

Rockville Housing  
Enterprises

5 Year Plan 2020-2024



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### **5 Year/Annual Plan**

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# TAB 1



<b>1.0</b>	<b>PHA Information</b> PHA Name: <u>Rockville Housing Enterprises</u> PHA Code: <u>MD007</u> PHA Type: <input checked="" type="checkbox"/> Small <input type="checkbox"/> High Performing <input type="checkbox"/> Standard <input type="checkbox"/> HCV (Section 8) PHA Fiscal Year Beginning: (MM/YYYY): <u>10/2019</u>																										
<b>2.0</b>	<b>Inventory</b> (based on ACC units at time of FY beginning in 1.0 above) Number of PH units: <u>108</u> Number of HCV units: <u>419</u>																										
<b>3.0</b>	<b>Submission Type</b> <input checked="" type="checkbox"/> 5-Year and Annual Plan <input type="checkbox"/> Annual Plan Only <input type="checkbox"/> 5-Year Plan Only																										
<b>4.0</b>	<b>PHA Consortia</b> <input type="checkbox"/> PHA Consortia: (Check box if submitting a joint Plan and complete table below.)																										
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width:35%;">Participating PHAs</th> <th rowspan="2" style="width:10%;">PHA Code</th> <th rowspan="2" style="width:25%;">Program(s) Included in the Consortia</th> <th rowspan="2" style="width:20%;">Programs Not in the Consortia</th> <th colspan="2" style="width:10%;">No. of Units in Each Program</th> </tr> <tr> <th style="width:5%;">PH</th> <th style="width:5%;">HCV</th> </tr> </thead> <tbody> <tr> <td>PHA 1:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>PHA 2:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>PHA 3:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Participating PHAs	PHA Code	Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program		PH	HCV	PHA 1:						PHA 2:						PHA 3:					
Participating PHAs	PHA Code					Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program																			
		PH	HCV																								
PHA 1:																											
PHA 2:																											
PHA 3:																											
<b>5.0</b>	<b>5-Year Plan.</b> Complete items 5.1 and 5.2 only at 5-Year Plan update.																										
<b>5.1</b>	<b>Mission.</b> State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years: Rockville Housing Enterprises' mission for serving the needs of low-income, very low-income, and extremely low income families is to be an effective innovative public agency dedicated to enhancing opportunities for self-sufficiency and quality, affordable housing for the citizens of the City of Rockville.																										
<b>5.2</b>	<b>Goals and Objectives.</b> Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan. <ul style="list-style-type: none"> <li>• Expand the supply of assisted housing             <ul style="list-style-type: none"> <li>○ Sustain 98% utilization in the Housing Choice Voucher Program</li> <li>○ Convert the public housing portfolio to Project Based Vouchers</li> </ul> </li> <li>• Improve the quality of assisted housing             <ul style="list-style-type: none"> <li>○ Achieve High Performer status in PHAS and SEMAP</li> </ul> </li> <li>• Increase assisted housing choices             <ul style="list-style-type: none"> <li>○ Conduct outreach efforts to potential voucher landlords</li> </ul> </li> <li>• Improve community quality of life             <ul style="list-style-type: none"> <li>○ Continue to implement security improvements with the RHE portfolio; increase resident oriented activities.</li> </ul> </li> <li>• Promote self-sufficiency of families and individuals             <ul style="list-style-type: none"> <li>○ Provide or attract supportive services to improve program participant employability</li> </ul> </li> <li>• Equal Opportunity in housing             <ul style="list-style-type: none"> <li>○ Continue affirmative measures to ensure access to assisted housing regardless of race, color, religion, national origin, familial status and disability.</li> <li>○ Ensure accessible housing to persons with all varieties of disabilities regardless of unit size required.</li> </ul> </li> </ul> <p>Progress Report – Previous Five Year Plan Goals</p> <ul style="list-style-type: none"> <li>• Continue to be a High Performer under SEMAP and Standard Performer under PHAS.</li> <li>• Operate a successful Homeownership Voucher Program.</li> <li>• Operated a successful PH and HCV Family Self sufficiency program with 5 families graduating and reaching their goals.</li> <li>• RHE purchased Fireside Park Apartments a 236 unit multifamily apartment complex that provides 3 public housing units. RHE is underway with the successful refinance</li> </ul>																										



6.0	<p><b>PHA Plan Update</b></p> <p>(a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission:</p> <ol style="list-style-type: none"> <li>1. RHE seeks to be designated as a Move to Work Agency.</li> <li>2. Housing Choice Voucher Administrative Plan</li> <li>3. Public Housing Admissions and Continued Occupancy Plan – <ol style="list-style-type: none"> <li>a. Implementation of the over income rules</li> </ol> </li> <li>4. Refinance and Rehabilitation of the Fireside Park Apartments, adding one additional ACC unit for a total of 4 ACC units and 14 PBVs.</li> </ol> <p>(b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions.</p> <p style="padding-left: 40px;">Rockville Housing Enterprises 621 A Southlawn Lane Rockville MD, 20850 <a href="http://www.rockvillehe.org">www.rockvillehe.org</a></p>
7.0	<p><b>Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers.</b> <i>Include statements related to these programs as applicable.</i></p> <p>Rockville Housing Enterprises is planning on converting all of the David Scull and scattered site units of public housing to Project Based Vouchers. This conversion will involve the disposition of the unit to a non profit RHE Affiliate.</p> <p>RHE may purchase additional Moderately Priced Dwelling Units (MPDUs) or other real estate including but not limited to single family, multi-family or other HUD assisted units for the purpose of providing housing in order to help maintain the supply of affordable housing in the City of Rockville. RHE may make these purchases through a mixed finance structure or conventional financing.</p> <p>RHE will continue to operate a Housing Choice Voucher Homeownership Program and Project Based Voucher Program</p> <p>In December 2012 RHE purchased Fireside Park Apartments, 236 multi-family dwelling complex. 50% of the units have market rents, 50% of the unit have affordable rents.</p>
8.0	<p><b>Capital Improvements.</b> Please complete Parts 8.1 through 8.3, as applicable.</p>
8.1	<p><b>Capital Fund Program Annual Statement/Performance and Evaluation Report.</b> As part of the PHA 5-Year and Annual Plan, annually complete and submit the <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i>, form HUD-50075.1, for each current and open CFP grant and CFFP financing.</p>
8.2	<p><b>Capital Fund Program Five-Year Action Plan.</b> As part of the submission of the Annual Plan, PHAs must complete and submit the <i>Capital Fund Program Five-Year Action Plan</i>, form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan.</p>
8.3	<p><b>Capital Fund Financing Program (CFFP).</b></p> <p><input type="checkbox"/> Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements.</p>



9.0	<p><b>Housing Needs.</b> Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.</p> <p>RHE's public housing waiting list has approximately 4227 families and RHE's housing choice voucher waiting list has approximately 4524 families.</p> <ul style="list-style-type: none"> <li>• There are approximately 26,000 total housing units.</li> <li>• Of the total housing units, 95.8% of the are occupied.</li> <li>• Of the occupied units, 60% are owner-occupied and 40% are renter-occupied.</li> <li>• Approximately 2,500 units are affordable (existing housing stock with or without income restrictions) for moderate- or low-income households.</li> <li>• Over half of the housing stock was built between 1950 and 1980, and another 23% of the stock was built between 1990 and the present.</li> <li>• Nearly 49% of renters and 43% of homeowners spend more than 30% of household income on rent or mortgage payments.</li> <li>• The City of Rockville has one of the highest average rents in the County. The average monthly rent in Rockville was \$1,802 in 2016 compared to a Montgomery County average of \$1,647.</li> <li>• The median home value in 2016 was \$499,400 compared to \$460,100 for Montgomery County.</li> </ul> <p><u>Housing Needs</u></p> <ul style="list-style-type: none"> <li>• With Rockville's high cost of housing, there is an ongoing need for more affordable and workforce housing. This is demonstrated by the percentage of households with housing cost burdens — households paying 30% or more of their gross income on mortgage/rent and utilities. Below is an illustration of percent of households who are cost-burdened by income levels.</li> </ul>
9.1	<p><b>Strategy for Addressing Housing Needs.</b> Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. <b>Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.</b></p> <p>RHE's strategy to address the housing needs of families in the jurisdiction and on the waiting list in the upcoming year is to</p> <ul style="list-style-type: none"> <li>• Continue to maintain quality housing,</li> <li>• When available and if financial resources permit, purchase additional Moderately Priced Dwelling Units or other real estate to increase the housing supply</li> </ul>
10.0	<p><b>Additional Information.</b> Describe the following, as well as any additional information HUD has requested.</p> <p>(a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year Plan.</p> <ul style="list-style-type: none"> <li>• Continue to be a High Performer under SEMAP and Standard Performer under PHAS.</li> <li>• Operate a successful Homeownership Voucher Program.</li> <li>• Operated a successful PH and HCV Family Self sufficiency program with 5 families graduating and reaching their goals.</li> <li>• RHE is in the process of refinancing and rehabilitating Fireside Park Apartments a 236 unit multifamily apartment complex that provides 3 public housing units</li> </ul> <p>(b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA's definition of "significant amendment" and "substantial deviation/modification"</p> <p>RHE will consider the addition or deletion of any of the programs or actions noted in section 7.0 above a signification amendment or substantial deviation/modification.</p> <p>A "significant amendment" and "substantial deviation/modification" from the PHA Plan will exclude changes implemented to comply with new HUD Regulations or PIH Notices for administration the Housing Choice Voucher Program or Public Housing Program.</p>



- 11.0 Required Submission for HUD Field Office Review.** In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. **Note:** Faxed copies of these documents will not be accepted by the Field Office.
- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations* (which includes all certifications relating to Civil Rights)
  - (b) Form HUD-50070, *Certification for a Drug-Free Workplace* (PHAs receiving CFP grants only)
  - (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions* (PHAs receiving CFP grants only)
  - (d) Form SF-LLL, *Disclosure of Lobbying Activities* (PHAs receiving CFP grants only)
  - (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet* (PHAs receiving CFP grants only)
  - (f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations.
  - (g) Challenged Elements
  - (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report* (PHAs receiving CFP grants only)
  - (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan* (PHAs receiving CFP grants only)



Capital Fund Program - Five-Year Action Plan

Status: Approved

Approval Date: 06/20/2019

Approved By: JENKINS, CHRISTINE

Part I: Summary						
PHA Name : Rockville Housing Enterprises		Locality (City/County & State)				
PHA Number: MD007		<input checked="" type="checkbox"/> Original 5-Year Plan		<input type="checkbox"/> Revised 5-Year Plan (Revision No: )		
A.	Development Number and Name	Work Statement for Year 1 2019	Work Statement for Year 2 2020	Work Statement for Year 3 2021	Work Statement for Year 4 2022	Work Statement for Year 5 2023
	AUTHORITY-WIDE	\$208,967.00	\$208,967.00	\$208,967.00	\$208,967.00	\$208,967.00



Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 2577-0274  
 07/31/2017

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year		1	2019	
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	AUTHORITY-WIDE (NAWASD)			\$208,967.00
ID0002	PHA Wide Operations(Operations (1406))	As a designated small PHA RHE chooses to funge the capital fund into Operations.  Funds will be used for appliance purchases, reserve funding and software upgrades		\$208,967.00
	Subtotal of Estimated Cost			\$208,967.00



Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 2577-0274  
 07/31/2017

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 2 2020				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	AUTHORITY-WIDE (NAWASD)			\$208,967.00
ID0003	PHA Wide Operations(Operations (1406))	As a designated small PHA RHE chooses to funge the capital fund into Operations.  Funds will be used for appliance purchases, reserve funding and software upgrades		\$208,967.00
	Subtotal of Estimated Cost			\$208,967.00



Capital Fund Program - Five-Year Action Plan

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year		3	2021	
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	AUTHORITY-WIDE (NAWASD)			\$208,967.00
ID0004	PHA Wide Operations(Operations (1406))	As a designated small PHA RHE chooses to funge the capital fund into Operations.  Funds will be used to fund appliance purchases, reserve funding and software upgrades.		\$208,967.00
	Subtotal of Estimated Cost			\$208,967.00



Capital Fund Program - Five-Year Action Plan

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 4 2022				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	AUTHORITY-WIDE (NAWASD)			\$208,967.00
ID0005	PHA Wide Operations(Operations (1406))	As a designated small PHA RHE chooses to funge the capital fund into Operations.  Funds will be used to purchase appliances, fund reserves and software upgrades		\$208,967.00
	Subtotal of Estimated Cost			\$208,967.00



Capital Fund Program - Five-Year Action Plan

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year		5	2023	
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	AUTHORITY-WIDE (NAWASD)			\$208,967.00
ID0007	PHA Wide Operations(Operations (1406))	As a designated small PHA RHE chooses to fund the capital fund into Operations.  Funds will be used to purchase appliances, fund reserves and software upgrades		\$208,967.00
	Subtotal of Estimated Cost			\$208,967.00



Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 2577-0274  
 07/31/2017

<b>Part III: Supporting Pages - Management Needs Work Statements (s)</b>	
<b>Work Statement for Year</b> 1	2019
<b>Development Number/Name General Description of Major Work Categories</b>	<b>Estimated Cost</b>
Housing Authority Wide	
PHA Wide Operations(Operations (1406))	\$208,967.00
Subtotal of Estimated Cost	\$208,967.00



Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 2577-0274  
 07/31/2017

<b>Part III: Supporting Pages - Management Needs Work Statements (s)</b>	
<b>Work Statement for Year</b> 2	2020
<b>Development Number/Name General Description of Major Work Categories</b>	<b>Estimated Cost</b>
Housing Authority Wide	
PHA Wide Operations(Operations (1406))	\$208,967.00
Subtotal of Estimated Cost	\$208,967.00



Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 2577-0274  
 07/31/2017

<b>Part III: Supporting Pages - Management Needs Work Statements (s)</b>	
<b>Work Statement for Year</b> 3	2021
<b>Development Number/Name General Description of Major Work Categories</b>	<b>Estimated Cost</b>
Housing Authority Wide	
PHA Wide Operations(Operations (1406))	\$208,967.00
Subtotal of Estimated Cost	\$208,967.00



Capital Fund Program - Five-Year Action Plan

<b>Part III: Supporting Pages - Management Needs Work Statements (s)</b>	
<b>Work Statement for Year</b> 4	2022
<b>Development Number/Name General Description of Major Work Categories</b>	<b>Estimated Cost</b>
Housing Authority Wide	
PHA Wide Operations(Operations (1406))	\$208,967.00
Subtotal of Estimated Cost	\$208,967.00



Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 2577-0274  
 07/31/2017

<b>Part III: Supporting Pages - Management Needs Work Statements (s)</b>	
<b>Work Statement for Year</b> 5	2023
<b>Development Number/Name General Description of Major Work Categories</b>	<b>Estimated Cost</b>
Housing Authority Wide	
PHA Wide Operations(Operations (1406))	\$208,967.00
Subtotal of Estimated Cost	\$208,967.00




# Tab 2



Application for Federal Assistance SF-424		Version 02
<b>*1. Type of Submission:</b> <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application		<b>*2. Type of Application</b> * If Revision, select appropriate letter(s) <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision <b>*Other (Specify)</b> _____
<b>3. Date Received:</b>	<b>4. Applicant Identifier:</b> MD007	
<b>5a. Federal Entity Identifier:</b> MD007	<b>*5b. Federal Award Identifier:</b> MD007	
<b>State Use Only:</b>		
<b>6. Date Received by State:</b>	<b>7. State Application Identifier:</b>	
<b>8. APPLICANT INFORMATION:</b>		
<b>*a. Legal Name:</b> Rockville Housing Enterprises		
<b>*b. Employer/Taxpayer Identification Number (EIN/TIN):</b> 52-0615084	<b>*c. Organizational DUNS:</b> 070114111	
<b>d. Address:</b>		
<b>*Street 1:</b>	621 - A Southlawn Ln _____	
<b>Street 2:</b>	_____	
<b>*City:</b>	Rockville _____	
<b>County:</b>	_____	
<b>*State:</b>	MD _____	
<b>Province:</b>	_____	
<b>*Country:</b>	United States of America _____	
<b>*Zip / Postal Code</b>	20850 _____	
<b>e. Organizational Unit:</b>		
<b>Department Name:</b>	<b>Division Name:</b>	
_____		
<b>f. Name and contact information of person to be contacted on matters involving this application:</b>		
<b>Prefix:</b>	Ms _____	<b>*First Name:</b> Jessica _____
<b>Middle Name:</b>	_____	
<b>*Last Name:</b>	Anderson _____	
<b>Suffix:</b>	_____	
<b>Title:</b>	Executive Director	
<b>Organizational Affiliation:</b>		
_____		
<b>*Telephone Number:</b> 301-424-6265 ext 101		<b>Fax Number:</b> 301-217-5857
<b>*Email:</b>		
_____		



<b>Application for Federal Assistance SF-424</b>		Version 02
16. Congressional Districts Of: *a. Applicant: Maryland 8th *b. Program/Project: same		
17. Proposed Project: *a. Start Date: 10/1/2020 *b. End Date: 9/30/2024		
18. Estimated Funding (\$):		
*a. Federal	_____	\$605240
*b. Applicant	_____	
*c. State	_____	
*d. Local	_____	
*e. Other	_____	
*f. Program Income	_____	\$530,000
*g. TOTAL	_____	\$1,135,240
*19. Is Application Subject to Review By State Under Executive Order 12372 Process? <input type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on _____ <input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review. <input checked="" type="checkbox"/> c. Program is not covered by E. O. 12372		
*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001) <input checked="" type="checkbox"/> ** I AGREE ** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions		
Authorized Representative:		
Prefix: Ms _____	*First Name: Jessica _____	
Middle Name: _____		
*Last Name: Anderson _____		
Suffix: _____		
*Title: Executive Director		
*Telephone Number: 301-424-6265	Fax Number: 301-217-5857	
* Email: janderson@rockvillehe.org		
*Signature of Authorized Representative: 		*Date Signed: 02/14/20



# Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name

Rockville Housing Enterprises

Program/Activity Receiving Federal Grant Funding

Public Housing - Housing Choice Voucher Program

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. **Sites for Work Performance.** The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

621 A Southlawn Ln. Rockville, MD 20850  
1201 First Street Rockville, MD 20850

Check here  if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.  
(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Jessica Anderson

Title

Executive Director

Signature

Date

X

01-22-2020



# Certification of Payments to Influence Federal Transactions

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (Exp. 01/31/2014)

Applicant Name

Rockville Housing Enterprises

Program/Activity Receiving Federal Grant Funding

Public Housing and Housing Choice Voucher Program

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

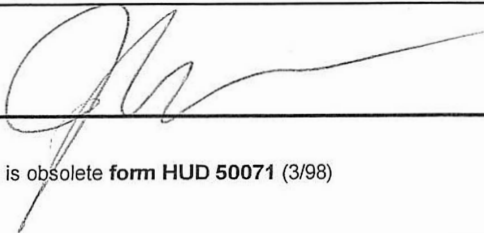
Name of Authorized Official

Jessica Anderson

Title

Executive Director

Signature



Date (mm/dd/yyyy)

01-22-2020



# TAB 3



**ROCKVILLE HOUSING ENTERPRISES  
HOUSING CHOICE VOUCHER PROGRAM**

**ADMINISTRATIVE PLAN**

**Rockville Housing Enterprises**

**REVISED July 2019  
Effective December 2019**

Rockville Housing Enterprises  
Housing Choice Voucher Program  
Administrative Plan

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## **APPENDIX A - Violence Against Women Act (VAWA) Forms**

HUD Form 50066 – Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

HUD Form 5382 – Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, and Alternate Documentation

Notice of Occupancy Rights Under the Violence Against Women Act.

## **APPENDIX B – Ethics Policy**

## CHAPTER 1. INTRODUCTION

The Housing Choice Voucher Program was enacted as part of the Housing and Community Development Act of 1974, which recodifies the U.S. Housing Act of 1937. The Act as amended and its requirements, as they apply to the Housing Choice Voucher and Moderate Rehabilitation Programs, are described in and implemented through this Administrative Plan (hereafter referred to as the Plan). The Plan establishes local written policies for administration of the program in accordance with HUD requirements and consistent with local objectives on matters for which the Public Housing Authority (PHA) has discretion.

Rockville Housing Enterprises (RHE) has full responsibility for the satisfactory completion of all contractual obligations to the U. S. Department of Housing and Urban Development (HUD) and for complying with HUD regulations pertaining to these programs and with any changes to those regulations implemented after the adoption of this plan. If such changes conflict with the Plan, HUD regulations will have precedence. HUD regulations are spelled out in the Code of Federal Regulations (CFR). The portions of federal regulations relevant to the Housing Choice Voucher Program are found in volume 24 of the CFR. The bulk of the relevant regulations are found at 24 CFR Part 5 and 24 CFR 982. Citations to relevant sections of the CFR are included throughout this plan. The administrative burden for implementation and compliance with the federal regulations rests with RHE.

The Plan covers both admission and continued participation policies for the Housing Choice Voucher Program (HCV). Changes to the Plan will be approved by the RHE Board of Commissioners and a copy of the changes will be made available to HUD.

### 1.1. AGENCY BACKGROUND

RHE, formerly the Housing Authority of the City of Rockville, was founded in 1957 to provide public and assisted housing to the citizens of Rockville, Maryland, a city located in the suburbs of Washington, DC. The agency is governed by a five-member Board of Commissioners appointed by the Mayor and City Council of Rockville. The Board of Commissioners is made up of a diverse group of community leaders that meet monthly to establish and oversee all RHE policies and activities, including selection of the Executive Director, who monitors all day-to-day agency functions, including fiscal, property management and programmatic activities.

### 1.2. RHE MISSION AND GOALS

RHE's mission is to be an effective and innovative public agency dedicated to enhancing opportunities for self-sufficiency and for quality, and affordable housing for citizens of the city of Rockville.

