT LEASE PROTECTIONS

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

B. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ may not terminate the tenancy or refuse to renew the lease of a tenant except for serious or repeated violation of the terms of the lease; for violation of applicable federal, state or local law; or for other good cause. Any termination of refusal to renew must be preceded by not less than 30 days by the owner's service upon the tenant of a written notice specifying the grounds for the action.

C. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ must maintain the total development in compliance with all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code, assisted rental new construction must meet the Standard Building Code and HOME-assisted rental rehabilitation must meet the Standard Housing Code. All other assisted rental housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the Section 8 housing quality standards.

D. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ may not refuse to lease an assisted unit to a family which holds a rental certificate (Rental Certificate Program) or a rental voucher (Rental Voucher Program) or a comparable document.

E. Certain Lease Terms are prohibited. These include:

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

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

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

 3. *Excusing the owner from responsibility -* Agreement by the tenant not to hold the owner or the owner's agents legally responsible for actions or failure to act, whether intentional or negligent.

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

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

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

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

 8. *Tenant chargeable with cost of legal actions regardless of outcome -*  Agreement be the tenant to pay attorney fees or other legal costs even if the tenant wins the court proceeding be the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

#### XII. SECURITY DEPOSITS

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

#### XIii. RENT LEVELS

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

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

#### XiV. INCOME RECERTIFICATON

A. As long as the rental unit is governed by the "affordability period", tenant income must be rechecked and re-certified on an annual basis. In most cases, the minimum affordability period is five (5) years from the date the unit is first rented. The annual re-certification is required by the federal regulations and helps to insure that the program continues to serve low or very low income households.

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

#### XV. RANKING SYSTEM DEFINITIONS

**FULL-TIME EMPLOYMENT**

A job at which a person regularly spends 31 or more hours per week.

**HANDICAPPED OR DISABLED**

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

**HOMELESS**

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

**HOUSEHOLD**

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

**INVOLUNTARILY DISPLACED**

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

**MORE THAN 50% OF INCOME FOR HOUSING**

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

**OVERCROWDED CONDITIONS**

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

**PART-TIME EMPLOYMENT**

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

**SUBSTANDARD HOUSING**

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