Specific goals related to the mission include:

- (1) To be an outstanding landlord.
- (2) To assist residents in the move to self-sufficiency.
- (3) To continue to be an effective affordable housing provider

### **1.3. RHE HOUSING PROGRAMS**

#### **1.3. a RHE's Housing Choice Voucher Program**

Rockville Housing Enterprises (RHE) currently operates a Housing Choice Voucher Program funded by the U.S. Department of Housing and Urban Development (HUD). The program began in 1992 when RHE and HUD entered into an Annual Contributions Contract for the administration of the Housing Assistance Payments to assist low-income families. Successful operation of the program since that time has resulted in subsequent funding from HUD through allocation by a fair share formula or by awarding of funds through a competitive process resulting in funds supporting payments to assist many additional families.

RHE's mission for the housing voucher program is to provide rent subsidies and affordable housing choices to qualified families while simultaneously providing customer friendly service to applicants, participating families, landlords, and the community at large. The purpose of this program is to enable families of very low and extremely low incomes to seek decent housing of their choice in the private market, and to receive the rental assistance necessary to obtain that housing. The Housing Choice Voucher program provides Housing Assistance Payments (the difference between what an eligible family can afford to pay for housing, and the amount required to obtain decent housing throughout the city of Rockville) as determined in accordance with schedules and criteria established by HUD.

RHE owns 108 units of public housing and administers approximately 450 housing vouchers including 50 Mainstream vouchers which provide housing assistance to households whose head; spouse or sole member is a person with disabilities

In addition, RHE administers assistance for the Moderate Rehabilitation Single Room Occupancy (SRO) program as well as the Project Based Voucher Program.

#### **1.3. b. Other RHE Grants and Programs**

RHE receives funding from HUD for a Housing Choice Voucher Family Self-Sufficiency Program.

**Family Self-Sufficiency (FSS) Program.** RHE has received funding to offer a family self-sufficiency program to housing voucher recipients. The program focuses on assisting families to become economically independent within 5 years of program enrollment. Services include basic education courses, job training, child care and counseling. The FSS Coordinator for Housing Vouchers recruits and maintains records

of families who participate in the program, coordinates program activities (including reconciliation of FSS escrow accounts) and refers clients to services available in the community.

#### **1.4. FAIR HOUSING GOALS**

RHE complies fully with all federal, state, and local nondiscrimination laws and with the rules and regulations governing Fair Housing and Equal Opportunity in housing and employment (24 CFR 982.54). Except as otherwise provided in 24 CFR Part 8, no individual with disabilities shall be denied the benefits of, be excluded from participation in, or otherwise be subjected to discrimination because of RHE facilities being inaccessible to or unusable by persons with disabilities. RHE's offices are accessible to persons with physical disabilities and telephone access for the hearing impaired is available through a TTY telephone number.

It is the policy of RHE to ensure that all persons with disabilities are provided reasonable accommodation so that they may fully access and utilize the housing program and its related services. Before approving a reasonable accommodation request, RHE must determine that the requested modification will not create a financial or administrative burden for the agency and must receive verification from an appropriate professional that the specific accommodation requested is necessary for the person with disabilities to fully participate in the HCV program.

RHE will endeavor to employ bilingual staff or to foster relationships with organizations that can provide translation services to families for which English is not their first language. These services are to be made available at the request of the applicant.

In the selection and leasing process, RHE provides all applicants with written materials on federal, state and local laws and a copy of the housing discrimination complaint form to be used as an available recourse if they believe they are victims of discrimination.

RHE publishes and disseminates information about the availability and nature of housing assistance and advises service providers of housing eligibility guidelines so they can make appropriate referrals.

Owners of accessible units and units in neighborhoods with the lowest poverty and racial concentrations are encouraged to make units available to voucher holders to expand housing opportunities for assisted families. RHE will make additional efforts to help disabled persons find satisfactory housing upon request.

Families who have been issued vouchers are responsible for finding units and negotiating lease agreements with private market owners. RHE provides program training and assistance to eligible families for obtaining units. It should be noted that the legislative intent of this program is to place the responsibility for obtaining a home on the individual family, thereby (1) reducing the dependency of families on local housing authorities, and (2) providing families with greater freedom of choice as to type, size, and location of

their homes. Therefore, RHE assistance focuses on encouraging families' self-sufficiency and independence.

In no event may any family participating in any of the programs described herein simultaneously receive the benefit of more than one of the following: housing voucher assistance, Section 101 rent supplements, Section 236 Rental Assistance Payments, tenant-based assistance under the HOME Program, Public or Indian housing assistance, any local or state rent subsidy, or other duplicate subsidy as determined by HUD. 24 CFR 982.352

This Plan is organized as follows:

1. Introduction
2. Program Objectives
3. Eligibility for Assistance
4. Annual and Adjusted Income; Verification
5. Application, Waiting List Management, and Tenant Selection
6. Voucher Issuance
7. Leasing and Portability
8. Ongoing Occupancy Functions
9. Special Programs
10. Glossary
11. Appendices

## **2.0 File Retention Policy**

RHE will keep tenant file information for 3 years after the date of the end of program participation. After the 3-year period the tenant file will be discarded and shredded.

RHE will keep the initial certification and the last 3 years of tenant certifications (both annual and interim) in the tenant file. All tenant transactions that are older than 3 years not including the initial certification will be shredded.

## CHAPTER 2. PROGRAM OBJECTIVES

### 2.1. PURPOSE OF THE TENANT-BASED PROGRAMS – 24 CFR 982.1, 24 CFR 982.353

According to the U.S. Department of Housing and Urban Development, the purpose of the Housing Choice Voucher program is to provide rent subsidies so eligible families can afford decent, safe and sanitary housing. The family may rent a unit anywhere in the United States in the jurisdiction of a PHA that administers a housing voucher program. The voucher program is designed to promote freedom of housing choice and spatial deconcentration of very low-income families of all races and ethnic backgrounds.

#### 2.1.a. Unit Allocation

The allocation of housing voucher units is tailored to meet the needs of the people of the corporate limits of the city of Rockville, Maryland and is consistent with the Consolidated Plan of the Department of Housing and Community Affairs for Montgomery County, MD and the city of Rockville, which is prepared annually in conjunction with the Community Development Block Grant applications.

#### 2.1.b. Program Monitoring and Data Collection

The housing voucher staff has responsibility to monitor:

- (1) The availability of funding to ensure maximum use of funds.
- (2) The expiration and turnover of vouchers to ensure maximum use.
- (3) The timeliness of the annual recertification process.
- (4) The management of the waiting list and the selection of families to receive assistance in accordance with the policies in this Plan ; and
- (5) To conduct quality control reviews.

Quality control reviews of a sample of files or records are drawn in an unbiased manner to determine that files and records conform to program requirements.

As specified by HUD's Section 8 Management Assessment Program (SEMAP) requirements, RHE performs supervisory quality control reviews through sampling of waiting list selections, rent reasonableness, adjusted income determinations, enforcement of HQS requirements and the conduct of annual HQS inspections. (See SEMAP certification Form HUD 52648 in the Appendix).

#### 2.1.c. Expanding Housing Opportunities

It is a goal of the federal Housing Choice Voucher program that housing assistance should be used to help low-income families move to areas without concentrations of poverty or minority populations. RHE supports and encourages this goal.

RHE encourages owners to list available units and maintains a Units Available bulletin board in its waiting room. RHE provides maps to families looking for housing identifying the locations of job opportunities, schools, transportation and other services. The RHE briefing packet includes information on available units and willing owners, an explanation of portability, and a list of portability contacts at neighboring housing authorities.

## **2.2. HOUSING VOUCHER PROGRAM RESPONSIBILITIES**

### **2.2.a. RHE Responsibilities**

24 CFR 982.153

RHE must comply with the consolidated ACC, the application, HUD regulations and other requirements, and with the RHE Administrative Plan. In administering the program, RHE must:

- (1) Publish and disseminate information about the availability and nature of housing assistance under the program;
- (2) Communicate the status of program availability to other service providers in the community, and advise them of eligibility factors and guidelines so that they can make proper referrals of their clients to the program;
- (3) Explain the program to owners, by holding individual and group briefings for owners who participate in or who are seeking information about the housing voucher program. The owner briefing is intended to:
  - (i.) Explain how the program works;
  - (ii.) Explain how the program benefits owners;
  - (iii.) Explain owners' responsibilities under the program. Emphasis is placed on quality screening and ways RHE helps owners do better screening;
  - (iv.) Provide an opportunity for owners to ask questions, obtain written materials, and meet RHE staff; and
  - (v.) Encourage local property owners to make units available for leasing in the program, including owners of suitable units located outside of low-income or minority concentration areas.

- (4) Seek expanded opportunities for assisted families to locate housing outside areas of poverty or racial concentration;
- (5) Affirmatively further fair housing goals and comply with equal opportunity requirements;
- (6) Make efforts to help people with disabilities find satisfactory housing;
- (7) Receive applications from families, determine eligibility, maintain the waiting list, select applicants, issue a voucher to each selected family, and provide housing information to families selected;
- (8) Determine who can live in the assisted unit, at admission and during the family's participation in the program;
- (9) Obtain and verify evidence of citizenship and eligible immigration status in accordance with 24 CFR Part 5.
- (10) Review the family's request for approval of the unit and tenancy;
- (11) Inspect the unit before the assisted occupancy begin, unless otherwise instructed by the regulations, and at least biennially during the assisted tenancy;
- (12) Determine the amount of the housing assistance payment for a family;
- (13) Determine the maximum rent to the owner, and whether the rent is reasonable;
- (14) Make timely housing assistance payments to an owner in accordance with the HAP contract;
- (15) Examine family income, size and composition, at admission and during the family's participation in the program. The examination includes verification of income and other family information;
- (16) Establish an up to date utility allowance schedule, and adjust RHE's utility allowance, as needed. RHE reviews utility rate data obtained within the last 12 months and adjusts its utility allowance schedule if there has been a change of 10% or more in a utility rate since the last time the utility allowance schedule was revised.
- (17) Administer and enforce the housing assistance payments contract with an owner, including taking appropriate action, as determined by RHE, if the owner defaults (e.g., HQS violation);
- (18) Determine whether to terminate assistance to a participant family for violation of family obligations;

- (19) Conduct informal reviews of certain RHE decisions concerning applicants for participation in the program;
- (20) Conduct informal hearings on certain RHE decisions concerning participant families;
- (21) Provide sound financial management of the program, including engaging an independent public accountant to conduct audits; and
- (22) Administer an FSS program.

### **HUD Funding Shortages -**

#### **Section 4.b. (5) of the HAP contract states:**

*“The PHA may terminate the HAP contract if the PHA determines, in accordance with HUD requirements, that available program funding is not sufficient to support continued assistance for families in the program.”*

In the event of a HUD HAP funding shortage, and RHE does not have a source of non-federal funds to make HAP payments, RHE will suspend the HAP Payments for program participants in an amount equal to the funding shortage. HAP Payment for program participants whose HAP payments were suspended will be reinstated upon renewal of adequate HAP funding.

RHE will determine which program participants' HAP payments will be suspended by first targeting those program participants who receive the lowest amount of HAP funding first.

Upon funding renewal, RHE will reinstate program participants' HAP Payments starting with families who receive the highest of amount of HAP funding first.

#### **2.2.b. Family Obligations**

24 CFR 982.551

When the family signs the housing voucher it agrees that it will:

- (1) Supply any information that RHE or HUD determines is necessary in the administration of the program, including submission of required evidence of citizenship or eligible immigration status (see 24 CFR Part 5). "Information" includes any requested certification, release or other documentation.
- (2) Supply any information requested by RHE or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition in accordance with HUD requirements.

- (3) Disclose and verify social security numbers, and sign and submit consent forms for obtaining information.
- (4) Provide only information that is true and complete.
- (5) Be responsible for any HQS breach caused by the family or its guests as described in 24 CFR 982.404 (b).
- (6) Allow RHE to inspect the unit at reasonable times and after two days (48 hours) notice unless there has been a 24 hour inspection violation noted.
- (7) Not commit any serious or repeated violation of the lease.
- (8) Notify RHE and the owner before the family moves out of the unit, or terminates the lease on notice to the owner 24 CFR 982.314 (d).
- (9) Notify RHE if any family member no longer resides in the unit.
- (10) Promptly give RHE a copy of any owner eviction notice it receives.
- (11) Use the assisted unit for residence by the family. The unit must be the family's only residence. The family must notify RHE of any change in family composition and request RHE and owner approval to add a new occupant. A live-in aide may be added to the family composition if there is verification of need from a health care professional. A foster child/foster adult may reside in the unit with court verification of custody.
- (12) Not sublease or sublet the unit.
- (13) Not assign the lease or transfer the unit.
- (14) Engage in legal profit making activities in the unit, *only if* such activities are incidental to residency by the family. Any business uses of the unit must comply with zoning requirements and the affected household member must obtain all appropriate licenses.
- (15) Supply any information or certification requested by RHE to verify that the family is living in the unit, or relating to family absence from the unit, including any RHE-requested information or certification on the purposes of family absences. The family must cooperate with RHE for this purpose.
- (16) The family must promptly notify *RHE* of any *absence from the unit*. Absence means that no member of the family is residing in the unit. The family may only be absent from the unit for up to 30 days, and must request permission from RHE for absences exceeding 30 days. RHE will make a determination within 5 business days of the request. An authorized absence may not exceed

180 days. Any family absent for more than 30 days without authorization will be terminated from the program. Authorized absences may include, but are not limited to: (1) prolonged hospitalization; (2) absences beyond the control of the family (i.e., death in the family, other family member illness); (3) other absences that are deemed necessary by RHE.

- (17) Not own or have any interest in the unit except for cooperative housing or manufactured homes.
- (18) Not commit fraud, bribery or any other corrupt or criminal act in connection with the programs.
- (19) Not engage in drug-related criminal activity or violent criminal activity.
- (20) Not abuse alcohol in any way that threatens the health, safety or right to peaceful enjoyment of other residents or persons residing in the immediate vicinity of the premises.
- (21) Not receive Section 8 tenant-based assistance while receiving another housing subsidy, for the same unit or for a different unit, under any duplicative (as defined by HUD) federal, State or local housing assistance program.

**2.2.c. Owner Responsibilities** 24 CFR 982.307 and 982.452

The owner is responsible for performing all of the owner's obligations under the HAP contract and the lease including:

- (1) Perform all management and rental functions for the assisted unit, including selecting a voucher holder to lease the unit, and deciding if the family is suitable for tenancy of the unit.
- (2) Maintain the unit in accordance with HQS, including performance of ordinary and extraordinary maintenance.
- (3) Comply with equal opportunity requirements.
- (4) Prepare and furnish to RHE information required under the HAP contract.
- (5) Be responsible for collecting from the family any security deposit, the tenant portion of the rent, and any charges for unit damage by the family.
- (6) Enforce tenant obligations under the lease.
- (7) Pay for utilities and services, unless paid by the family under the lease.

- (8) Be responsible for provisions on modifications to a dwelling unit occupied or to be occupied by a disabled person. 24 CFR 100.203

## CHAPTER 3 ELIGIBILITY FOR ASSISTANCE

### 3.1. ELIGIBILITY FACTORS FOR HOUSING VOUCHER ASSISTANCE

24 CFR 982.201

There are five eligibility requirements for admission to the housing choice voucher program. The applicant must: (1) qualify as a family; (2) have an income within the income limits; (3) meet citizenship/eligible immigration criteria; (4) provide documentation of Social Security numbers; and (5) sign consent authorization documents. In addition to the eligibility criteria, families must also meet RHE screening criteria, including criminal background checks of all adults, to be admitted to the voucher program.

**3.1.a. Family Status.** The applicant must qualify as a family.

**3.1.a.i.** A **Family** includes but is not limited to:

- (1) Two or more persons sharing residency whose income and resources are available to meet the family's needs and who are related by blood, marriage or operation of the law, or have a history as a family unit.
- (2) A family with or without children (including children temporarily absent from the home due to placement in foster care);
- (3) An elderly family, a near-elderly family, a disabled family, a single person, or a pregnant woman;
- (4) The remaining member of a tenant family.
- (5) The head of household must be the adult member of the household who is designated by the family as the head, is wholly or partly responsible for paying the rent, and has the legal capacity to enter into a lease under the state and local laws of the city of Rockville, Maryland.
- (6) Children subject to a joint custody agreement will be allowed to be claimed as a dependent only by the household where the child spends 50% or more of his or her time. Verification of the address where the child resides the majority of the time may be through home address reported on school records or other documentation that is deemed conclusive by RHE.
- (7) Unborn children and children in the process of being adopted are considered family members for purposes of determining bedroom size, but are not considered family members for determining income limits.

**3.1.a.ii.** A family may include a live-in aide.

A live-in aide is a person who lives with an elderly person or a person with disabilities when RHE has verified that a live-in aide is essential to the care and well-being of the elderly or disabled family member.

A live-in aide must be a person who:

- (1) Would not be living in the unit except to provide the necessary supportive services; and
- (2) Is not obligated for the financial support of the elderly or disabled family member.

RHE will conduct a criminal background check on any person proposed to be a live-in aide and may refuse to approve, or withdraw approval of, a specific live-in aide who:

- (1) Has committed drug-related criminal or violent criminal activity; or
- (2) Has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program; or
- (3) Owes rent or other amounts to RHE or to another PHA in connection with the housing voucher or public housing programs.

### **3.1.b. Income Limits.**

**3.1.b.i. Extremely Low-Income Limit.** Generally, a family must be an extremely low-income family to be eligible for housing voucher assistance. Seventy-five percent of all new program participants must have a gross income of less than 30% of the Area Median Income.

**3.1.b.ii. Continuously Assisted.** A low-income family may be eligible for housing voucher assistance if the family has been continuously assisted under the 1937 Housing Act. A family is continuously assisted if the family is already a receiving family under any 1937 Housing Act program when the family is admitted to the voucher program. Any interruption between assistance under one of these programs and admission to the Housing Choice Voucher program will be considered to break the continuity of assistance under the 1937 Housing Act.

**3.1.b.iii. Other Eligible Low-Income Families.** A low-income family may be eligible for assistance if the family is:

- (1) A family physically displaced by rental rehabilitation;
- (2) A non-purchasing household residing in a HOPE 1 or HOPE 2 project;
- (3) A non-purchasing household residing in a HUD assisted multifamily project subject to a resident home ownership program under 24 CFR 248.173;

- (4) A non-purchasing household displaced as a result of the prepayment of a mortgage or voluntary termination of a mortgage insurance contract; or
- (5) A family residing in a HUD-owned multifamily project when HUD sells, forecloses or demolishes the project.

### **3.1.c. Social Security Numbers (SSN)**

24 CFR 5.216

Verification of Social Security numbers must be provided for all family members. PIH Notice 2016-05 modifies the regulation as it applies to program *applicants* (as differentiated from program *participants*). The change creates a 90-day period during which an applicant family may become a program participant, even if the family lacks the documentation necessary to verify the Social Security Number (SSN) of a family member under the age of 6 years. An extension of one additional 90-day period must be granted if RHE determines that, in its discretion, the applicant's failure to comply was due to circumstances that could not reasonably have been foreseen and were outside of the control of the applicant.

For example, an applicant may be able to demonstrate timely submission of a request for an SSN, in which case processing time would be the cause of the delay. If the applicant family does not produce the required documentation within the authorized time period, RHE must impose appropriate penalties, in accordance with 24 CFR 5.218.

In terms of offering a grace period and an extension, if merited, a PHA will implement this provision just as it currently implements the provision for program participants. Specifically, an applicant family with a child under the age of 6 years may become a participant family, even if the SSN for the child has not been verified at the time of admission. If the SSN has still not been verified at the end of the initial 90-day period, then the PHA must determine whether a 90-day extension is merited. If it is not merited, then the PHA must follow the provisions of 24 CFR 5.218. If a 90-day extension is merited, then the PHA must either verify the SSN for the child by the end of the 90-day extension period or follow the provisions of 24 CFR 5.218.

### **3.1.d. Citizenship or Eligible Immigration Status**

24 CFR Part 5, Subpart E

To receive assistance, a family member must be a U.S. citizen or eligible immigrant. Assistance is prohibited to non-immigrant students and their families.

All household members must sign a declaration claiming status as a U.S. citizen or an eligible non-citizen or stating a preference not to claim eligibility. Declarations for children must be signed by parents or guardians.

U.S. citizens must provide verification of citizenship, which may be a U.S. birth certificate, a U.S. passport, or a certificate of naturalization.

Non-citizens who are 62 years of age or older and claim to have eligible immigration status must provide a signed declaration of eligible immigration status and proof of age.

Other non-citizens claiming eligible immigration status must provide documentation of their immigration status. Staff will verify the immigration status of every non-citizen claiming eligibility through the U.S. Citizenship and Immigration Services (USCIS).

Mixed families with eligible and ineligible members will be eligible to receive prorated assistance.

RHE will inform all applicants at the time an application is submitted that housing assistance is available only to US citizens and eligible immigrants and provide information on the types of evidence that will be required.

For all denials of voucher assistance on the basis of ineligible immigration status, the informal review provisions apply. 24 CFR 5.514

### **3.1.e. Criminal Background. 24 CFR 982.307**

Applicants with a history of drug-related or violent criminal activity may not be eligible for assistance. RHE conducts a criminal background check on all adult household members including live-in aides and individuals added to a household after initial occupancy and may deny admission based on the factors described under Denial of Assistance in Chapter 5.

The fact that an applicant or tenant was arrested for a disqualifying offense shall not be treated or regarded as proof that the applicant or tenant engaged in disqualifying criminal activity. The arrest may, however, trigger an investigation to determine whether the applicant or tenant actually engaged in disqualifying criminal activity. As part of its investigation, RHE may obtain the police report associated with the arrest and consider the reported circumstances of the arrest. RHE may also consider any statements made by witnesses or the applicant or tenant not included in the police report; whether criminal charges were filed; whether, if filed, criminal charges were abandoned, dismissed, not prosecuted, or ultimately resulted in an acquittal; and any other evidence relevant to determining whether or not the applicant or tenant engaged in disqualifying activity.

### **3.2. ELIGIBILITY OF STUDENTS**

The eligibility of students not living with their parents or guardians may be determined based on the income of the student's parents. See Chapter 4, Restrictions on Assistance to Students.

### **3.3. ELIGIBILITY OF NEW HOUSEHOLD MEMBERS**

RHE will approve a child added to a household through birth, adoption or court-awarded custody. A family must obtain approval from RHE and the owner before adding any other individual to the household. RHE will approve the addition of adult household members if the addition does not overcrowd the unit, the person passes the criminal background check and the landlord approves of the additional family member.

Before approving any new adult household member, RHE will conduct a criminal background check and verify the individual's citizenship or immigration status and income. The individual will be required to provide documentation of his or her social security number and sign the release of information documents required to complete the verification process. In addition, the family must document the owner's agreement to the household addition.

## CHAPTER 4: ANNUAL AND ADJUSTED INCOME AND VERIFICATION

### 4.1. ANNUAL INCOME

24 CFR 5.609

#### **RHE has implemented PIH Notice 2016-05 Streamlining Administrative Regulation for Programs Administered by Public Housing Agencies.**

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

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; and
- (2) Are based on, at the time of admission, reexamination, or recertification:
  - (i.) Actual income being received (projected forward for a 12-month period);
  - (ii.) Past actual income received or earned within the last 12 months of the determination date, as HUD may prescribe.
- (3) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

#### **4.1.a. Annual Income - Includes, but is not limited to:**

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from operation of a business or profession.
  - a. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income.
  - b. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation.
  - c. 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.
  - a. 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.
  - b. Where the Family has Net Family Assets in excess of \$5,000, Annual income includes the greater of the actual income derived from all

NetFamily Assets or a percentage of the value of such Assets based on the current passbook savings rate, as determined by HUD;

- (4) The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment (*except as described under "Annual Income Excludes" below*);
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (*except as described under "Annual Income Excludes" below*);
- (6) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
- (7) Payment of a welfare allowance or grant, including any imputed welfare income (see Glossary);
- (8) All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Family, spouse, or other family members whose dependents are residing in the unit (*except as described under "Annual Income Excludes" below*); and
- (9) Any student financial assistance in excess of amounts received for tuition, except assistance received by persons at least 24 years of age who have dependent children or assistance received by a student living in an assisted household with a parent or guardian. (See also paragraph 4.1.h. below.)

**4.1.b. Annual Income - Excludes the following:**

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (see Glossary);
- (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;
- (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 except as described in paragraph 4.1.(9) above;
- (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- (8) Amounts received under training programs funded by HUD;
- (9) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
- (10) Amounts received by a participant in other publicly-assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
- (11) A resident service stipend. This is a modest amount, not to exceed \$200 per month, received by a resident for performing a service for the PHA, on a part-time basis, that enhances the quality of life in the development;
- (12) Incremental earnings and benefits from participation in qualifying state or local employment training programs and training of a family member as resident management staff when the training program includes clearly defined goals. Payments may be excluded only while the family member participates in the training program.
- (13) Temporary, nonrecurring or sporadic income (including gifts) (see Glossary);
- (14) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- (15) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household, co-head and spouse);
- (16) Adoption assistance payments in excess of \$480 per adopted child;
- (17) Deferred periodic payments of Supplemental Security Income and Social Security benefits that are received in a lump sum;
- (18) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;

- (19) Amounts paid by a state agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- (20) 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 the United States Housing Act of 1937. These exclusions include:
  - (i) Food Stamp allotment;
  - (ii) Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
  - (iii) The first \$2,000 in payments per year received under the Alaska Native Claims Settlement Act;
  - (iv) Income derived from certain sub-marginal land of the United States which is held in trust for certain Indian tribes;
  - (v) Payments or allowances made under Department of Health and Human Services' Low-Income Energy Assistance Program;
  - (vi) Payments received under programs funded in whole or in part under the Job Training Partnership Act;
  - (vii) Income derived from the disposition of funds of the Grant River Band of Ottawa Indians;
  - (viii) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Grant of Claims or from funds held in trust for an Indian tribe by the Secretary of Interior and up to \$2,000 per year of income received by individual Indians from trusts or restricted lands held by the Secretary of Interior for the benefit of individual Indians. (Exclusions apply on a per person basis);
  - (ix) 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;
  - (x) Payments received from programs funded under Title V of the Older Americans Act of 1965;

- (xi) Payments received after January 1, 1989 from the Agent Orange Settlement Fund or any other Agent Orange settlement fund;
- (xii) Payments received under the Maine Indian Claims Settlement Act of 1980;
- (xiii) The value of any child care provided or reimbursed under the Child Care and Development Block Grant Act of 1990; and
- (xiv) Earned income tax credit refund payments;
- (xv) The low-income subsidy received to assist low-income persons in paying for their Medicare prescription drug plan costs; and
- (xvi) Payments for living expenses under the AmeriCorps Program.

#### **4.1.c. Historical amounts.**

If RHE is unable to determine annual income using current information because the family reports little to no income or because income fluctuates, RHE may average past actual income received or earned within the 12 months before the certification date to calculate annual income.

RHE may also ask the family to provide documentation of current income. If the family can provide acceptable documentation dated either within the 60-day period preceding the certification effective date or the 60-day period following the request date, RHE may use this documentation to determine annual income.

RHE may reject any income documentation based on reasons described by HUD.

#### **4.1.d. Averaging Income.**

All current income should be annualized. If income cannot be anticipated, RHE staff will average the known sources of income, or annualize the current income and conduct an interim exam if required. (See Chapter 8, Paragraph 8.1.b.iii. Other Required Recertifications.)

For 10 month employees, RHE will annualize the income based on the actual 10 months worked. Therefore families will not be able to request an interim re-examination for the two months not worked as the 10 month annualization takes the two non-working months into account.

#### **4.1.e. Minimum Income.**

There is no minimum income requirement. Families who verify their income at zero may be served, but must report any income in the month it begins. (See Chapter 8, Paragraph 8.1.b.iii. Other Required Recertifications.)

**4.1.f. Income of Absent Family Member.**

The income of the family member who is temporarily absent is included in the annual income for the household.

Any member of the household who is absent more than 120 consecutive days may no longer be considered a member of the household and may need to be removed from the household. Except in cases where the HUD regulations allow for an exception. Such cases could be for military deployment, students away at school or a reasonable accommodation.

A family member who is absent due to hospitalization or other confinement for medical reasons may continue as a member of the household for up to 180 days if verification of the medical need for confinement is received from a medical professional.

**4.1.g. Income of Dependent.**

Although the earned income of minors is not included in annual income, benefits and other non-earned income are included.

**4.1.h. Restrictions on Assistance to Students 24 CFR 5.612**

**4.1.h.i.** The income of a student's parents shall be considered in determining the eligibility of any individual who:

- Is enrolled as a student at an institution of higher education; and
- Is under 24 years of age;

Unless the individual is:

- A veteran of the United States military; or
- Is married; or
- Has a dependent child.

**4.1.h.ii.** Students who qualify as independent students may be considered eligible without evidence of their parents' income if the student's parents or guardian provide a certification of the amount of financial support provided to the student even if the amount is zero.

An Independent Student is one who

- Is of legal contract age under state law; and
- Has established a separate residence for at least one year; and
- Has not been claimed as a dependent by a parent or guardian; or

- Is a graduate or professional student or an orphan or ward of the court that has not been claimed as a dependent by a parent or guardian.

**4.1.h.iii.** RHE will review the eligibility of students at initial certification and at each recertification. If any student in a leased household is not eligible, RHE must terminate assistance for the household. If such a household includes both eligible and ineligible students, RHE will issue a voucher to the eligible members of the household who may remain in their current unit if the ineligible student moves out or may move to a new unit.

#### **4.1.i. Student Financial Assistance**

**4.1.i.i.** Student financial assistance is not counted as income when it is received by students who are:

- Living with their parents in an assisted household; or
- At least 24 years of age *and* have one or more dependents.

**4.1.i.ii.** For all other students, student financial assistance in excess of amounts received for tuition are included in annual income.

#### **4.1.j. Reductions in Welfare Assistance 24 CFR 5.615**

Neither annual income nor rent is adjusted to reflect a loss of welfare payments when the welfare reduction is the result of fraud, failure to participate in an economic self-sufficiency program or failure to comply with a work requirement.

The term “imputed welfare income” is used for the amount of lost welfare income that is included in annual income. “Imputed welfare income” is equal to the amount of the welfare reduction less any new income acquired by the family since the welfare reduction. When the new income equals the welfare reduction, imputed welfare income is reduced to zero.

RHE will obtain written verification from the welfare agency that a family’s benefit reduction was due to fraud or noncompliance before refusing to reduce the family’s rent. This provision does not apply if welfare benefits are reduced due to a lifetime limit on the receipt of benefits or a situation in which the family has complied with welfare requirements but cannot find employment.

The provision does not apply to a family that was not receiving voucher assistance at the time of the welfare sanction.

RHE is not responsible for determining whether a deduction of welfare benefits by the welfare agency was correctly determined by the welfare agency.

#### **4.1.k. Earned Income Disregard 24 CFR 5.617**

In accordance with PIH Notice 2016-05, RHE will implement the streamlined provisions related to the Earned Income Disregard (EID).

The new regulatory provisions limit to 24 straight months the time period during which a family member is eligible to receive the benefit of the earned income disregard (EID), which streamline the administration of the EID by eliminating the requirement for PHAs to track family member changes in employment over a 4-year period.

Some increases in the earned income of persons with disabilities will be excluded from annual income for a period of two years.

This exclusion pertains only to a person with disabilities whose income increases while receiving voucher assistance if that person:

- (1) Was unemployed for the past year or more; or
- (2) Is participating in any economic self-sufficiency or other job training program; or
- (3) Became employed or received increased earnings during or within six months after receiving assistance benefits or services under any state TANF program.

Once a family member is determined to be eligible for the EID, the 24–calendar month period starts;

- If the family member discontinues the employment that initially qualified the family for the EID, the 24–calendar month period continues;
- During the 24–calendar month period, EID benefits are recalculated based on changes to family member income and employment;
- During the first 12–calendar month period, RHE must exclude all increased income resulting from the qualifying employment of the family member. After the first 12–calendar month period, RHE must exclude from annual income of the family at least 50 percent of any increase in income of such family member as a result of employment over the family member’s income before the qualifying event (i.e., the family member’s baseline income);
- The EID benefit is limited to a lifetime 24-month period for the qualifying family member;
- At the end of the 24 months, the EID ends regardless of how many months were “used.”

#### **4.2. INCOME FROM ASSETS** 24 CFR 5.603 and 5.609

Income received from assets held by household members is included in annual income. When net family assets are \$5,000 or less, the actual income from assets is added to annual income. If assets total more than \$5,000, income from the assets is “imputed,”

and the greater of actual asset income and imputed asset income is counted in the annual income.

**4.2.a. Assets Include:**

- (1) Amounts in savings and checking accounts
- (2) Stocks, bonds, money market funds and other investment accounts
- (3) Equity in real property or other capital investments
- (4) Cash value of trusts available to the family
- (5) Retirement savings accounts
- (6) Lump sum payments including inheritances, lottery winnings, capital gains, and insurance settlements
- (7) Personal property held as investments, such as collections
- (8) Cash value of life insurance policies
- (9) Assets disposed for less than fair market value but more than \$2,000 during the two years preceding the eligibility certification for the program

**4.2.b. Assets Exclude:**

- (1) Necessary personal property such as furniture and automobiles
- (2) Interest in Indian trust lands
- (3) Assets that are part of an active business or farming operation
- (4) Assets not accessible by the family, such as a trust
- (5) Handicapped-equipped vehicles
- (6) Equity in cooperatives or manufactured homes occupied by the family
- (7) The value of a home currently being purchased through the Section 8 Homeownership program. This exclusion is limited to the first ten years after the purchase date of the home.

**4.2.c. Net Family Assets** means the net cash value of all household assets after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment.

**4.2.d. Assets Disposed of for Less than Fair Market Value.**

In determining net family assets, RHE shall include the value of any family assets disposed of by an applicant or tenant for less than fair market value that is in excess of the consideration received therefore. Such amounts shall be counted as assets for two years following the date of disposition. These amounts will be counted only when the total value of assets disposed of exceeds \$2000.

Assets disposed of as the result of a separation or divorce settlement, foreclosure or bankruptcy will not be considered to be disposed of for less than fair market value

**4.2.e. Trusts.**

- 4.2.f.** A trust over which members of the household have no control and to which they have no access will not be considered an asset. Any income distributed from the trust to a member of the household shall be counted when determining annual income. In verifying assets, RHE will implement PIH Notice 2016-05.

Under this provision, RHE must obtain third-party verification of all family assets upon admitting a family to the HCV or public housing program and then again at least every 3 years thereafter.

During the intervening annual reexaminations, RHE has the discretion under this provision to accept a family's declaration that it has total net assets equal to or less than \$5,000, without taking additional steps to verify the accuracy of the declaration. If a family submits such a declaration, then RHE does not need to request supporting documentation (e.g., bank statements) to verify the assets or the amount of income expected to be received from those assets. The family's declaration of total assets must show each asset and the amount of income expected from that asset. The total amount of income expected from all assets must be less than or equal to \$5,000. The total amount of the expected income from assets will be the family's "final asset income," and must be entered in field 6j of Form HUD-50058.

RHE may obtain a family's declaration of assets under \$5,000 at the family's next interim or annual reexamination following adoption of the provision in the Admin. Plan.

RHE is required to have all family members 18 years of age and older sign the family's declaration of total assets. RHE will require families to submit a declaration of assets along with the consent forms that are required pursuant to 24 CFR 5.230. A family that knowingly submits false information is subject to a civil penalty, plus damages, under the False Claims Act (31 U.S.C. 3729).

**ADJUSTED INCOME** 24 CFR 5.611 (See Glossary)

Adjusted income is annual income after deducting the following allowances.

- (1) **Dependent Allowance.** \$480 for each dependent
- (2) **Elderly Household Allowance.** \$400 for an elderly family or disabled family
- (3) **Allowance for Medical Expenses.** An allowance for medical expenses is given to any family in which the head, spouse or co-head is elderly (62 years or older), or disabled. The amount of the allowance is equal to the total of medical expenses for all family members less 3% of annual income. The date of the medical expense verification must be within 12 months of the recertification appointment letter.
- (4) **Allowance for Childcare Expenses.** An allowance for the care of children less than 13 years of age is given to enable a family member to work, search for work or go to school. The allowance cannot exceed the amount earned by the

member able to work because childcare was available. An allowance is not given for any childcare cost that is reimbursed by anyone outside the family (for example, Purchase of Care or Working Parents' Assistance Programs).

- a. **The following documentation will be accepted as validation of payment of child care expenses.**
  - i. **A detailed receipt from the child care provider that includes the date(s) of service, amount paid, and name of the child for which the service is provided.**
  - ii. **A copy of the canceled check to the child care provider**
  - iii. RHE's Child Care Deduction Third party verification formForm must be fully completed by the Child Care Provider.

(5) **Allowance for Disability Assistance.** An allowance is deducted to cover an expense exceeding 3% of annual income for a care attendant or any "auxiliary apparatus" for a disabled family member if:

- a. The expense enables an adult family member to work (including the disabled family member); and
- b. The allowance does not exceed the amount earned by the member or members who are enabled to work by the expense.
- c. If a household is eligible to receive an allowance for medical expense and disability assistance, 3% of income is deducted first from total medical expenses. If 3% of income is greater than total medical expenses, the remainder of the 3% is deducted from disability assistance expenses.

### 4.3. VERIFICATION PROCEDURES

RHE must verify all factors affecting a household's eligibility, preference and rent payment.

#### **EIV and Third-Party Verification**

In accordance with PIH Notice 2016-05 RHE will implement streamlined annual re-examinations for fixed sources of income which allows RHE to verify fixed sources of income every 3 years.

This notice allows RHE the discretion to adopt a streamlined income determination for any family member with a fixed source of income. Note that the family member may also have non-fixed sources of income, which remain subject to third-party verification. Upon request of the family, RHE must perform third-party verification of all income sources. Note that this provision pertains only to the verification of sources of income; RHE will continue to conduct third-party verification of deductions.

For purposes of this Notice, the term “fixed-income” includes income from:

- Social Security payments, to include Supplemental Security Income (SSI) and Supplemental Security Disability Insurance (SSDI);
- Federal, state, local, and private pension plans; and
- Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic payments.

The determination will be made by applying a verified cost of living adjustment (COLA) or current rate of interest to the previously verified or adjusted income amount. The COLA or current interest rate applicable to each source of fixed income must be obtained either from a public source or from tenant-provided, third-party generated documentation. In the absence of such verification for any source of fixed income, third-party verification of income amounts must be obtained.

The provision is not available for program applicants.

In the initial year in which a streamlined income determination is made, the COLA must be applied to a source of income that has been verified previously.

In the initial year of employing a streamlined income determination, RHE must determine whether a source of income is fixed. RHE may do this by comparing the amount of income from the source to the amount generated during the prior year. If the amount is the same or if it has changed only as a result of a COLA or due to interest generated on a principal amount that remained otherwise constant, then the source is fixed. RHE may also make such a determination by requiring a family to identify as to which source(s) of income are fixed. RHE must document in the tenant file how it made the determination that a source of income is fixed.

For the second income determination involving a family member whose income was adjusted previously using a streamlined income determination, the adjustment would be made to the previously determined income amount (i.e., in year two, the COLA is applied to the year one income amount, as previously adjusted by a COLA). **For any family member whose income is determined pursuant to a streamlined income determination, *third-party verification of all income amounts for all family members must be performed at least every three years.***

This means that, for the third income determination involving a family member whose income had been adjusted twice using a streamlined income determination, the PHA would need to obtain third-party verification of *all* income amounts. This also means that if a family member with a fixed-income source is added to the family during year two, for example, then the PHA must obtain third-party verification of all income amounts for that family member at the next reexamination if the PHA wishes to have all family members with fixed incomes on the same schedule with respect to streamlined annual reexaminations.

Wherever possible, RHE must obtain verification from third-party sources. For current program participants, verification of employment income or Social Security or unemployment benefits must include data from HUD's Enterprise Income Verification (EIV) system. Through its EIV system, HUD provides employment data reported to state wage information agencies and information on amounts paid as Social Security or unemployment benefits.

In addition to EIV data, RHE requires verification directly from the source of income, from those who receive payment for deductible expenses and from institutions or professionals who have information relevant to a family's eligibility or rent.

Third-party verification may include:

- (1) Written third party verification mailed directly from the third party to RHE;
- (2) Original or authentic document generated by a third party source that is brought in by the program participant or applicant.
  - (f) Note; Documents provided must not be altered or redacted in any way, including but not limited to pay stubs, bank statements, expense verifications. Altered or redacted documents provided will not be accepted and the family will be considered non-compliant.
  - (g) Bank statements may be used to validate income received but not reported.
- (3) Oral verification, generally by telephone, when RHE staff is able to determine that the person providing information is the person who should be providing the required verification; or
- (4) Electronic verification sent directly to RHE by fax or obtained from the internet.

Telephone calls to obtain third-party oral verification must be originated by RHE staff. Staff must document an oral verification in writing in the file including the date of the conversation, the name and position of the person providing the information and the information provided.

On any occasion that RHE is unable to obtain third party verification, staff must document the participant file to explain why.

#### **4.3.a. Review of Documents**

PIH Notice 2012-15 defines third party verification as an original or authentic document generated by a third party source dated either within the 60-day period preceding the reexamination or PHA request date and that such documentation may be in the possession of the tenant(or applicant). RHE at its discretion may reject any tenant-provided documents and follow up directly with the source to obtain necessary verification of information.

If the participant cannot provide third party verification, and RHE cannot obtain third party verification directly from the source, RHE may utilize participant self certification. RHE must document the efforts taken to obtain third party verification.

**4.3.b. Tenant Self-Certification**

RHE may accept a family’s self-certification of relevant facts only when no other verification has been possible. A self-certification does not need to be notarized, but it must be signed and dated by the family member making the certification.

**4.3.c. Timing of Verification**

At the time of voucher issuance, verifications used must be no more than 60 days old. Verifications will be maintained in the tenant file.

If third-party verification is received after documents have been accepted as provisional verification and there is a discrepancy, RHE will determine which information is the most accurate and implement interim rent changes if required.

The table on the next page outlines factors that must be verified and common methods that can be used for verification.

**4.3.d. Verifying a Departing Household Member**

Families reporting that an adult member has left the household must provide a self-verification of that departure. The landlord must also be notified of the pending household member removal. Families must provide documentation of where the departing family member now lives. If documentation of the new address cannot be provided, the family must remove the departing member from the lease agreement and provide RHE with a copy of the new lease before the family member will be removed. Families that are found to report a departing household member that is later determined by RHE to be in the household will be subject to the penalties associated with fraudulent reporting, which may include termination from the program, repayment of any HAP overpayments made due to the fraudulent statement, fines up to \$10,000, imprisonment of up to 5 years and any other state or local government penalties that may apply.

## **CHAPTER 5: APPLICATION, WAITING LIST MANAGEMENT, AND TENANT SELECTION**

### **5.1. OVERVIEW**

RHE's policy is to ensure that all families who express an interest in housing voucher assistance are given an equal opportunity to apply and are treated in a fair and consistent manner.

RHE maintains separate waiting lists for the tenant based housing choice voucher, and public housing programs. Project Based voucher waiting list are maintained by the PBV property. An applicant may apply to be placed on any open waiting list. 24 CFR 982.205

The housing voucher waiting list is generally closed until the number of applicants on the waiting list falls below the number of anticipated openings during the coming 12 to 18 months. When that happens, the list will be opened for a limited period as determined by the RHE Executive Director.

When the tenant based voucher waiting list is open, applicants submit a brief pre-application. When that application comes to the top of the waiting list, the applicant is invited to complete a full application.

Staff will verify all information related to eligibility, preference, income and rent. Eligible families will be invited to a briefing to receive a voucher. Ineligible applicants will be informed of their ineligibility and their opportunity for an informal review.

### **5.2. NONDISCRIMINATION**

All applicants will be provided an equal opportunity to obtain assistance based on the policies set forth in this Administrative Plan in accordance with federal, state and local law. All individuals will be treated in a consistent manner without regard for race, color, religion, sex, national origin, age, familial status or disability.

Complaints of discrimination by applicants/participants may be reported to RHE. RHE staff will assist in completing and filing any housing discrimination complaint. See Appendix for materials and forms (Form HUD-903).

### **5.3. OPENING AND CLOSING THE TENANT BASED WAITING LIST**

24 CFR 982.206

#### **5.3.a. Opening the Waiting List**

The opening of the waiting list will be advertised through public notice in a local City of Rockville newspaper of general circulation, on the city of Rockville local television media and in appropriate minority media. In addition, other key organizations will be

notified including the Rockville Mayor's Office, the Rockville City Council, the Montgomery County Department of Health and Human Services, and local non-profit agencies. The public notice will state where and when to apply, and any closing date and will include a brief description of the housing choice voucher program. Applicants or residents of other assisted RHE housing programs may submit a separate preliminary application to apply for a housing voucher. The public notice will state any limitations regarding who may apply.

### **5.3.b. Closing the Waiting List**

RHE will provide public notice of the closure of the housing voucher waiting list at least 30 days in advance of any closure. A decision to close the list is made when there are enough applicants already on the list to fill any anticipated turnover or new allocations for the next 12-18 months. In most cases, the public notice announcing the opening of the waiting list will also include the closing date of the waiting list.

## **5.4. TENANT SELECTION PREFERENCES**

24 CFR 982.207

RHE has chosen to use local preferences to meet local objectives in choosing among applicants. Preferences determine the order in which eligible applicants are selected from the waiting list.

There are three preference categories. Each category is assigned points. Applicants are placed on the waiting list based first on the applicant's number of preference points; then, among applicants with an identical number of points, based on the lottery number or the date and time of the application.

### **5.4 Preference Categories**

The preferences for which an individual may qualify and the points assigned are as follows:

<u>Preferences</u>	<u>Points</u>
Living <b>and</b> Working in the City Limits of Rockville	4
Living <b>or</b> Working in the City Limits of Rockville	2
Working Families living outside of Rockville	1

These local preferences are based on Rockville community needs and are consistent with the PHA Plan, the Consolidated Plan and Fair Housing laws.

#### **5.4.a. Definition of Preference Categories**

An applicant qualifies for a preference if the household meets any of the following conditions:

- (1) Living and Working in the city of Rockville
  - (a) The primary residence of the head, spouse or co-head is within the city of Rockville as verified by one of the following:
    - (i) Lease, or utility bill bearing the name of the head, spouse or co-head and an address within the corporate city limits of Rockville;  
Photo identification issued by the state such as a driver's license or other acceptable government issued photo ID
    - (ii) **and**
  - (b) Head, spouse or co-head is either working or hired to work within the corporate limits of Rockville. The person must be working or hired as of the date the Notice of Eligibility Appointment Notice.
- (2) Living or Working in the city of Rockville
  - (a) The primary residence of the head, spouse or co-head is within the city of Rockville as verified by one of the following:
    - (i) Lease, or utility bill bearing the name of the head, spouse or co-head and an address within the corporate city limits of Rockville;
    - (ii) Photo identification issued by the state such as a driver's license or other acceptable government issued photo ID;
    - (iii) **or**
  - (b) Head, spouse or co-head is either working or hired to work within the corporate limits of Rockville. The person must be working or hired as of the date the Notice of Eligibility Appointment Notice.
  - (c)
- (3) A Working Family is defined as an applicant household whose head, spouse or co-head is:
  - (a) Employed as of the date the Notice of Eligibility Appointment Notice; in a position providing a minimum of 20 hours of work each week; or
  - (b) Age 62 or older, or
  - (c) A person with disabilities; or

- (d) Participating in an education or training program designed to prepare people for the job market.

RHE Housing Voucher staff will verify that an applicant's declared address for residency or work is, in fact, located in the corporate limits of the city of Rockville by confirming that the address is in the listing of streets and unit numbers as provided by the city of Rockville.

#### **5.4.b. Preference Verification**

**5.4.b.i. Initial Self-Certification.** Effective October 2018, RHE will accept residency verification documents at the time of initial application. The documents submitted will be utilized to verify residency at the time of waiting list selection. Documents submitted that do not meet the document verification requirements will not be accepted at the time of waiting list selection.

An applicant may update his or her application by providing information in writing to RHE, including changes in family composition or income, or preference qualifications, at any time while on the list. RHE staff will annotate the applicant's file and will update the household's place on the waiting list.

**5.4.b.ii. Final Verification of Preferences.** Prior to voucher issuance, the family's preference eligibility for the residency preference will be based on the residency verification documents submitted at the time of application. Preference verification for the working preference will be based on current circumstances and must be documented through third-party verification.

#### **5.4.c. Preference Denial.**

If at final verification of local preferences it is determined that the family does not qualify for the claimed preference, the application will be given a new place on the waiting list based on the application's lottery number or date and time of application but without benefit of the preference originally claimed.

The family will be given written notice that RHE was unable to verify its qualification for the preference status claimed and the right to request an informal review.

#### **5.4.d. Preference Based on Income Targeting**

Federal law requires that 75% of families admitted each year have gross incomes at or below the extremely low-income limit, which is 30% of the area median income. If necessary to meet the statutory requirement, RHE retains the right to skip higher income families to reach extremely low-income applicants. This measure will be taken only if it appears the 75% goal will not otherwise be met.

To ensure the goal is met, RHE will monitor the income of newly admitted families and the income of families on the waiting list. If there are not enough extremely low-income families on the waiting list to meet the 75% income targeting requirement, RHE will conduct outreach on a non-discriminatory basis to attract extremely low-income families.

## **5.5. APPLICATION PROCESS**

Families who wish to apply to the waiting list must complete a written preliminary application for housing when the list is open. Reasonable accommodation and assistance will be provided to persons with disabilities during the application process.

The application process involves two phases: the initial pre-application for assistance, which results in the family's placement on the waiting list and completion of a full Application for Housing Assistance when the family reaches the top of the waiting list.

### **5.5.a. Submitting a Pre-application.**

When the housing voucher waiting list is open, RHE pre-application forms and instructions are on-line on RHE's website during the open period. RHE staff is available to help families with the pre-application process. The RHE pre-application form requests minimal information about the applicant family and requires the applicant's signature. Families must provide documentation of the living preference claimed at the time of application. The pre-application process relies on self-certification for all other preference and verification items

#### **5.5.a.i. Establishing the Waiting List.**

Before the waiting list is opened, RHE's Board of Commissioners will approve the application method to be used. The available method may be a lottery selection or date and time of application receipt with preferences.

**5.5.a.ii. Lottery.** When a lottery is to be used to determine the order of applications on the waiting list, there will be no preferences applied. RHE will employ a computerized random number generating program to assign each application a sequential number representing its waiting list placement.

**5.5.a.iii. Date and Time of Application.** If the RHE Board has determined that applications should be ordered by the date and time each application is received, pre-applications will be entered on the waiting list and ordered based on preferences claimed and date and time of application. The date and time of the application will be used to determine the sequence of applications within each preference category.

**5.5.a.iv. Notification of Initial Applicant Status.** RHE maintains an interactive voice response system (IVR) that will provide applicants with their position on the waiting list. Applicants will be instructed to call the IVR to determine their waiting list status.

**5.5.b. Management of the Waiting List** 24 CFR 982.204

**Updating Waiting List Information.** Applicants must voluntarily submit updates to their contact information or waiting list preferences in writing to RHE. Once a request to update the waiting list information is received, RHE will process the update.

**5.5.b.i. Applicant request for removal from the waiting list.** 24 CFR 982.204

An applicant may be removed from the waiting list at any time by submitting a request in writing.

**5.5.c. Completing a Full Application**

**5.5.c.i. Application Processing.** When voucher funding is available, applicants from the top of the waiting list (chosen by preference, lottery number or application date and time) will be contacted by USPS mail or email for an eligibility interview to complete a full Application for Housing Assistance.

**5.5.c.ii. Eligibility Certification Interview.** Each family selected from the waiting list will be given a date and time to report for an eligibility certification interview. All adult members of the household, age 18 or over, must attend the certification interview.

An applicant that cannot attend the originally scheduled interview must contact RHE to reschedule the application interview at least 2 business days prior to the original interview date. If the applicant contacts RHE within 2 business day of the original interview date, the applicant will automatically be scheduled to attend a pre-set make up interview date. The make-up interview date will be identified in the original Eligibility Certification Interview letter. Applicants who fail to attend their scheduled interview or to respond to the call-in letter will be sent a notice that their application will be withdrawn from the waiting list.

**5.5.c.iii. Missed Appointments.** Any applicant who fails to attend a scheduled appointment without contacting RHE to reschedule will be sent a notice of denial. The notice will provide the household an opportunity to request an informal review.

**5.5.c.iv. Determination of Eligibility.** After the interview and verification process is completed, RHE staff will make a final determination of eligibility. A family may be determined eligible, ineligible, or ineligible for the preference status claimed.

A family that is determined eligible will be scheduled to attend a briefing session at which a voucher will be issued.

A family that is determined ineligible for the preference status claimed will be returned to the waiting list as described in paragraph 5.5.d.

**5.5.c.v. Ineligibility Determination.** A family that is determined ineligible for assistance will be notified in writing of the ineligibility determination and given an opportunity for an informal review as described in paragraph 8.8.a.

**5.5.d. Transfer of Application**

The application for voucher assistance may not be transferred to another household member. Vouchers will only be issued to the head of household that is listed on the application at the time of waiting list selection. An exception will be made if the head of household dies, or is on military deployment, and the remaining household members include minor children that would benefit from the subsidy.

**5.5.e. Refusal of Housing**

If the applicant refuses the offer of a housing voucher or the opportunity to complete a full application for voucher assistance, the applicant will be removed from the waiting list for the voucher program. The applicant will remain on the waiting list for any other programs for which the family has applied.

**Suitability for Tenancy** 24 CFR 982.307

Screening for suitability for tenancy is the responsibility of the owner. RHE conducts a criminal background check on all adult household members but does not conduct any additional screening to determine suitability for tenancy.

**5.6. RHE GROUNDS FOR DENIAL OR TERMINATION OF ASSISTANCE**

24 CFR 982.551, 552, 553

**5.6.a. Reasons for Denial or Termination of Assistance**

RHE will deny assistance to an applicant if:

- (1) The family does not meet one or more of the eligibility criteria of the program.
- (2) The family violates any family obligations under the housing voucher program.
- (3) Any member of the family fails to:
  - (i) Supply information or documentation required for the application, lease-up or recertification process; or
  - (ii) Sign and submit consent forms for obtaining information; or
  - (iii) Respond to a written waiting list update request.

- (4) Any member of the family has been evicted from public housing or any federally assisted housing for any reason within the last five years prior to the date of RHE's denial notice.
- (5) Any member of the family:
  - Is currently engaging in illegal drug use; or
  - Has illegally used or possessed a controlled substance for personal use or has abused alcohol in a way that may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents; or
  - Has demonstrated a pattern of illegal drug use that may threaten the rights of others.
  - Has committed drug-related criminal activity, or violent criminal activity.
- (6) Any family member has ever been convicted of manufacturing or producing methamphetamine, "speed".
- (7) Any family member has a lifetime registration under a state sex offender registration program.
- (8) The family has engaged in or threatened abusive or violent behavior toward any RHE staff member or resident. This behavior includes oral or written threats or physical gestures that communicate intent to insult or intimidate.
- (9) Any member of the family has ever had his or her voucher assistance terminated for cause by a housing authority under the voucher program.
- (10) Any member of the family has ever committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program.
- (11) Any family member currently owes rent or other amounts to RHE or another housing authority in connection with the voucher or public housing assistance under the 1937 Act.
- (12) The family has breached an agreement with RHE to pay amounts owed to a housing authority, or amounts paid to an owner by a housing authority.
- (13) Thirty percent of the family's monthly adjusted income calculated in accordance with federal regulations is equal to or greater than the Payment Standard assigned for the family's voucher size; or, if the family's Total Tenant Payment (TTP) is equal to or greater than the gross rent approved for the family's Moderate Rehabilitation unit.

#### **5.6.b. Criminal Record Check**

All adult members (18 and over) of the applicant family will be required to complete a criminal record check process.

#### **5.6.c. Evidence**

The fact that an applicant or tenant was arrested for a disqualifying offense shall not be treated or regarded as proof that the applicant or tenant engaged in disqualifying criminal activity. The arrest may, however, trigger an investigation to determine whether the applicant or tenant actually engaged in disqualifying criminal activity. As part of its investigation, RHE may obtain the police report associated with the arrest and consider the reported circumstances of the arrest. RHE may also consider any statements made by witnesses or the applicant or tenant not included in the police report; whether criminal charges were filed; whether, if filed, criminal charges were abandoned, dismissed, not prosecuted, or ultimately resulted in an acquittal; and any other evidence relevant to determining whether or not the applicant or tenant engaged in disqualifying activity.

#### **5.6.d. Additional Considerations**

RHE will consider evidence that those who have illegally used or possessed controlled substances or abused alcohol have successfully completed a supervised drug or alcohol rehabilitation treatment program, and have been certified by the treatment program as "clean" for at least one year as of the date of the eligibility determination. (HUD Notice PIH 96-27)

RHE will consider all of the circumstances in each case, the extent of participation or culpability of individual family members, and the effects of denial on other family members who were not involved in the action or failure to act.

#### **5.6.e. Denial of assistance may include any or all of the following:**

- (1) Deny listing on the RHE waiting list;
- (2) Deny or withdraw a Housing Choice Voucher or Mod Rehab housing or Project Based Voucher;
- (3) Refusal to enter into a HAP contract or approve a lease request; and/or
- (4) Refusal to process or provide assistance under portability procedures.

#### **5.6.f. Notification of Ineligibility 24 CFR 982.201**

RHE will provide an applicant prompt written notice of its decision to deny assistance. The notice will give a brief statement of the reasons for the decision and inform the applicant of his/her right to request an informal review of the ineligibility decision. The applicant will be given 10 calendar days to request an informal review.

## CHAPTER 6: VOUCHER ISSUANCE

### 6.1. SUBSIDY STANDARDS

Subsidy standards are established by a PHA to determine the appropriate number of bedrooms and amount of subsidy for families of different sizes and compositions.

In determining bedroom size, RHE generally assigns one bedroom to two people. However,

- (1) The single head of household will be assigned a bedroom
- (2) The head of household with a spousal relationship, or other relationship that in which the persons share a bedroom, will be assigned a bedroom;
- (3) Beyond the head of household, two persons regardless of age or gender would be assigned one bedroom.
- (4) Live-in aides will be provided separate bedrooms.
- (5) Children who are in the process of being adopted, children whose custody is being obtained, or children who are temporarily away at school or temporarily absent in foster care, are included in determining the family's bedroom size.
- (6) The unborn child of a pregnant woman will be considered in determining the family's bedroom size.
- (7) RHE may grant exceptions to normal occupancy standards when a family requests a reasonable accommodation.

This results in the following standards:

Unit Size	Minimum Number of Persons in Household	Maximum Number of Persons in Household
0-BR	1	2
1-BR	1	4
2-BR	2	6
3-BR	4	8
4-BR	5	10
5-BR	8	12
6-BR	10	14

The above standards do not preclude a family from selecting either a smaller or larger-sized unit than listed subject to the specific regulations of the assigned HUD program.

### 6.2. ISSUANCE OF HOUSING CHOICE VOUCHER

#### 6.2.a. Applicant Briefing

## 24 CFR 982.301

To be issued a voucher, applicants must attend a HUD-required briefing at which RHE staff will explain how the program works. The briefings will be conducted as often as needed in group sessions and will include an overview of the housing voucher program including HQS requirements and specific tips on how applicants can conduct their search for housing.

RHE will accommodate any applicant with a disability through an individual meeting, if requested. RHE must ensure that any persons with disabilities understand the briefing in order to gain full benefit of the program. RHE staff will assist individuals who have special needs, or mobility/portability issues.

An applicant who cannot attend the originally scheduled briefing must contact RHE prior to the briefing to be scheduled for a later session. A family that fails without good cause to attend the scheduled briefing or contact RHE in advance will be denied admission to the program. A family that is more than 15 minutes late will not be allowed to attend the briefing if the briefing has begun and must reschedule to attend another briefing. A family that without good cause misses a briefing that has been rescheduled at the family's request will be denied admission to the program.

**6.2.a.i. Oral Briefing.** HUD requires that the oral briefing include all of the following:

- (1) A description of how the program works
- (2) Family and owner responsibilities
- (3) Types of eligible housing and where a family may lease a unit
- (4) An explanation of the advantages of moving to an area that does not have a high concentration of poor families
- (5) An explanation of portability and a list of portability contacts at neighboring PHAs

RHE will also provide:

- (1) An explanation that the family share of rent may not exceed 40% of the family's monthly adjusted income if the gross rent exceeds the applicable Payment Standard
- (2) Information regarding the Family Self Sufficiency Program.

**6.2.a.ii. Briefing Packet.** Applicants at each briefing will be provided a briefing packet that includes the following subjects and other material:

- (1) The term of the Housing Choice Voucher including RHE's policies on extensions, reasonable accommodations, suspensions (tolling) and procedures for requesting an extension.
- (2) Information on how RHE calculates HAP and TTP including:
  - (a) RHE's Payment Standards and Utility Allowance Schedule;
  - (b) How RHE determines the maximum rent for an assisted unit.

- (3) Information on what the family should consider when leasing a unit, including reasonable rent, unit condition, utility costs and efficiency, and location of the unit to services, plus:
  - (a) The HUD brochure “A Good Place to Live.” (HUD-H-593) on how to select a unit; and
  - (b) HUD’s lead-based paint brochure, “Protect Your Family from Lead in Your Home.”
- (4) RHE subsidy standards and any exceptions to the standards.
- (5) Where the family may lease a unit and an explanation of the portability feature, if applicable, and
  - (a) A list of the names and contact information for portability staff at housing authorities in neighboring jurisdictions.
  - (b) A list of landlords with available units to lease under the housing voucher program.
  - (c) A listing of any accessible units known to RHE.
  - (d) A map of the City of Rockville.
- (6) An explanation of the HUD-required tenancy addendum.
- (7) The Request For Tenancy Approval (RFTA) form and the approval process.
- (8) RHE's policy on providing information to prospective landlords about a prospective family.
- (9) Information on federal, state, and local equal opportunity laws and a copy of the housing discrimination complaint form (HUD-903).
- (10) The RHE grounds for terminating assistance for a participant family.
- (11) The family obligations under the Voucher program.
- (12) RHE's informal review and informal hearing procedures.

#### **6.2.b. Income Limits for Voucher Issuance**

For new families entering the program, the income limit shall be the very low-income limit (50% AMI) or the extremely low-income limit (30% AMI), as published by HUD and in effect as of the date the family is selected for participation, except for low-income applicants eligible under Continuously Assisted (see Glossary). Once a family is admitted (leased), they are no longer subject to initial income limits in order to retain eligibility.

#### **6.2.c. Voucher Term**

Once the applicant family has attended a briefing, RHE will issue a Housing Choice Voucher.

##### **6.2.c.i. The Initial Term of the voucher is 60 days.**

**6.2.c.ii. Extensions.** Two 30-day extensions may be granted for a family making a request in writing prior to the expiration date. The family must provide a statement of their efforts to find a unit, and that additional time can reasonably be expected to result in

success in leasing a unit. No voucher will have a term longer than 120 days without an extraordinary reason. If a family has not utilized an issued voucher after 180 days, the voucher will terminate and no additional extensions will be provided. After 180 days of non-use of a voucher the family's program participation will terminate, the family must apply for the waiting list when the waiting list is open to receive another voucher.

**Additionally**, if a family has been unassisted, meaning no HAP has been paid on their behalf for 180 days, the family's program participation will be terminated.

If the family's voucher expires (with or without an extension), the family must wait until RHE begins accepting Housing Voucher applications to reapply.

**Reasonable Accommodations.** Upon request, RHE may approve an extension beyond 120 days if RHE determines that additional search time is warranted as a reasonable accommodation to a household that includes a person with disabilities.

**6.2.c.iii. Suspensions (Tolling).** When a Request for Tenancy Approval (RFTA) is received, no time is counted against the term of the family's voucher during the period required to process the request. If the unit is not approved, the family can resume its search for housing with the same amount of time remaining on its voucher as was there on the date the RFTA was submitted.

## CHAPTER 7: LEASING AND PORTABILITY

### 7.1. LEASING

**7.1.a. In-Place Leasing.** Program experience indicates that it is easier for many participants to negotiate a voucher lease in their present unit than with a new landlord. It is RHE's intent through landlord outreach to encourage mobility and portability as well as leasing in place. As part of that landlord outreach, RHE staff will provide landlord information and training programs regarding regulations and requirements for participation in the voucher program.

**7.1.b. Request for Tenancy Approval (RFTA) Process.** When a voucher holder finds a suitable unit, the family submits a completed RFTA (form HUD 53517). A family may not submit more than one RFTA for approval at a time. The time on the voucher will be suspended until the HQS inspection and RFTA processing has been completed.

Upon receipt of the RFTA, RHE will contact the prospective landlord to confirm the unit information on the RFTA, to provide the landlord with program information, and to encourage the landlord to screen the applicant for rent, credit, and criminal histories.

**7.1.c. Approval to Lease a Unit.** RHE will approve a lease if all of the following conditions are met:

- (1) The unit is eligible;
- (2) The unit is inspected by RHE and passes HQS;
- (3) The lease is approvable and includes the following:
  - (i.) The names of the owner and tenant;
  - (ii.) The address of the unit rented;
  - (iii.) The term of the lease (initial term and any provisions for renewal);
  - (iv.) The amount of the monthly rent to the owner;
  - (v.) A specification of what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the family; and
  - (vi.) The required HUD tenancy addendum.

- (4) The rent to owner is reasonable;
- (5) The family's share of rent does not exceed 40% of their monthly adjusted income if the gross rent exceeds the applicable payment standard;
- (6) The owner has not been debarred, suspended, or made subject to a limited denial of participation by HUD or RHE; and
- (7) The family continues to meet all eligibility and screening criteria.

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

#### **7.1.d. Assistance to Families who Claim Discrimination**

RHE complies fully with all federal, state and local nondiscrimination laws; the Americans with Disabilities Act; and the U.S. Department of Housing and Urban Development regulations governing Fair Housing and Equal Opportunity.

No person shall, because of race, color, sex, religion, national or ethnic origin, familial status, age or disability, be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under RHE's housing programs.

Families receive HUD's discrimination complaint form (HUD-903.1) in their briefing packets and RHE staff provides information and assistance on how to file a housing discrimination complaint.

#### **7.1.e. Initial Lease Up – Tenancy Requirement**

Upon initial move in to a unit, the family must reside in the unit for the full one year initial lease term. Exceptions to the tenancy requirement will be considered for issues relating to VAWA, reasonable accommodation requests or other good reason as determined by RHE.

### **7.2. HOUSING QUALITY STANDARDS (HQS) INSPECTIONS 24 CFR 982.401**

#### **7.2.a. HQS Overview**

RHE cannot make assistance payments on a unit that is not in compliance with HUD's Housing Quality Standards (HQS). To that end, RHE must inspect a unit before it can be leased under the HCV program and at least biennially thereafter.

RHE conducts the following types of HQS inspections:

- (1) Initial inspections

- (2) Biennial inspections
- (3) Complaint inspections
- (4) Quality control inspections

#### **7.2.b. Initial Inspections.**

RHE will conduct an HQS inspection within 15 calendar days after receipt of the Request for Tenancy Approval (RFTA). All utilities must be in service when the unit is inspected.

Immediately following the initial inspection, the owner will be notified in writing of any conditions that violate HQS requirements. The owner must make repairs as required to eliminate the violations cited. RHE's inspector must re-inspect the unit and issue a passing inspection report before the lease and HAP contract are executed.

#### **7.2.c. Biennial Inspections**

RHE will conduct biennial HQS inspection on each assisted unit every 24 months according to HUD regulations as amended.

RHE must be allowed to inspect the dwelling unit at reasonable times with reasonable notice. The family and the owner will be notified of the date and time for the biennial inspection.

The family may reschedule the biennial inspection by calling RHE 24 hours prior to the day of the scheduled appointment. The rescheduled inspection must be coordinated with the inspector's schedule. If the family is unable to facilitate 2 scheduled inspection appointments, the family will be subject for termination.

If the inspector is unable to gain access to a unit at the time of a scheduled inspection, RHE will terminate the family's assistance for violating its Family Obligations.

#### **7.2.d. Complaint Inspections**

HQS inspections may be requested by program participants, owners or RHE. When emergency conditions arise, participants have the right to reasonable notice prior to a complaint inspection. Participants are required to permit RHE access and are subject to the same procedures and requirements described above under biennial Inspections.

#### **7.2.e. Quality Control Inspections**

RHE conducts quality control inspections on a sample of HCV units to insure the quality and effectiveness of its inspections system. Requirements to provide RHE access are the same for a quality control inspection as for an annual inspection. As with biennial and

complaint inspections, families and owners are provided notice by first class mail of a scheduled quality control inspection and may call prior to the day of the inspection appointment to reschedule the inspection. If a family misses two inspections, RHE will terminate the family's assistance for violating its Family Obligations.

#### **7.2.f. Repair of HQS Violations**

RHE will inform the owner and the resident in writing following every inspection of the inspector's findings. Any HQS violations cited by the inspector must be corrected. RHE will verify the correction of HQS deficiencies noted during an biannual or interim inspection. PIH Notice 2012-15 notes HQS deficiencies found during an biannual or interim inspection, corrections do not have to be physically verified by an HQS inspector. On a case by case basis, RHE may choose to accept verification of the HQS deficiency correction by receiving the three following documentation:

- Owner's written certification
- Picture or video of the repair

For initial inspections, HQS inspection deficiency corrections must be verified by an HQS Inspector.

**7.2.f.i. Emergency HQS Violations.** HQS violations that are life threatening must be corrected or abated within 24 hours of RHE's inspection.

Emergency violations may include no working toilet within the unit, no heat or other serious conditions deemed by RHE.

RHE will inform the owner immediately when an emergency violation has been cited.

**7.2.f.ii. Routine HQS Violations.** HQS violations that are not emergency violations are considered routine violations. Owners must correct routine HQS violations within the time specified by the inspector but no later than 30 days of the citation or before the expiration of any extension provided by RHE.

**7.2.f.iii. Abatement of HAP or Contract Termination.** If violations have not been corrected within the time specified by RHE, RHE will abate the housing assistance payments for the unit effective no later than the first day of the following month.

RHE will continue to encourage the owner to make the repairs requested.

If a subsequent inspection determines that requested repairs have been completed, RHE will reinstate HAP payments effective the day the unit passes the HQS inspections. However, no payment will be made for the days during the abatement period while the unit was out of compliance.

RHE will issue a 30-day notice to Cure HQS Violation of Contract Termination at the outset of the abatement period. If the unit remains out of compliance at the end of the 30-day notice period, the HAP contract will be terminated and RHE will issue the family a voucher to locate a new unit.

**7.2.f.iv. Family-Caused HQS Violations.** The family is responsible for any breach of HQS standards including:

- (1) The family's failure to supply and pay for any utilities which are the family's responsibility under the lease and HAP contract;
- (2) The family's failure to provide and maintain any appliance that is the family's responsibility to supply under the lease and HAP contract;
- (3) Damage beyond normal wear and tear to the unit or common areas cause by any member of the household or guest.

The family is required to correct any life-threatening breach of HQS it has caused within 24 hours and any routine HQS violation within 30 days.

RHE will take prompt and vigorous action to enforce the family's HQS obligations and will terminate the family's assistance from the program if the family fails to comply with HQS requirements.

### 7.3. ELIGIBLE/INELIGIBLE HOUSING

**7.3.a. Eligible Housing.** Units in the following types of properties are eligible for housing voucher assistance:

- (1) Single family dwellings;
- (2) Town houses;
- (3) Apartments;
- (4) Cooperative housing;
- (5) Manufactured housing; and
- (6) Manufactured home space rentals.

**7.3.b. Ineligible Housing.** The following types of housing cannot be assisted under the housing voucher program:

- (1) A public housing unit;

- (2) A unit receiving project-based assistance under a Section 8 program;
- (3) Nursing homes, board and care homes, or facilities providing continual psychiatric, medical or nursing services;
- (4) College or other school dormitories;
- (5) Units on the ground of penal, reformatory, medical, mental, and similar public or private institutions;
- (6) A unit occupied by its owner. This restriction does not apply to a cooperative or to assistance on behalf of a manufactured home owner leasing a manufactured home space; and
- (7) A unit receiving any duplicative federal, state, or local housing subsidy. This does not prohibit renting a unit that has a reduced rent because of a tax credit.

**7.3.c. Ineligible Special Housing.** RHE will not approve a tenant based housing voucher lease for any of the following special housing types, except as a reasonable accommodation for a family with disabilities:

- (1) Congregate housing;
- (2) Group homes;
- (3) Shared housing; and
- (4) Single Room Occupancy housing.

**7.4. DISAPPROVAL OF OWNERS 24 CFR 982.306.**

RHE will not approve a unit:

- (1) If the owner is debarred, suspended or subject to a limited denial of participation by HUD;
- (2) If directed by HUD because the federal government has instituted an administrative or judicial action against the owner for violation of the Fair Housing Act or other federal equal opportunity requirements, and such action is pending;
- (3) If directed by HUD because a court or administrative agency has determined that the owner violated the Fair Housing Act or other federal equal opportunity requirements; or

- (4) If the owner is the parent, child, grandparent, grandchild, sister, or brother of any member of the family, unless RHE determines that approving the unit would provide reasonable accommodation for a family member who is a person with disabilities.
- (5) The owner has violated obligations under a Housing Assistance Payments Contract;
- (6) The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;
- (7) The owner has engaged in drug-related criminal activity, or any violent criminal activity;
- (8) The owner has a history or practice of non-compliance with HQS for units leased under the housing voucher program, or with applicable housing standards for units leased with project-based voucher assistance or leased under any other federal housing program;
- (9) The owner has a history or practice of renting units that fail to meet state or local housing codes;
- (10) The owner has not paid state or local real estate taxes, fines or assessments;
- (11) The owner refuses (or has a history or refusing) to evict families for drug-related or violent criminal activity, or for activity that
  - a. Threatens the health, safety or right to peaceful enjoyment of the premises by tenants;
  - b. Threatens the health or safety of RHE employees, or owner employees;
  - c. Threatens the health, safety or right to peaceful enjoyment of their residences by people residing in the immediate vicinity of the premises.
- (12) The owner's participation would create other conflicts of interest under federal, state, or local law.

RHE will provide written notification to the owner and the voucher holder if an owner is disapproved; and the owner will be given an opportunity to rectify any deficiencies.

## **7.5. PAYMENT STANDARD**

### **7.5.a. Setting the Payment Standard**

RHE establishes a payment standard schedule that is between 90 and 110% of the HUD-published Fair Market Rent (FMR). Each year, after publication of the FMRs, RHE

reviews the payment standards in effect to determine if increases or decreases are required. In making this determination, RHE considers vacancy rates and rents in the market area, size, and quality of units leased under the program, rents for units leased under the program, success rates and search times of voucher holders looking for housing, and the percentage of annual income families are paying for rent under the voucher program.

Payment standards for each bedroom size are evaluated separately so that the payment standard for one bedroom size may increase or decrease while another remains unchanged. When circumstances warrant, RHE may consider adjusting payment standards at times other than the annual review.

RHE may establish a higher payment standard up to 110% of the FMR as a reasonable accommodation for a family that includes a person with disabilities or request approval from the HUD field office for a payment standard up to 120% of the FMR.

RHE will implement PIH Notice 2016-05, which authorizes a PHA to approve a payment standard of not more than 120 percent of the FMR without HUD approval if requested as a reasonable accommodation by a family that includes a person with a disability.

RHE must maintain documentation that shows:

- a rent reasonableness analysis was conducted in accordance with the HCV program regulations at 24 CFR 982.507;
- the family requested lease approval for the unit and requested an exception payment standard as a reasonable accommodation; and
- the unit has features that meet the needs of a family member with disabilities. For example, a unit may be suitable because of its physical features or for other reasons, such as having the requisite number of bedrooms, location on an accessible transit route, or proximity to accessible employment, education, services, or recreation.

The request for reasonable accommodation must be submitted in writing and include supporting documentation, for example from a medical professional.

#### **7.5.b. Area Exception Rents**

RHE may request that HUD approve an exception payment standard for higher cost areas within its jurisdiction. Exception payment standard rent authority may be requested for all or some unit sizes, or for all or some unit types.

If the FMR increases after HUD has approved an exception payment standard, the exception payment standard remains unchanged until such time as RHE requests and

HUD approves a higher exception payment standard. If the FMR decreases, the exception payment standard authority automatically expires.

### **7.5.c. Selecting the Correct Payment Standard** 24 CFR 982.505

**7.5.c.i. Use of the Payment Standard.** The payment standard is used to calculate the monthly housing assistance payment for a family. The payment standard is the maximum monthly assistance payment permitted under the program.

The actual monthly assistance RHE will pay is equal to the lower of:

- (1) The payment standard for the family size less the family's total tenant payment;  
or
- (2) The gross rent minus the family's total tenant payment.

**7.5.c.ii. Determining the Payment Standard for a Family.** Payment standards are established by unit size.

A family's payment standard is the lower of:

- (1) The payment standard for the family unit size; or
- (2) The payment standard for the unit size rented by the family.

If the unit rented by the family is located in an exception rent area, RHE will use the appropriate payment standard for the exception rent area.

**7.5.c.iii. Increase in the Payment Standard.** If the payment standard increases during the term of the HAP contract, the new payment standard will be implemented at the family's next annual recertification or upon any move to a new unit, whichever is earlier.

**7.5.c.iv. Decrease in the Payment Standard.** If the payment standard decreases during the term of the HAP contract, the lower payment standard will be applied at the family's second annual reexamination following the decrease.

At the family's first annual reexamination following the decrease, the payment standard will be the higher of:

- (1) The payment standard used at the most recent reexamination; or
- (2) The payment standard that is determined using the *decreased* payment standard schedule and selecting the lower of the payment standard amount for the family size or the payment standard for the unit size rented by the family.

**7.5.c.v. Change in Family Size.** If a family's unit size changes during the HAP contract term, the payment standard for the new family size which is in effect at the time

of the family's next regular reexamination must be used regardless of any decrease in the payment standard amount.

#### **7.6. RENT REASONABLENESS 24 CFR 982.507**

RHE will not approve an initial rent or a rent increase without determining that the rent is reasonable. Rent reasonableness is determined prior to the initial lease and at the following times:

- (1) Before any increase in rent to owner is approved;
- (2) If, 60 days before contract anniversary date, there is a 5% decrease in the published FMR, as compared to the previous FMR; and
- (3) If RHE or HUD directs that rent reasonableness be determined.

##### **7.6.a. Comparability.**

Rent is reasonable if it is not greater than rent charged for comparable unassisted units in the neighborhood. In determining rent reasonableness, RHE will consider the location, quality, size, number of bedrooms, age, amenities, housing services, maintenance and utilities of the unit and comparable units. RHE will document rent reasonableness determinations in each tenant file with information on a minimum of two comparable units or with documentation from the rent reasonableness database of the service provider conducting the rent reasonableness determination.

Owners may review the rent determination made on their unit and may submit additional information.

By accepting the housing assistance payment each month, the owner certifies that the rent to owner is not more than the rent charged by the owner for comparable unassisted units in the premises.

#### **7.7. ASSISTANCE AND RENT FORMULAS**

The Total Tenant Payment (TTP) is the minimum amount a family will pay toward rent and utilities. If a family selects a unit that rents for more than the payment standard, the family will pay the TTP plus the amount by which the gross rent exceeds the payment standard.

The family share is the full amount the family is required to pay for rent and utilities.

**7.7.a. Total Tenant Payment.** The Total Tenant Payment (TTP) is the minimum amount a voucher family will pay for rent and utilities. The TTP is equal to the highest of:

- (1) 10% of the family's monthly income; or
- (2) 30% of the family's adjusted monthly income; or
- (3) The minimum rent, if applicable;

**7.7.b. Minimum Rent..**

All program participants must pay a TTP of at least \$50.

A family may request an exemption from the minimum rent if the \$50 payment will create a financial hardship. If a family requests a hardship exception, RHE will suspend the minimum rent charge temporarily while staff reviews documentation provided by the family of its hardship claim.

RHE will grant the hardship exception if it finds that:

- (1) The family will be evicted if the minimum rent is imposed;
- (2) The family has lost eligibility for an income assistance program or is awaiting an eligibility determination for assistance;
- (3) The family has no income due to a loss of employment or a death in the family.

If RHE finds there is a hardship that is expected to be of long-term duration, the family will be exempted from the minimum rent until the hardship no longer exists.

If RHE determines there to be a temporary hardship, the minimum rent will be reinstated 90 days from the date of the family's request retroactively to the date of the suspension. The family will be offered a reasonable repayment agreement to cover the minimum rent charges that accumulated during the suspension.

If RHE determines that no hardship exists, the minimum rent will immediately be imposed retroactively to the date of its suspension and the family will be responsible for immediate repayment of accumulated rent charges.

No participant when receiving tenant-based assistance initially on a unit shall pay more than 40% of their monthly-adjusted income for rent and utilities if the gross rent exceeds the applicable payment standard.

## **7.8. UTILITY ALLOWANCE**

**7.8.a. Utility Allowance Schedule.**

RHE maintains a utility allowance schedule for all tenant-paid utilities (except telephone, internet and cable television), trash collection service and tenant-supplied appliances.

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

RHE reviews the utility allowance schedule once each year to determine if it continues to be in line with local utility rates. A revised schedule is adopted whenever there has been a change of ten percent or more in the utility rate since the last time the schedule was revised. A revised schedule is applied at the family's next annual recertification or when a family moves to a new unit.

The allowance for tenant-supplied appliances is a depreciation allowance, not an allowance related to the cost of operating the appliance. The cost to the tenant for operating appliances, whether tenant-owned or belonging to the owner, is covered by allowances for electricity and gas.

#### **7.8.b. Applying the Utility Allowance.** PIH Notice 2016-05

RHE will use the appropriate utility allowance for the lesser of the size of dwelling unit actually leased by the family or the voucher size issued, as determined under the RHE subsidy standards.

In cases where a reasonable accommodation has been provided to a family that includes a person with disabilities, the PHA must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.

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

#### **7.8.c. Utility Reimbursement Payment (URP)** 24 CFR 982.4.

When the allowance calculated for tenant-paid utilities exceeds the Total Tenant Payment, RHE will make a utility reimbursement payment to the tenant each month.

### **7.9. LEASE APPROVAL** 24 CFR 982.308-309

The assisted lease between the tenant and owner (including any new lease or lease revision) must be reviewed by RHE for compliance with the terms of the HAP contract. The HUD Tenancy Addendum must be attached to the HAP Contract and the owner's lease. The following requirements must be met:

- 7.9.a. Tenant's legal capacity.** The tenant must have legal capacity to enter into a lease under state and local law, which in the State of Maryland includes a requirement that the head of the household be at least 18 years of age.
- 7.9.b. Tenancy Addendum (HUD 52641-A).** If there is any conflict between the HUD Tenancy Addendum and any other provisions of the lease, the provisions of the HUD Tenancy Addendum shall prevail.
- 7.9.c. State and Local Law.** The owner's lease must comply with state and local law.
- 7.9.d. Utilities.** The lease must specify what utilities and appliances are owner-supplied and what utilities and appliances are to be supplied by the family.
- 7.9.e. Lease Term.** The initial lease term must be for at least one year, unless RHE determines that a shorter term of not less than six months would improve housing opportunities for the family. The lease terms that apply must be consistent with those generally applied to unassisted tenants in the same property.
- 7.9.f. Changes in the Lease.**

A new HAP contract establishing a new tenancy is required if the owner requests a change to the lease term or to the agreement on which utilities and appliances are supplied by the owner or the tenant.

A new tenancy with a new lease and new HAP contract are required if the tenant moves to a new unit even if the unit is in the same building or complex.

Other changes to the lease agreed to by the owner and the tenant must be in writing and must comply with housing voucher program requirements but do not require execution of a new HAP contract. The owner must provide RHE immediately with a copy of any revised lease agreement.

The owner must request RHE approval of any proposed rent increase in writing at least 60 days before any increase can become effective as described in Chapter 8, paragraph 8.2.

## **7.10. SECURITY DEPOSITS 24 CFR 982.313**

Owners are encouraged to collect a security deposit. The security deposit may not be in excess of private market practice, cannot exceed amounts charged by the owner to

unassisted tenants, and cannot exceed amounts permitted by state or local law. Local law states that the security deposit may not exceed two months rent.

### **7.11.HOUSING ASSISTANCE PAYMENTS CONTRACT EXECUTION**

24 CFR 982.451

#### **7.11.a. The HAP Contract.**

The housing assistance payments contract (HAP contract) is the contract between RHE and the owner wherein the owner agrees to lease a specified dwelling unit to a specified eligible family, and RHE agrees to make monthly housing assistance payments to the owner on behalf of the family.

The term of the HAP contract must be the same as the term of the lease. Neither the lease nor the HAP contract may be effective until the unit passes the HQS inspection. The HAP contract may not be executed more than 60 days after commencement of the lease term and no payments will be made until the contract is executed.

All owners must provide to RHE an IRS Form W-9 with a tax identification number or Social Security Number and direct deposit bank account authorization before any HAP payments can be made.

The total rent paid by the tenant plus RHE's housing assistance payment to the owner may not be more than the rent to owner shown on the lease and HAP contract or RHE rent change documents. The owner must return immediately any excess HAP payment to RHE.

#### **7.11.b. Payment to owners.**

**7.11.b.i.** The amount of monthly housing assistance payment is the lower of:

- (1) The payment standard minus the total tenant payment; or
- (2) The gross rent minus the total tenant payment.

**7.11.b.ii.** All owners must agree to direct deposit of the housing assistance payment.

**7.11.b.iii.** If payments are not made when due, the owner may charge RHE a late payment, as specified in the HAP Contract and in accordance with generally accepted practices in the city of Rockville, if the following conditions apply:

- (1) It is the owner's practice to charge such penalties for assisted and unassisted tenants; and

- (2) The owner also charges such penalties against the tenant for late payment of family rent to the owner.

Late charges will not be paid when the reason for lateness is attributable to factors beyond the control of RHE.

#### **7.11.c. Change of ownership.**

Before making HAP payments to a new owner after the sale of a property, RHE must receive a written request from the owner who executed the HAP contract and a copy of the Deed of Trust showing the transfer of title. RHE must also receive a request from the new owner providing account information for direct deposit of HAP payments and an IRS Form W-9 for the new owner.

#### **7.12.PORTABILITY 24 CFR 982.353, 982.354 AND 982.355**

Portability is the process of leasing a dwelling unit with voucher assistance outside the jurisdiction of the PHA that initially issued the family its voucher. Housing voucher regulations permit a voucher participant to use his or her voucher assistance anywhere in the United States where there is a PHA administering the voucher program.

RHE will use the required HUD Family Portability Information form HUD-52665 for both outgoing and incoming families. (See Appendix)

#### **7.12.a. Moving Out of Rockville Using Portability**

##### **7.12.a.i. Eligibility for Portability**

A family using portability for its first lease under the voucher program must select a unit in a jurisdiction where the family is within the very low-income limit.

##### **7.12.a.ii. Portability Procedures**

If a family notifies RHE that they want to move using portability, RHE will contact the receiving PHA and confirm that the family is eligible to move, that their Housing Choice Voucher has been issued, and that the family wishes to relocate to the receiving jurisdiction. Form HUD-52665 Part I, the most recent form HUD-50058, copies of income verification and declarations of citizenship or eligible immigration status, and a copy of the Housing Choice Voucher issued by RHE will be sent by certified mail or fax or email to the receiving PHA. RHE will also advise the family how to contact and request assistance from the receiving PHA.

#### **7.12.b. Moving into Rockville Using Portability**

RHE will accept a family with a valid Housing Choice Voucher from another jurisdiction and administer or absorb the subsidy. In order to prevent an adverse effect on the Section 8 waiting list, in most cases RHE will choose to administer the subsidy on behalf of the initial PHA. Staff may choose to absorb families on a one-for-one basis where the initial PHA is administering an equal number of RHE's subsidies and is willing to absorb an equal number of RHE's subsidies. This will reduce the billing process for non-absorbed subsidies without changing the number of families served from the Section 8 waiting list. RHE will notify the initial PHA through Part II of the form HUD-52665 that their family is moving to RHE's jurisdiction. Attached to the 52665 will be the current form HUD-50058. For monthly billing purposes, RHE will use the 52665 form to show the schedule changes and any fees owed to RHE.

RHE will determine the family's unit size in accordance with RHE subsidy standards and will approve voucher extensions in accordance with RHE policy.

## CHAPTER 8: ONGOING OCCUPANCY FUNCTIONS

### 8.1. RECERTIFICATION OF PARTICIPATING HOUSEHOLDS

24 CFR 982.516. RHE will recertify family income, composition, and allowances and re-determine rent and the housing assistance payment on behalf of the family at least annually. The family must supply any information requested by RHE or HUD.

#### 8.1.a. Annual Recertifications.

**8.1.b. Recertification Appointments.** All participating voucher families will be notified in writing 90-120 days in advance of their scheduled effective recertification date and given appointments for a reexamination interview.

(i) If the family is unable to attend the recertification appointment, two make-up appointment days will be provided in the original recertification scheduling letter. If the family does not attend either the original appointment or the make date options, the family will receive a notice of termination for non-compliance.

(ii) A family may ask to have the date and time of the reexamination appointment changed by calling RHE in advance of the scheduled appointment.

(iii) Persons with disabilities may request that a reexamination be conducted by mail, by staff home visit, or by an authorized representative as a reasonable accommodation.

(iv) RHE staff must complete the reexamination in a timely manner, so that the 30-day written notice will be sent to the owner and family 30 days prior to the anniversary date of any rent change.

**8.2. Effective Date of Rent Changes.** The new family share will generally be effective on the family's anniversary date after 30 days written notice to the family of the rent change.

**8.2.b.** However, if the family has caused a delay in RHE's completion of the recertification the family will not be entitled to the 30-day rent change notice. When the family has delayed a recertification:

(i) An increase in the tenant rent portion will be effective on the family's anniversary date and may be implemented retroactively if required procedures have been completed by the anniversary date.

(ii) A decrease in the tenant rent portion will be implemented on the first of the month after the date on which required procedures are completed.

(iii) Notice of any change in the tenant rent portion and its effective date will be sent by mail or email to the owner and the family.

**8.3.a. Interim Recertifications**

- (i) An interim recertification is one that is performed between annual recertifications to reflect changes in family circumstances.

**8.4.a. Interim Reporting Requirements.** Between annual recertifications families are required to report the following information:

- (i) Any change in household composition;
- (ii) Any increase in income for any family member.
- (iii) Any increase in child support income received consecutively for 2 months; following a period in which the family has processed an interim re-examination which reported zero child support income.
- (iv) **These changes must be reported within 10 days of the date when the change occurs. Failure to report such changes within the time required is grounds for termination of assistance.**

**8.5. Reporting Other Changes.** A family may report a decrease in income or an increase in expenses related to allowable deductions. RHE will conduct an interim recertification to reduce a family's rent for any change that will last more than 30 days.

- (i) **Verification at Interim Recertifications.** At an interim recertification, that the family information that has changed is verified. Per HUD regulations an EIV will be pulled for each interim transaction.
- (ii) **Interim Recertifications will be processed within 60 days of receiving the completed Interim Recertification packet.**
  - a. An interim recertification packet is not considered complete until ALL requested documents have been received. Once ALL requested documents have been received, the 60 day processing time will begin.
  - b. If requested documents are not received by the deadline noted in the missing document notification. The interim will be discarded and must be resubmitted with all of the requested documents. The 60 day processing time will begin upon resubmission and acceptance of the completed recertification packet.
- (iii) **Effective Date of Tenant Rent Portion Changes.** Generally, following an interim recertification:
  - a. A tenant rent portion increase will be effective the first day of the month following a 30-day written notice to the family of the new rent amount;
  - b. A tenant rent portion decrease will be effective the first day of the month, following the 15 days after the completed interim recertification packet is received and accepted. For example if an interim recertification is received completed and is accepted on June 15, the Recertification will be effective

for July 1. If the completed recertification packet is received and accepted on June 30, the recertification will be made effective for August 1. However, if the family has failed to report a required change that would result in a rent increase, the change will be effective retroactively to the date it would have been effective had the family reported the information on time.

Notice of any change in the tenant rent portion and its effective date will be sent by mail or email to the owner and the family.

#### **8.6. OWNER CONTRACT RENT INCREASES 24 CFR 982.519**

- (i) An owner may implement a contract rent increase request by giving the tenant advance notice as required under the lease and state and local law. The City of Rockville requires that owners provide 90 days notice of any rent increase.
- (ii) In addition, the owner must provide RHE 60 days notice in writing prior to the effective date of the proposed contract rent increase. RHE will conduct a rent reasonableness evaluation and will not approve the proposed contract rent unless it is determined to be reasonable.
- (iii) A rent increase approved by RHE will be effective on the later of:
  - (i) The first day of the month that is or follows the anniversary date of the HAP contract; or
  - (ii) The first day of the month that is at least 60 days after RHE received a rent increase request from the owner.

#### **8.7. FAMILY MOVES 24 CFR 982.314**

A participating family wishing to move to a new unit must give RHE notice of its intent to move and request a new voucher. A family planning to move to another jurisdiction must include this information in its notice to RHE.

The family must be in compliance with its family obligations to be issued a new voucher.

The family must give the owner proper notice of its intention to vacate as required by the family's lease.

The family may not move more than once in any 12-month period. Exceptions may be granted for the purpose of providing a reasonable accommodation or other approved exception by RHE.

The lease and HAP contract for the family's new unit may begin during the month in which the family moves; RHE will pay a pro-rated HAP for the new unit and the owner of the family's previous unit.

RHE may require a family to move if the HAP contract is terminated due to the owner's failure to comply with HQS or other breach of the contract or if changes in the family size have created overcrowding that violates HQS or the Subsidy/Occupancy Standards. In such a case, RHE will issue a voucher for the family to search for a new unit.

#### **8.8. FAMILY BREAKUPS 24 CFR 982.315**

**8.8.a.** If a family splits apart, RHE shall determine on a case-by-case basis which family members if any will continue to receive housing assistance. In making this determination, RHE will consider:

- (i) Whether the assistance will remain with the family members who continue to reside in the assisted unit;
- (ii) The needs of minor children or family members who are ill, elderly or persons with disabilities;
- (iii) Whether family members were forced to leave the unit as a result of actual or threatened physical violence by a member of the household;
- (iv) Whether the head or co-head is determined to have a greater financial need for voucher assistance.

If a court issues a decision specifying which family members should receive continued voucher assistance, RHE must abide by the court's ruling.

#### **8.9. Departure of Head of Household**

If the Head of Household decides they no longer wish to reside with the household that is receiving the HAP Assistance; the Voucher may not be transferred to other family members. Only in the case of death of the Head of Household, military deployment or for a reasonable accommodation of a disability may the voucher be transferred to other family members currently living in the assisted household.

##### **8.9 a. Removal of Household Member**

RHE will approve the removal of a household member by the Head of Household upon the family proving documentation that the person being removed has a new address and no longer resides in the voucher assisted household. Verification documents include but are not limited to the following; a new lease with the removed family member's name on it, a driver's license with the new address, a utility bill the removed member's name on it, or other acceptable documentation that provides evidence that the family member no longer resides in the assisted unit.

#### **8.10. TERMINATIONS**

##### **8.11. Owner Termination of Tenancy 24 CFR 982.310**

**8.11.a.** An owner may terminate a lease:

- (i) At the end of the lease term;
- (ii) For criminal activity or alcohol abuse by any household member or guest;
- (iii) For serious or repeated violation of the lease;
- (iv) For other reasons provided for in the lease or allowable by local, state and federal laws.

During the first year of the lease, the owner may terminate the lease only for the family's failure to abide by its obligations under the lease.

The owner must comply with state and local law through the eviction process. The owner must give the family and RHE written notice of his/her intention to terminate the lease, stating the grounds for the termination. The family is also required to give RHE a copy of any eviction notice from the owner.

**8.12. HAP Contract Termination** 24 CFR 982.453, 454, 455.

**8.12.a. Automatic HAP Contract Terminations.** The HAP contract terminates automatically if:

- (i) The family moves out of the unit;
- (ii) The lease terminates; or
- (iii) The owner evicts the family.

If the owner is pursuing eviction of the family, RHE will continue to make HAP payments until the owner receives a court judgment for eviction. In some cases, RHE may at its discretion, may continue to make assistance payments until the family moves or is evicted from the unit.

The HAP contract also terminates automatically 180 days after the last housing assistance payment to the owner when increases in family income have permitted the family to begin paying the full rent; or if the family has been absent from the unit for more than 180 days.

**8.13. HAP Contract Terminations by RHE.** RHE will provide 30 days notice to the owner and the family prior to terminating a HAP contract for any of the following reasons:

- (i) RHE's termination of housing assistance to the family;
- (ii) RHE has required a family to move due to overcrowding in violation of HQS;
- (iii) An owner's breach of the contract including:

- a. HQS violations;
- b. Other contract violations;
- c. Violations under HAP contracts for other units;
- d. Drug trafficking or violent criminal activity; or
- e. Fraud, bribery or other corrupt or criminal act in connection with a federal housing program.

RHE may terminate the HAP contract if it determines it lacks adequate funding under its contract with HUD.

The owner may terminate the HAP contract by giving notice to RHE and the tenant as required under terms of the lease between the owner and the tenant.

HAP contract terminations by owners of moderate rehabilitation units require a one-year notice to RHE.

#### **8.14. Termination of Assistance – Program Participant**

RHE may terminate the assistance of a family that has violated any of the voucher program Family Obligations (Chapter 2) including any serious or repeated violation of the family's lease with the landlord.

RHE may terminate the assistance of a family if any member of the household engages in physical or verbal abuse toward RHE staff. Abuse may include but is not limited to the use of profane language; yelling at RHE staff or other verbal or physical assaults.

In addition, RHE may terminate assistance for any of the grounds for denial or termination of assistance set forth in Chapter 5 Paragraph 6, Reasons for Denial or Termination of Assistance.

When there are grounds to terminate assistance, RHE will consider the seriousness of the issue, the level of involvement and the effect termination may have on uninvolved family members. Where appropriate, RHE may permit some family members to remain in the assisted unit on condition of their agreement that specified family members will not reside in the unit.

RHE will provide the family and the owner 30 days notice of its intention to terminate assistance, stating the reason for the termination. The family will have the opportunity to request an informal hearing.

#### **8.15. VIOLENCE AGAINST WOMEN**

##### **8.15.a. VIOLENCE AGAINST WOMEN ACT (VAWA) POLICY Purpose and**

**Applicability:** The purpose of this policy (herein called "Policy") is to implement the applicable provisions of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Pub. L. 109-162) and more generally to set

forth Rockville Housing Enterprises (RHE) policies and procedures regarding domestic violence, dating violence, and stalking, as hereinafter defined. This Policy shall be applicable to the administration by (RHE) of all federally subsidized public housing and Section 8 rental assistance under the United States Housing Act of 1937 (42 U.S.C. §1437 et seq.). Notwithstanding its title, this policy is gender-neutral, and its protections are available to males who are victims of domestic violence, dating violence, or stalking as well as female victims of such violence.

**8.15.b. Goals and Objectives:** This Policy has the following principal goals and objectives: Maintaining compliance with all applicable legal requirements imposed by VAWA; Ensuring the physical safety of victims of actual or threatened domestic violence, dating violence, or stalking who are assisted by RHE; Providing and maintaining housing opportunities for victims of domestic violence dating violence, or stalking; Creating and maintaining collaborative arrangements between (RHE), law enforcement authorities, victim service providers, and others to promote the safety and well-being of victims of actual and threatened domestic violence, dating violence and stalking, who are assisted by RHE; and taking appropriate action in response to an incident or incidents of domestic violence, dating violence, or stalking, affecting individuals assisted by RHE.

**8.16. Definitions - As used in this Policy:**

**8.16.a. Domestic Violence** – The term ‘domestic violence’ includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabiting with or has cohabited with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person’s acts under the domestic or family violence laws of the jurisdiction.

**8.16.b. Dating Violence** – means violence committed by a person— who is or has been in a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors:

- (i) The length of the relationship.
- (ii) The type of relationship.
- (iii) The frequency of interaction between the persons involved in the relationship.

**8.16.c. Stalking** –

- (i) means to follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate another person; and (ii) to place under

surveillance with the intent to kill, injure, harass or intimidate another person; and

- (ii) in the course of, or as a result of, such following, pursuit, surveillance or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to –
  - a. that person;
  - b. a member of the immediate family of that person; or
  - c. the spouse or intimate partner of that person;

**8.16.d. Actual and Imminent Threat-** refers to a physical danger that is real, would occur within an immediate time frame, and could result in death or serious bodily harm. In determining whether an individual would pose an actual and imminent threat, the factors to be considered include: the duration of the risk, the nature and severity of the potential harm, the likelihood that the potential harm will occur, and the length of time before the potential would occur.

**8.16.e. Immediate Family Member -** means, with respect to a person –

- (i) A spouse, parent, brother, sister, or child of that person, or an individual to whom that person stands in loco parentis; or
- (ii) Any other person living in the household of that person and related to that person by blood or marriage.

**8.16.f. Affiliated Individual-** with respect to an individual, means:

- (i) A spouse, parent, brother, sister, or child of that individual, or a person to whom that individual stands in the place of a parent or guardian (for example, the affiliated individual is a person in the care, custody, or control of that individual); or
- (ii) Any individual, tenants and lawful occupants.

**8.16.g. Perpetrator –** means person who commits an act of domestic violence, dating violence or stalking against a victim.

**8.16.h. Bifurcate-** means to divide a lease as a matter of law, subject to the permissibility of such process under the requirements of the applicable HUD-covered program and state or local law, such that certain tenants or lawful occupants can be evicted or removed and the remaining tenants or lawful occupants can continue to reside in the occupancy of the remaining tenants and lawful occupants.

**8.16.i. Covered Housing Provider-** Refers to the individual or entity under a covered housing program, and as defined by each program in its regulations, that has responsibility for the administration and/or oversight of VAWA protections and includes PHA's, sponsors, owners, mortgagors, managers, state and local governments or agencies, thereof, nonprofit or for-profit organizations or entities.

**8.17.a. Admissions and Screening:** Non-Denial of Assistance: RHE will not deny admission to public housing or to the Section 8 rental assistance program to any person because that person is or has been a victim of domestic violence, dating violence, or stalking, provided that such person is otherwise qualified for such admission.

**8.17.b. Admissions Preference:** Applicants for rental assistance from RHE will not receive a preference in admissions by virtue of their status as victims of domestic violence.

**8.17.c. Mitigation of Disqualifying Information:** When so requested in writing by an applicant for assistance whose history includes incidents in which the applicant was a victim of domestic violence, RHE, may but shall not be obligated to, take such information into account in mitigation of potentially disqualifying information, such as poor credit history or previous damage to a dwelling. If requested by an applicant to take such mitigating information into account, RHE shall be entitled to conduct such inquiries as are reasonably necessary to verify the claimed history of domestic violence and its probable relevance to the potentially disqualifying information. RHE will not disregard or mitigate potentially disqualifying information if the applicant household includes a perpetrator of a previous incident or incidents of domestic violence.

**8.18.a. Termination of Tenancy or Assistance:**

**8.18.b. VAWA Protections.** Under VAWA, public housing residents and persons assisted under the Section 8 rental assistance program have the following specific protections, which will be observed by RHE:

- (i) An incident or incidents of actual or threatened domestic violence, dating violence, or stalking will not be considered to be a “serious or repeated” violation of the lease by the victim or threatened victim of that violence and will not be good cause for terminating the tenancy or occupancy rights of or assistance to the victim of that violence.
- (ii) In addition to the foregoing, tenancy or assistance will not be terminated by RHE as a result of criminal activity, if that criminal activity is directly related to domestic violence, dating violence or stalking engaged in by a member of the assisted household, a guest or another person under the tenant’s control, and the tenant or an immediate family member is the victim or threatened victim of this criminal activity. However, the protection against termination of tenancy or assistance described in this paragraph is subject to the following limitations:
  - (iii) Nothing contained in this paragraph shall limit any otherwise available authority of RHE or a Section 8 owner or manager to terminate tenancy, evict, or to terminate assistance, as the case may be, for any violation of a lease or program requirement not premised on the act or acts of domestic violence, dating violence, or stalking in question against the tenant or a member

of the tenant's household. However, in taking any such action, neither RHE nor a Section 8 manager or owner may apply a more demanding standard to the victim of domestic violence dating violence or stalking than that applied to other tenants.

(iv) Nothing contained in this paragraph shall be construed to limit the authority of RHE or a Section 8 owner or manager to evict or terminate from assistance any tenant or lawful applicant if the owner, manager or RHE, as the case may be, can demonstrate an actual and imminent threat to other tenants or to those employed at or providing service to the property, if the tenant is not evicted or terminated from assistance.

a. **Removal of Perpetrator.** Further, notwithstanding anything in paragraph VI.A.2. or Federal, State or local law to the contrary, RHE or a Section 8 owner or manager, as the case may be, may bifurcate a lease, or remove a household member from a lease, without regard to whether a household member is a signatory to a lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in acts of physical violence against family members or others. Such action against the perpetrator of such physical violence may be taken without evicting, removing, terminating assistance to, or otherwise penalizing the victim of such violence who is also the tenant or a lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by law applicable to terminations of tenancy and evictions by RHE. Leases used for all public housing operated by RHE and, at the option of Section 8 owners or managers, leases for dwelling units occupied by families assisted with Section 8 rental assistance administered by RHE, shall contain provisions setting forth the substance of this paragraph

**8.19.a. Verification of Domestic Violence, Dating Violence or Stalking:**

i. **Requirement for Verification.** The law allows, but does not require, RHE or a section 8 owner or manager to verify that an incident or incidents of actual or threatened domestic violence, dating violence, or stalking claimed by a tenant or other lawful occupant is bona fide and meets the requirements of the applicable definitions set forth in this policy. Subject only to waiver as provided in paragraph VII. C., RHE shall require verification in all cases where an individual claims protection against an action involving such individual proposed to be taken by RHE. Section 8 owners or managers receiving rental assistance administered by RHE may elect to require verification, or not to require it as permitted under applicable law.

**8.20.a. Verification of a claimed incident or incidents of actual or**

**threatened domestic violence, dating violence or stalking may be accomplished in one of the following three ways.**

**8.20.b. HUD-approved form** - by providing to RHE or to the requesting Section 8 owner or manager a written certification, on a form approved by the U.S. Department of Housing and Urban Development (HUD), that the individual is a victim of domestic violence, dating violence or stalking that the incident or incidents in question are bona fide incidents of actual or threatened abuse meeting the requirements of the applicable definition(s) set forth in this policy. The incident or incidents in question must be described in reasonable detail as required in the HUD-approved form, and the completed certification must include the name of the perpetrator.

- (i) **Other documentation** - by providing to RHE documentation signed by an employee, agent, or volunteer of a victim service provider, an attorney, or a medical professional, from whom the victim has sought assistance in addressing the domestic violence, dating violence or stalking, or the effects of the abuse, described in such documentation. The professional providing the documentation must sign and attest under penalty of perjury (28 U.S.C. 1746) to the professional's belief that the incident or incidents in question are bona fide incidents of abuse meeting the requirements of the applicable definition(s) set forth in this policy. The victim of the incident or incidents of domestic violence, dating violence or stalking described in the documentation must also sign and attest to the documentation under penalty of perjury.
- (ii) **Police or court record** – by providing to RHE a Federal, State, tribal, territorial, or local police or court record describing the incident or incidents in question. 23-5
- (iii) **Time allowed to provide verification/ failure to provide.** An individual who claims protection against adverse action based on an incident or incidents of actual or threatened domestic violence, dating violence or stalking, and who is requested by RHE to provide verification, must provide such verification within 14 business days (i.e., 14 calendar days, excluding Saturdays, Sundays, and federally-recognized holidays) after receipt of the request for verification. Failure to provide verification, in proper form within such time will result in loss of protection under VAWA and this policy against a proposed adverse action.
- (iv) **Waiver of verification requirement.** RHE, may, with respect to any specific case, waive the above-stated requirements for verification and provide the benefits of this policy based on the victim's statement or other corroborating evidence. Such waiver may be granted in the sole discretion of the RHE. Any such waiver must be in writing. Waiver in a particular instance or instances shall not operate as precedent for, or create any right to, waiver in any other case or cases, regardless of similarity in circumstances.

**8.21.a. Confidentiality:**

**8.21.a. Right of confidentiality.** All information (including the fact that an individual is a victim of domestic violence, dating violence or stalking) provided to RHE in connection with a verification required under section VII of this policy or

provided in lieu of such verification where a waiver of verification is granted, shall be retained by the receiving party in confidence and shall neither be entered in any shared database nor provided to any related entity, except where disclosure is:

1. Requested or consented to by the individual in writing, or
2. Required for use in a public housing eviction proceeding, as permitted in VAWA, or
3. Otherwise required by applicable law.

**8.21.b. Notification of rights.** All tenants of public housing and tenants participating in the Section 8 rental assistance program administered by RHE shall be notified in writing concerning their right to confidentiality and the limits on such rights to confidentiality.

**8.22.a. Transfer to New Residence:**

**8.22.b.** Application for transfer. In situations that involve significant risk of violent harm to an individual as a result of previous incidents or threats of domestic violence, dating violence, or stalking, RHE will, if an approved unit is available at a location that may reduce the risk of harm, approve transfer by a public housing or Section 8 tenant to a different unit in order to reduce the level of risk to the individual. A tenant who requests transfer must attest in such application that the requested transfer is necessary to protect the health or safety of the tenant or another member of the household who is or was the victim of domestic violence, dating violence or stalking and who reasonably believes that the tenant or other household member will be imminently threatened by harm from further violence if the individual remains in the present dwelling unit.

**8.22.c. Action on applications.** RHE will act upon such an application promptly, which shall be defined as 10 business days.

**8.22.d. No right to transfer.** RHE will make every effort to accommodate requests for transfer when suitable alternative vacant units are available and the circumstances warrant such action. However, except with respect to portability of Section 8 assistance as provided in paragraph IX. E. below the decision to grant or refuse to grant a transfer shall lie within the sole discretion of RHE, and this policy does not create any right on the part of any applicant to be granted a transfer.

**8.22.e. Family rent obligations.** If a family occupying RHE public housing moves before the expiration of the lease term in order to protect the health or safety of a household member, the family will remain liable for the rent during the remainder of the lease term unless released by RHE. In cases where RHE determines that the family's decision to move was reasonable under the circumstances, RHE may wholly or partially waive rent payments and any rent owed shall be reduced by the amounts of rent collected for the remaining lease term from a tenant subsequently occupying the unit.

ii. **Portability.** Notwithstanding the foregoing, a Section 8-assisted tenant will not be denied portability to a unit located in another

jurisdiction (notwithstanding the term of the tenant's existing lease has not expired, or the family has not occupied the unit for 12 months) so long as the tenant has complied with all other requirements of the Section 8 program and has moved from the unit in order to protect a health or safety of an individual member of the household who is or has been the victim of domestic violence dating violence or stalking and who reasonably believes that the tenant or other household member will be imminently threatened by harm from further violence if the individual remains in the present dwelling unit.

**8.23.a. Court Orders/Family Break-up:**

**8.23.b. Court orders.** It is RHE policy to honor orders entered by courts of competent jurisdiction affecting individuals assisted by RHE and their property. This includes cooperating with law enforcement authorities to enforce civil protection orders issued for the protection of victims and addressing the distribution of personal property among household members in cases where a family breaks up.

**8.23.c. Family break-up.** Other RHE policies regarding family break-up are contained in RHE Public Housing Admissions and Continuing Occupancy Plan (ACOP) and its Section 8 Administrative Plan.

- (i) **XI. Relationships with Service Providers:** It is the policy of RHE to cooperate with organizations and entities, both private and governmental that provides shelter and/or services to victims of domestic violence. If RHE staff becomes aware that an individual assisted by RHE is a victim of domestic violence, dating violence or stalking, RHE will refer the victim to such providers of shelter or services as appropriate. Notwithstanding the foregoing, this Policy does not create any legal obligation requiring RHE either to maintain a relationship with any particular provider of shelter or services to victims or domestic violence or to make a referral in any particular case. RHE annual public housing agency plan shall describe providers of shelter or services to victims of domestic violence with which RHE has referral or other cooperative relationships. 23-7.
- (ii) **XII. Notification:** RHE shall provide written notification to applicants, tenants, and Section 8 owners and managers, concerning the rights and obligations created under VAWA relating to confidentiality, denial of assistance and, termination of tenancy or assistance.
- (iii) **XIII. Relationship with Other Applicable Laws:** Neither VAWA nor this Policy implementing it shall preempt or supersede any provision of Federal, State or local law that provides greater protection than that provided under VAWA for victims of domestic violence, dating violence or stalking.
- (iv) **XIV. Amendment:** This policy may be amended from time to time by RHE as approved by the RHE Board of Commissioners or its designated official.

**8.24. PROGRAM INTEGRITY**

RHE is committed to ensuring the most effective use of housing assistance funds to help the greatest number of low-income Rockville families possible. To that end, RHE seeks to identify and eliminate program abuse in any place it may emerge using internal file reviews, verification of submitted information and follow up on referrals or allegations of program violations.

Any owner determined to have participated in fraudulent activity or other program abuse will be required to repay RHE as appropriate and may be barred from further participation in the voucher program.

A family that has failed to report household information accurately as required or who has participated in any type of fraud or program abuse will be required to repay any assistance inappropriately paid on its behalf. The family may be offered a repayment agreement or RHE may terminate the family's assistance. If the family signs but does not comply with a repayment agreement, RHE may terminate assistance.

## **8.25. INFORMAL REVIEWS AND HEARINGS 24 CFR 982.554-555**

An informal review is offered to applicants who have been denied assistance for reasons other than ineligible immigration status. An informal hearing is offered to participants to review certain RHE decisions relating to a family's assistance and to applicants denied assistance due to ineligible immigration status.

RHE's Housing Voucher Hearing Officer for informal reviews and informal hearings will be a designated person other than the person who made or approved the decision under review or a subordinate of that person.

### **8.25.a. Informal Reviews for Applicants**

**8.25.b. When an Informal Review is Required.** The opportunity to request an informal review must be given to any applicant denied assistance or denied waiting list placement based on a preference claimed by the applicant.

**8.25.c. When an Informal Review is Not Required.** An informal review is not required for:

- (i) RHE discretionary administrative determinations;
- (ii) General policy issues or class grievances;
- (iii) Assignment of the family's unit size under RHE's subsidy standards;
- (iv) RHE's refusal to grant approval to lease a unit under the program or to approve a proposed lease;

- (v) RHE's determination that a unit selected by the applicant is not in compliance with HQS;
- (vi) RHE's determination that the unit is not in accordance with HQS because of the family size or composition.

**8.26. Process.** An applicant who is determined ineligible for assistance will receive a written notice providing:

- (i) The reason for the ineligibility determination;
- (ii) A statement that the applicant has 10 calendar days from the date of the notice to request an informal review; and
- (iii) An explanation of informal review procedures.

RHE will hold the informal review within a reasonable period of time following receipt of the request.

The applicant will be given an opportunity to present written or oral objections to RHE's decision. After the informal review, the applicant will be notified in writing of the Hearing Officer's decision and the reasons. The determination of RHE's Hearing Officer is final.

**8.27. Informal Hearings for Program Participants.**

**8.27.a. When Informal Hearings are required:**

RHE must inform program participants of their right to an informal hearing to review whether RHE determinations on the following were in compliance with the law, HUD rules, and RHE policies:

- (i) Annual or adjusted income, and the use of such income to compute the housing assistance payment;
- (ii) Appropriate utility allowance for a participant family;
- (iii) Family unit size;
- (iv) Termination of assistance for a participant family because of the family's action or failure to act;
- (v) Termination of assistance because the participant family has been absent from the assisted unit for longer than the maximum period permitted under RHE policy and HUD rules (or no more than 180 days); or
- (vi) An RHE decision to deny assistance to an *applicant family* on the basis of ineligible immigration status.

**8.28.a. Informal hearings are not required for:**

- (i) Discretionary administrative determinations by RHE.
- (ii) General policy issues or class grievances.
- (iii) Establishment of RHE's schedule of utility allowances for participant families.
- (iv) An RHE determination not to approve an extension or suspension of a Housing Choice Voucher term.
- (v) An RHE determination not to approve a unit or a lease.
- (vi) An RHE determination that an assisted unit is not in compliance with HQS. However, breach of HQS due to tenant-caused action, if resulting in termination of assistance, would require an informal hearing.
- (vii) An RHE determination that the unit is not in accordance with HQS because of the family size.
- (viii) A determination by RHE to exercise or not to exercise any right or remedy against the owner under a HAP contract.

**8.29.a. Informal Hearing Notice Requirements.**

Upon making any decision for which a participant has a right to an informal hearing, RHE will provide the participant written notice of the decision stating that the participant has the right to request an informal hearing in writing. The participant will have 10 days from the date of the notice to request the informal hearing.

Notice of a determination of annual, or adjusted income, utility allowances, and the family's unit size, states that the family may ask for an explanation of the basis of RHE's determination, and that if the family does not agree with the determination, the family may request an informal hearing on the decision.

In all other cases where an informal hearing is required, RHE must give the family prompt written notice that the family may request a hearing.

The informal hearing notice must contain:

- (1) A brief statement of reasons for the decision;
- (2) A statement that if the family does not agree with the decision, the family may request an informal hearing on the decision in writing;

- (3) A statement of the deadline for the family to request an informal hearing (within 10 calendar days of the notification); and
- (4) A description of informal hearing procedures.

#### **8.30.a. Informal Hearing procedure.**

RHE must proceed with an informal hearing in a reasonably expeditious manner upon the family's request.

The Voucher Program Hearing Officer conducts the informal hearings. The Occupancy Specialist presents a summary of the case and any pertinent information (records and regulations) to the family and Hearing Officer who will determine whether to uphold or reverse the recommendation of the Occupancy Specialist.

**8.31.a. Discovery.** Prior to the hearing, the family will be given the opportunity to examine any RHE documents that are directly relevant to the hearing. The family must be allowed to receive copies of any such document(s) at the family's expense. If RHE does not make the document(s) available for examination upon the family's request, RHE may not rely on the document at the hearing.

RHE must be given the opportunity to examine, at the RHE office before the RHE hearing, any family documents directly relevant to the hearing. RHE must be allowed to copy any such document at RHE's expense. If the family does not make the document(s) available for examination upon RHE's request, the family may not rely on the document at the hearing. The term "document" includes records and regulations.

- (i) **Family Representation.** At its own expense, the family may be represented by a lawyer or other representative.
- (ii) **Evidence.** RHE and the family must be given the opportunity to present evidence and may question any witnesses. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.
- (iii) **Rendering a decision.** The Hearing Officer must issue a written decision, stating briefly the reasons for the decision. Factual determinations relating to the individual circumstances of the family shall be based on a preponderance of the evidence presented at the hearing. *Preponderance of the evidence* is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not. A written copy of the hearing decision shall be furnished promptly to the family.

- (iv) **Effect of decision.** RHE is not bound by a hearing decision when it:
- (1) Concerns a matter for which RHE is not required to provide an opportunity for an informal hearing, or that otherwise exceeds the authority of the person conducting the hearing under RHE's hearing procedures; or
  - (2) Is contrary to HUD regulations or requirements, or otherwise contrary to Federal, State, or local law.

If RHE determines that it is not bound by a hearing decision, RHE must promptly notify the family of the determination and of the reasons for the determination.

## CHAPTER 9: SPECIAL PROGRAMS

### 9.1. MODERATE REHABILITATION SINGLE ROOM OCCUPANCY (SRO): THE JEFFERSON

**The Jefferson** is a Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) program for homeless individuals recovering from substance abuse and receiving case management services from the Community Ministries of Rockville, Inc. Community Ministries owns the building, which was built in the 1800's and converted to five units for residents.

Residents of the Jefferson receive services to strengthen their ability to transition from homelessness to stable residency. The program provides opportunities for men to practice personal care, community chores, meal planning and cooking and other independent living skills. Other program goals include improving client employment and/or employability through school and paid or volunteer work experience.

A separate waiting list for the Jefferson will be maintained by the property manager Community Ministries. RHE will keep a copy of the site based waiting list and selections made from the list.

Jefferson residents must execute and abide by a service agreement with Community Ministries. Non-compliance will result in termination of residency at the Jefferson.

All policies and regulations previously described in this Administrative Plan apply except as indicated below.

With the exception of application and waiting list procedures, moves and portability, policies described in the Administrative Plan are applicable to occupancy at the Jefferson.

Like landlords in the housing voucher program, Community Ministries may submit an annual rent increase request to RHE. Rent increases for moderate rehabilitation units are determined by a HUD formula and must be determined reasonable in comparison to rents for similar unassisted properties in the neighborhood. The rent increase formula applies HUD's Annual Adjustment Factor to the Base Rent, then adds an amount for Debt Service specified in the HAP Contract for the development

### HOUSING CHOICE VOUCHERS FOR MAINSTREAM DISABLED

RHE administers 50 vouchers through HUD's Mainstream Disabled Program to provide housing assistance to individuals and families whose head of household, spouse or sole member is a person with disabilities and is not elderly.

Mainstream vouchers are bound by the policies of this Administrative Plan except for the order of selection which is described in the following paragraph.

**9.1.a. Applications for Mainstream Vouchers.**

Applications for mainstream vouchers are placed on the housing voucher waiting list based on preference and date and time of application. When a mainstream voucher becomes available, RHE will select a voucher family whose head, spouse or sole member is a person with disabilities and assign the Mainstream voucher to that family. In doing so, RHE will open room on the regular voucher program for a family to be pulled from the regular voucher waiting list.

A applicant eligible for a mainstream voucher may be selected for routine housing choice vouchers if the applicant is at the top of the waiting list and the next available voucher is a routine voucher.

If the housing voucher waiting list has an inadequate number of applicants eligible for the mainstream program, RHE may open the waiting list only for mainstream applications.

If the waiting list does not describe disability status accurately, RHE may identify a current voucher family whose head, spouse or sole member is a person with disabilities and assign them to a mainstream voucher. The regular voucher made available will be filled by an applicant from the regular voucher waiting list.

**9.1.b. Eligibility: Definition of Person with Disabilities**

A person with disabilities is a person who:

- (1) Has a disability as defined in Section 223 of the Social Security Act:
  - (i.) “Inability to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, or
  - (ii.) In the case of an individual who attained the age of 55 and is blind and unable by reason of blindness to engage in substantial, gainful activity requiring skills or ability comparable to those of any gainful activity in which he has previously engaged with some regularity and over a substantial period of time.”
- (2) Is determined, pursuant to regulations issued by the Secretary, to have a physical, mental or emotional impairment that:
  - (i.) Is expected to be of long-continued and indefinite duration;
  - (ii.) Substantially impedes his or her ability to live independently, and

- (iii.) Is of such a nature that such ability could be improved by more suitable housing conditions; or
- (3) Has a developmental disability defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act as a severe chronic disability that:
- (i.) Is attributable to a mental or physical impairment or combination of mental and physical impairments;
  - (ii.) Is manifested before the person attains age 22;
  - (iii.) Is likely to continue indefinitely;
  - (iv.) Results in substantial functional limitation in three or more of the following areas of major life activity: (a) self-care; (b) receptive and responsive language; (c) learning, (d) mobility; (e) self-direction; (f) capacity for independent living; and (g) economic self-sufficiency; and
  - (v.) Reflects the person's need for a combination and sequence of special, interdisciplinary or generic care, treatment or other services that are of lifelong or extended duration and are individually planned and coordinated."
- (4) The definition of a person with disabilities does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.
- (5) No individual shall be considered to be a person with disabilities for purposes of eligibility solely based on any drug or alcohol dependence.

## 9.2. THE FAMILY SELF-SUFFICIENCY PROGRAM (FSS) 24 CFR 984

Family Self-Sufficiency (FSS) promotes the development of local strategies to coordinate use of rental vouchers with public and private resources to help low-income residents become self-sufficient through education, job training, counseling, case management, and other supportive services.

Families wishing to participate in the FSS program apply to the Voucher FSS Coordinator and may be enrolled immediately or placed on an FSS waiting list. Before a household is enrolled, the FSS Coordinator conducts a needs assessment and works with the family to agree on appropriate goals for the family.

FSS families sign a five-year contract with RHE through which each commits to take specific step to move the family toward financial independence. As a family's earned

income grows, RHE makes deposits in an escrow account which the family can claim upon successful completion of the FSS contract.

Successful completion of the contract requires finishing the interim and final goals agreed to in the contract. In addition, the FSS household must not receive any welfare assistance for the 12 month period prior to contract completion. The escrow account is forfeited if the family fails to fulfill its requirements within the five-year contract term or any extension of the term.

Extensions of the FSS contract are permitted only when situations beyond a family's control prevent it from completing its contract within five years. One extension of two years or less is permitted.

RHE's FSS policies are found in its FSS Action Plan.

#### **9.4. HOUSING CHOICE VOUCHER- SECTION 8 HOMEOWNERSHIP OPTION**

RHE's homeownership option is designed to promote and support homeownership by a first-time homeowner – a family that meets the definition of this plan. It allows one or more members of the family to purchase a home. Section 8 payments supplement the family's own income to facilitate the transition from rental to homeownership. The initial availability of these assistance payments helps the family pay the costs of homeownership, and may provide additional assurance for a lender, so that the family can finance purchase of the home.

##### **9.3. a. *Family Participation Requirements 24CFR 982.626***

**9.4.a.1** In order to encourage a successful transition from rental housing to homeownership, this program shall be open only to those who have been assisted by the RHE or another PHA's Section 8 rental assistance program, lived in RHE public housing, or resided in RHE public housing or in another RHE-owned or managed property for at least one year. During this period, all program requirements will have been complied with and the family is a tenant in good standing.

**9.4.a.2.** There is no limit, subject to HUD regulations, on the number of RHE vouchers to be utilized for homeownership at any one time.

**9.4.a.3.** The family is qualified to participate as set forth in Sections 3.0 and 9.4.b. of this policy.

**9.4.a.4.** The unit to be purchased is eligible as set forth in Section 7.3 of this policy.

**9.4.a.5.** The family has satisfactorily completed the required pre-assistance homeownership counseling.

**9.4. b. Family Eligibility Requirements****24CFR 982.627**

**9.4.b.1.** The family has been admitted to the Section 8 Housing Choice Voucher program and desires to participate in the homeownership program.

**9.4.b.2.** At the commencement of homeownership assistance the family must be one of the following:

- (1) A first time homeowner;
- (2) A family of which a family member is a person with disabilities, and the use of the homeownership option is needed as a reasonable accommodation so that the program is readily accessible to and usable by such a person.

**9.4.b.3** At commencement of homeownership assistance for the family, the family must demonstrate that its total annual income (gross income), as determined by RHE, of all the adult family members who will own the home at commencement of homeownership assistance is not less than the federal minimum hourly wage multiplied by 2,000 hours.

Except in the case of an elderly family or a disabled family, the RHE shall not count any welfare assistance received by the family in determining annual income under this section.

The disregard of welfare assistance income under the preceding paragraph only affects the determination of minimum annual income used to determine if a family initially qualifies for homeownership assistance in accordance with this section, but does not affect:

- (1) The determination of income-eligibility for admission to the voucher program;
- (2) Calculation of the amount of the family's total tenant payment (gross family contribution); or
- (3) Calculation of the amount of homeownership assistance payments on behalf of the family.

In the case of an elderly household or a disabled family, welfare assistance shall be counted in determining income.

**9.4.b.4** The family must demonstrate that one or more adult members of the family who will own the home at commencement of homeownership assistance:

- (1) Is currently employed on a full time basis (the term “full-time employment” means not less than an average of 30 hours per week); and
- (2) Has been continuously so employed for one year before commencement of homeownership assistance for the family. 24CFR 982.627 (d)(ii)

This requirement shall be considered fulfilled if:

- (1) The family member is self-employed and earning a net income (income after business expenses have been deducted) that equals the federal minimum hourly wage multiplied by 2000 hours; or
- (2) Any employment interruptions either were not the fault of the family members or were for less than 30 days and caused by an effort to improve the family’s situation.

The employment requirement does not apply to an elderly family or a disabled family. Furthermore, if a family other than the elderly family or disabled family includes a person with disabilities, an exemption from the employment requirement shall be granted if RHE determines that an exemption is needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

**9.4.b.5.** RHE shall not commence homeownership assistance for a family if any family members has previously received assistance under the homeownership option or has defaulted on a mortgage securing debt incurred to purchase a home.

**9.4.b.6.** RHE may deny approval of a seller of a home to a family receiving homeownership assistance for any reason provided for the disapproval of an owner under the voucher rental program. These reasons include but are not limited to:

- (1) Violations of the housing assistance payments contract;
- (2) Committing fraud, bribery, or any other corrupt or criminal acts in connection with any federal housing program;
- (3) Engaging in drug-related or violent criminal activity;
- (4) Non-compliance with HUD’s housing quality standards;
- (5) Failing to meet State or local housing codes; and
- (6) Failure to pay State or local real estate taxes, fines or assessments.

#### **9.4.c Eligible Units 24CFR 982.628**

**9.4.c.1** Any unit that is eligible under the Section 8 rental assistance program is eligible for this program except the restriction that an independent entity must

perform certain administrative duties for a unit owned by the housing authority. Those duties include a review of the contract of sale, perform an HQS inspection, review the independent inspection report, and determine the reasonableness of the sales price and any PHA-provided financing. (September 17, 2003 Final Rule)

Ineligible housing includes a unit occupied by its owner or by a person with any interest in the dwelling unit. **The types of eligible units are:**

- (1) Single family dwellings; or,
- (2) Condominiums; or
- (3) Cooperatives.

**9.4.c.2** The unit must be either already existing or under construction at the time RHE determines that the family is eligible for homeownership assistance, prior to entering into a contract of sale.

**9.4.c.3** The unit must satisfy a Housing Quality Standards (HQS) RHE inspection and have been inspected by an independent inspector designated and paid for by the family.

**9.4.c.4** The seller cannot be someone who has been debarred, suspended, or is subject to a limited denial of participation by HUD.

#### **9.4.d. Searching for a New Home**

##### **24CFR 982.629**

Because the financial health of RHE's Section 8 program depends upon having units either under lease or being purchased, it is necessary for RHE to limit the amount of time a family can take between the time a Housing Choice Voucher is issued to the family and the time a home is identified that the family wishes to purchase. Normally, families will have up to 90 days to locate an appropriate property and notify the housing authority. If extraordinary difficulties are encountered, the family can request up to two thirty-day extensions that may be granted at the sole discretion of the RHE. If an extension is requested and granted, the family will orally report to the housing authority every two weeks to update the RHE on the progress of its search.

Once a suitable property has been identified and an agreement to purchase contract entered into, the RHE will determine a maximum time in which the closing must occur, and the family takes occupancy of the property. This time frame will vary depending on market conditions and construction completion schedules if the home is under construction.

If the family is unable to locate a suitable home to purchase, they can request that the Housing Choice Voucher be converted into a rental assistance voucher.

This conversion request must be made before the voucher expires. Approval of the request will be at the sole discretion of the RHE, with the decision being based on the effort exerted by the family and the condition of the marketplace.

Additional extension time will be granted to a disabled family as a reasonable accommodation if justified by the family's actions and/or marketplace conditions.

#### **9.4.d. Homeownership Counseling 24CFR 982.630**

Before commencement of homeownership assistance for a family, the family must attend and satisfactorily complete a pre-assistance homeownership and housing counseling program. If possible, the counseling should be conducted by a HUD-approved counseling agency. If this is not available the housing authority shall make other arrangements for the pre-assistance counseling.

Among the **topics to be covered** in the pre-assistance counseling program are:

1. Home maintenance (including the care of the grounds)
2. Budgeting and money management
3. Credit counseling
4. How to negotiate the purchase price of a home
5. How to obtain homeownership financing and loan pre - approvals, including a description of types of financing that may be available, and the pros and cons of different types of financing
6. How to find a home, including information about homeownership opportunities, schools, and transportation in the housing authority jurisdiction
7. Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to locate homes in such area
8. Information on fair housing, including fair housing lending and local fair housing enforcement agencies; and
9. Information about the Real Estate Settlement Procedures Act, state and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions.

The RHE will also offer additional counseling after commencement of homeownership assistance. This post-purchase counseling will be voluntary for all homeownership assistance recipients except those requesting their second, fourteenth, and fifteenth years of assistance. The reason for this mandatory counseling is to make sure the families are either off to a good start or preparing for the termination of their assistance.

**9.4.e. Home Inspections 24CFR 982.631**

The RHE will not commence homeownership assistance for a family until it has inspected the unit and has determined that the unit passes HQS.

The unit must also be inspected by an independent professional inspector selected by and paid by the family. The independent inspection must cover major building systems and components, including foundation and structure, housing interior and exterior, and the roofing, plumbing, electrical and heating systems. The independent inspector must be qualified to report on property conditions, including major building systems and components. The RHE may not require a family to use an independent inspector selected by the housing authority. The independent inspector may not be a housing authority employee or contractor or other person under the control of the housing authority. The independent inspector shall be certified by the American Society of Home Inspectors or one whose inspections are accepted by three local lenders. It shall be the responsibility of the family to verify that the inspector meets this certification qualification.

The independent inspector must provide a copy of the inspection report both to the family and to the RHE. The housing authority will not commence homeownership assistance for the family until it has reviewed the inspection report of the independent inspector. Even if the unit otherwise complies with HQS, the housing authority shall have the discretion to disapprove the unit for assistance under the homeownership option because of information in the inspection report.

**9.4.f. Contract of Sale**

Before commencement of homeownership assistance, a member or members of the family must enter into a contract of sale with the seller of the unit to be acquired by the family. The family must give the RHE a copy of the contract of sale. The contract of sale must:

**9.4.f.1.** Specify the price and other terms of the sale by the seller to the purchaser;

**9.4.f.2.** Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser, in addition to the HQS inspection by the housing authority.

**9.4.f.3.** Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser.

**9.4.f.4.** Provide that the purchaser is not obligated to pay for any necessary repairs.

**9.4.f.5** Provide that the purchaser is not obligated to purchase if the financing is not approved by the housing authority.

**9.4.f.6.** Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation.

#### **9.4.g. Financing the Purchase of the Home**

##### **24CFR 982.632**

**9.4.g.1.** A purchasing family must invest at least three percent of the purchase price of the home they are buying in the property. This can take the form of a down payment, closing costs, or a combination of the two. Of this sum, at least one percent of the purchase price must come from the family's personal resources.

**9.4.g.2.** The family must qualify for the mortgage loan under a lender's normal lending criteria taking into account the fact that this is by definition a low-income family.

**9.4.g.3.** If a home is purchased using FHA insurance, it is subject to FHA mortgage insurance requirements.

**9.4.g.4.** If the loan is financed by the seller or a non-traditional mortgage lending institution or individual, the loan shall be subject to the review of the RHE prior to RHE authorizing homeownership assistance. The housing authority may verify that there are no unusual or onerous requirements in the loan documents and that the mortgage is affordable to the purchasing family. Also, the lender must require that an appraisal of the property is conducted and the appraiser must determine that the property is worth at least as much as the purchaser is paying.

**9.4.g.5.** Unless the purchaser can convince the RHE of unusual circumstances, no balloon payment mortgages or variable rate mortgages shall be allowed in the program. Seller financing must be subject to approval by RHE on a case-by-case basis.

**9.4.g.6.** All mortgage loans must close within the period of time established by RHE at the time the purchaser and seller enter into their sale contract.

#### **9.4.h. Requirements of Continuing Assistance 24CFR 982.633**

Homeownership assistance will only be paid while the family is residing in the home. If the family moves out of the home, the RHE may not continue

homeownership assistance after the month when the family moves out. The family or lender is not required to refund to the PHA the homeownership assistance for the month when the family moves out.

The **family** must comply with the following **obligations**:

**9.4.h.1.** The family must attend and complete ongoing homeownership and housing counseling before the end of the first, thirteenth, and fourteenth years of assistance in order for homeownership assistance to continue.

**9.4.h.2.** Family must comply with the terms of any mortgage securing debt incurred to purchase the home (or any refinancing of such debt).

**9.4.h.3.** As long as the family is receiving homeownership assistance, use and occupancy of the home is subject to the following requirements:

**24CFR 982.551**

- (1) The family must use the assisted unit for residence by the family. The unit must be the family's only residence.
- (2) The composition of the assisted family residing in the unit must be approved by RHE. The family must promptly inform the housing authority of the birth, adoption or court-ordered custody of a child. The family must request housing authority approval to add any other family member as an occupant of the unit.
- (3) The family must promptly notify RHE if any family member no longer resides in the unit.
- (4) If RHE has given approval, a foster child or a live-in aide may reside in the unit.
- (5) Members of the household may engage in legal profit-making activities in the unit, but only if such activities are incidental to primary use of the unit for residence by members of the family.
- (6) The family must not sublease or let the unit.
- (7) The family must not assign the lease or transfer the unit.
- (8) The family must supply any information or certification requested by the agency to verify that the family is living in the unit, or relating to family absence from the unit, including any housing authority requested information or certification on the purposes of family absences. The family must cooperate with the housing authority for these purposes. The

family must promptly notify the housing authority of their absences from the unit.

**9.4.h.4.** The family may grant a mortgage on the home for debt incurred to finance purchase of the home or any refinancing of such debt.

**9.4.h.5.** Upon death of a family member who holds, in whole or in part, title to the home, homeownership assistance may continue pending settlement of the decedent's estate, notwithstanding transfer of title by operation of law to the decedent's executor or legal representative, so long as the home is solely occupied by remaining family members in accordance with Paragraph IX.9.c.(3) above. In the case of a divorce or family separation, the assistance shall follow what a court decrees.

**9.4.h.6.** The family shall supply RHE with any required information requested by the housing authority. In particular this shall include information relating to the following:

- (1) Citizenship or related immigration matters
- (2) Family income, assets and composition
- (3) Social security numbers
- (4) Any mortgage or other debt placed on the property including refinancing of such debt
- (5) Any sale or other transfer of any interest in the home; and
- (6) The family's homeownership expenses.

**9.4.h.7.** The family must notify the housing authority before the family moves out of the home.

**9.4.h.8.** The family must notify RHE if the family defaults on mortgage securing any debt incurred to purchase the home.

**9.4.h.9.** During the time the family receives homeownership assistance under this program, no family member may have any ownership interest in any other residential property.

**9.4.h.10.** Before commencement of homeownership assistance, the family must execute a statement of family obligations in the form prescribed by HUD. In the statement, the family agrees to comply with all family obligations under the homeownership option.

**9.4.h.11.** The family must secure the written permission of the RHE before it refinances any debt secured by the home or places any additional secured debt on the property.

**9.4.h.12.** The family must assure the RHE that all real estate taxes were paid on a timely basis. If they are not paid, assistance shall be terminated.

**9.4.i Maximum Term of Homeownership Assistance 24CFR 982.634**

Except in the case of a family that qualifies as an elderly or disabled family, family members shall not receive homeownership assistance for more than fifteen years if the initial mortgage incurred to finance purchase of the home has a term of 20 years or longer; or ten years, in all other cases.

The maximum term described in the preceding paragraph applies to any member of the family who has an ownership interest in the unit during the time the homeownership payments are made or is the spouse of any member of the household who has an ownership interest during the time the homeownership payments are made.

As noted in the first paragraph of this section, the maximum homeownership assistance term does not apply to elderly and disabled families. In the case of an elderly family, the exception only applies if the family qualifies as an elderly family at the start of homeownership assistance. In the case of a disabled family, the exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family. If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commenced. However, such a family must be provided at least 6 months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive homeownership assistance in accordance with this program.)

If the family has received such assistance for different homes, or from different housing authorities, the total of such assistance terms is subject to the maximum term described in the first paragraph of this section.

**9.4.j. Amount and Distribution of Monthly Homeownership Assistance 24CFR 982.635**

**9.4.j.1.** While the family is residing in the home, RHE shall pay a monthly homeownership assistance payment on behalf of the family that is equal to the lower of:

- (1) The payment standard minus the total tenant payment; or
- (2) The family's monthly homeownership expenses minus the total tenant payment.

**9.4.j.2.** The Payment Standard for a family.

The payment standard for a family is the lower of:

- (1) The payment standard for the family unit size; or
- (2) The payment standard for the size of the home.

If the home is located in an exception payment standard area, the RHE will use the appropriate payment standard for the exception payment standard area.

The payment standard for a family is the greater of:

- (1) The payment standard [as determined above in paragraphs 11.b.(1) and (2) of this section] at the commencement of homeownership assistance for occupancy of the home; or

- (2) The payment standard [as determined above in accordance with paragraphs 11.b.(1) and b.(2) of this section] at the most recent regular reexamination of family income and composition since the commencement of homeownership assistance for occupancy of the home.

RHE will use the same payment standard schedule, payment standard amounts and subsidy standards for the homeownership option as for the rental voucher program.

**9.4.j.3.** A family's homeownership expenses shall include the following items:

- (1) Principal and interest on initial mortgage debt, any refinancing of such debt, and any mortgage insurance premium incurred to finance purchase of the home;
- (2) Real Estate taxes and public assessments on the home;
- (3) Home insurance,
- (4) The RHE allowance schedule for maintenance expenses;
- (5) The allowance schedule for costs of major repairs and replacements;
- (6) The RHE's utility allowance for the home; and
- (7) Principal and interest on mortgage debt incurred to finance costs for major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the housing authority determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person.

- 9.4.j.4.** If the home is a condominium unit, homeownership expenses may also include condo operating charges or maintenance fees assessed by the condo homeownership association.
- 9.4.j.5.** RHE will pay homeownership assistance payments directly to the family as instructed by the family either by direct deposit to the family's bank account or by check to the family and lender on behalf of the family. If there is any excess assistance, it will be paid to the family.
- 9.4.j.6.** Homeownership assistance for a family terminates automatically 180 calendar days after the last housing assistance payment on behalf of the family. However, the RHE retains the discretion to grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.

#### **9.4.k. Homeownership Portability 24CFR 982.636**

**9.4.k.1.** A family may qualify to move outside the initial RHE jurisdiction with continued homeownership assistance under the voucher program. Families determined eligible for homeownership assistance by RHE may purchase a unit outside the jurisdiction if:

- (1) They meet RHE's normal requirements for portability under the rental program;
- (2) The receiving housing authority is administering a voucher homeownership program and the family meets the receiving housing authority's eligibility requirements; and
- (3) The receiving housing authority is accepting new homeownership families.

**9.4.k.2.** Conversely, if RHE has slots open in its homeownership program, it will accept homeowners exercising portability from another program and absorb such families if possible.

**9.4.k.3.** In general the portability procedures in RHE's administrative plan for rental housing apply to the homeownership option. The administrative responsibilities of the initial and receiving housing authorities are not altered except that some administrative functions do not apply to the homeownership option.

**9.4.k.4.** The family must attend the briefing and counseling sessions required by the receiving housing authority. The receiving housing authority will determine whether the financing for, and the physical condition of the unit, are acceptable. The receiving housing authority must promptly notify the initial housing authority if the family has purchased an eligible unit under the program, or if the family is unable to purchase a

home within the maximum time established by the housing authority.

**9.4.k.5.** Continued assistance under portability procedures is the next Section of this Plan.

#### **9.4.l. Moving with Continued Tenant Based Assistance 24CFR 982.637**

**9.4.l.1.** A family receiving homeownership assistance may move to a new unit with continued tenant-based assistance. The family may move either with voucher rental assistance (in accordance with rental assistance program requirements) or with voucher homeownership assistance (in accordance with the homeownership option program requirements.) RHE will not commence continued tenant-based assistance for occupancy of the new unit so long as any family member owns any title or other interest in the prior home. No more than one move per year may occur in the program.

**9.4.l.2.** RHE must be able to determine that all initial requirements have been satisfied if a family that has received homeownership assistance wants to move to a new unit with continued homeownership assistance. In addition, RHE will require refresher counseling prior to each subsequent move. However, the following requirements do not apply:

- (1) The requirement for pre-assistance counseling is not applicable.
- (2) The requirement that a family must be a first-time homeowner is not applicable.

**9.4.l.3.** RHE may deny permission to move with continued rental or homeownership assistance if the housing authority determines that it does not have sufficient funding to provide continued assistance.

**9.4.l.4.** At any time RHE may deny permission to move with continued Voucher assistance in accordance with the next section.

#### **9.4.m. Denial or Termination of Assistance for Families 24CFR 982.638**

**9.4.m.1.** At any time, RHE may deny or terminate homeownership assistance in accordance with the same rules as it utilizes for the rental program.

**9.4.m.2.** The same restrictions on admission or continued assistance in regard to criminal activities shall apply to the homeownership program as the rental program.

**9.4.m.3.** RHE may deny or terminate assistance for violation of participant obligations as previously described for the rental program.

**9.4.m.4.** The Housing Authority shall terminate voucher assistance for any member of family receiving homeownership assistance that is dispossessed from the home pursuant to a judgment or order of foreclosure on any mortgage (whether FHA-insured or non-FHA) securing debt incurred to purchase the home, or any refinancing of such debt. RHE, in its discretion, may permit the family to move to a new unit with continued voucher rental assistance if the family can show that the default was for reasons beyond its control. However, the housing authority will deny such permission, if:

- (1) The family defaulted on an FHA-insured mortgage; and
- (2) The family fails to demonstrate that
  - The family has conveyed title to the home, as required by HUD, to HUD or HUD's designee; and
  - The family has moved from the home within the period established or approved by HUD.

## **9.5 HOUSING CHOICE VOUCHER- PROJECT-BASED PROGRAM**

24 CFR 983

**9.5.a. RHE has established a Project-Based Voucher (PBV) Program with the objectives to:**

- 9.5.a.1** Increase the supply of affordable housing in the City of Rockville;
- 9.5.a.2** Allow for the integration of housing and supportive services, such as job training and case management and housing for the disabled and veterans; and
- 9.5.a.3** Coordinate resources of public and non-profit agencies with similar missions.

### **9.5.b. Components of the program**

- 9.5.b.1** RHE may authorize up to 20 percent of its Housing Choice Voucher program budget authority to PBV units. 24CFR983.6 Exceptions to this limit are provided under HUD's voluntary conversion guidelines.
- 9.5.b.2** Units may be existing, new construction, or rehabilitated. No more than 25 percent of the units in any building may be assisted with PBV with the exception that single family units, i.e., 1-4 units in a building, and excepted units in a multi-family building that are specifically made available for elderly or disabled families or families receiving supportive services. 24CFR983.52

### **9.5.c. Participation Requirements**

- 9.5.c.1** RHE must conduct a competitive selection process. 24CFR983.51.

**9.5.c.2** Prospective owners or developers must respond to a Request for Proposals (RFP) issued by RHE.

**9.5.c.3** RHE will evaluate RFP responses according to the following selection criteria established during the RFP process:

**9.5.d** All proposed projects must have the approval of the RHE Board of Commissioners, meet HUD's Housing Quality Standards (HQS) and have an executed Housing assistance Payments (HAP) Contract.

**9.5.d.1 Units Eligible for PBV**

- (1) PBV units must be in compliance with RHE goals, civil rights requirements, and Housing Quality Standards and must meet HUD-required site selection standards. 24CFR983.57
- (2) For units to be considered for an exception to the 25 percent cap in a building, and that exception is based on providing supportive services, the services must be designed as services essential for maintaining or achieving independent living such as counseling, education, job training, health care, mental health services, alcohol and/or other substance abuse services, child care services and or case management services.
- (3) Proposed rents for PBV units must meet rent reasonableness requirements.

**9.5.d.2 Units Not Eligible for PBV 24CFR983.53**

- (1) Shared Housing
- (2) Units on the grounds of a penal, reformatory, medical, mental or similar public or private institution.
- (3) Nursing homes or facilities providing continuous psychiatric medical, nursing service, board and care or intermediate care.
- (4) Units that are owned or controlled by an educational institution and are designated for occupancy by students of the institution.
- (5) Manufactured homes.
- (6) Cooperative housing.
- (7) Transitional housing.
- (8) High rise elevator units for families with children.
- (9) Owner occupied units.
- (10) Units occupied by an ineligible family.
- (11) Units subsidized by any governmental rent subsidy or any governmental subsidy that covers all or any part of the operating costs of the housing.

**9.5.e. Eligible Applicants for PBV Units**

**9.5.e.1** Applicants must meet the eligibility requirements for the Housing Choice Voucher Program (see Chapter 3).

**9.5.e.2** Persons who will reside in the PBV units must come from the RHE Wait List or be referred by the owner as referenced in the Housing Assistance Payments Contract between RHE and the owner.

**9.5.e.3** As in the tenant-based Housing Choice Voucher Program, RHE will not screen applicants for behavior or rent history. This is the responsibility of the owner.

**9.5.e.4** If an owner denies an applicant from the RHE Wait List, that denial will not affect the applicant's place on the RHE Wait List.

**9.5.f. Project Based Voucher Waiting List**

**9.5.f.1** Each Project Based Voucher Site will have a site based waiting list that will be maintained by the PBV owner or property manager. RHE will maintain a copy of that waiting list.

**9.5.f.2** Applicants may apply to both the tenant based site waiting list and or the project based site waiting list.

**9.5.f.3** An applicant on the tenant based waiting list that meets the selection criteria for a site based project voucher waiting list may be placed on the applicable site based waiting list.

**9.5.f.4** Applicants may be referred to apply for the site based waiting list by the owner as referenced in the Housing Assistance Payments Contract between RHE and the owner.

**9.5.g Leasing and Occupancy**

**9.5.g.1** Leasing and occupancy requirements for the PBV program are the same as for the tenant-based voucher program (see Chapter 7) except that portability provisions do not apply as the subsidy is tied to the project rather than the tenant. A PBV program participant must be on the RHE Wait List and be offered a tenant-based voucher in order to use a voucher to move to another jurisdiction (see Chapter 7, Par. 7-12).

**9.5.g.2** The Housing Assistance Payments Contract between the owner and RHE will be for an initial term of ten years subject to annual HUD appropriations. After the initial term, RHE may agree to extend the term of the contract for an additional term of up to five years if the property and owner are in compliance with program rules and HUD statutes and regulations. The length of the extension will be negotiated with the owner and the form will be subject to any HUD-prescribed conditions at the time of the extension.

**9.5.g.3** An owner may request an increase to the rent at the annual anniversary of the HAP contract by submitting a 90 day notice to RHE and obtaining RHE approval for the proposed increase.

**9.5.g.4** Families participating in the Project Based Voucher Program must comply with all aspects of the Statement of Family responsibility HUD Form 52578b

### 9.5.1 Payment Standard

The Payment Standard for Project Based Voucher units is the contract rent.

## 9.6 HOUSING CHOICE VOUCHER – Voluntary Conversion – Project Based Vouchers

### 9.6.a. Program Overview

RHE has received approval from the U.S. Department of Housing and Urban Development to convert the public housing units to project based voucher units under the voluntary conversion program. RHE will convert 105 public housing units located at David Scull Courts and the Scattered Sites to one project based voucher contract.

### 9.6.b. PBV Contract Terms

1. Length of Contract. Covered projects shall have an initial HAP term of 20 years.

### 9.6.c PBV Resident Rights and Participation

#### 1. Resident Voucher Options

- a. Under the Voluntary Conversion, current resident must be given the option to receive a tenant-based voucher assistance or stay in their current unit and receive project-based voucher assistance
- b. All Families must be provided with a Family Briefing.
  - i. A representative from the HUD Field Office must be present at the family briefing.
  - ii. Information on the family's right to stay in the current PH unit using their tenant-based voucher.
  - iii. Information on the differences between tenant-based assistance and project-based assistance including income limits and the family's total tenant payment.
  - iv. An opportunity for families to ask questions
  - v. Written materials about PBV and HCV assistance
  - vi. Provide a written consent form explaining that a family's decision to relinquish its right to receive HCV assistance, in lieu of PBV assistance is completely voluntary.
  - vii. Information on the anticipated date of conversion and the execution of the PBV contract with HUD.
- c. Briefing location must be accessible
- d. Briefing materials must meet Section 504 standards.
- e. Families must provide written consent OF

- i. The family must be given at least 30 days from the date of their briefing to decide if they want a tenant based or project-based voucher.
- ii. If a family does not respond, or affirmatively withholds consent, the PHA shall not include that unit under a PBV contract.

#### **9.6.d. Waiting List**

**9.6.d.1** The PBV development will maintain a separate site based waiting list. The current public housing waiting list will convert to become the RHE PBV site based waiting list upon execution of the PBV HAP contract.

**9.6.d.2** The RHE PBV development site based waiting list preference will be that of the current tenant based waiting list (See Section 5.4)

#### **9.6.e. Choice-Mobility.**

HUD seeks to provide all residents of covered projects with viable Choice-Mobility options. Owners that convert the assistance of a project to PBV are required to provide a Choice-Mobility option to residents of covered projects in accordance with the following:

*Resident Eligibility:* Residents have a right to move with tenant-based rental assistance (e.g., Housing Choice Voucher (HCV)) the later of (a) 24 months from date of execution of the HAP or (b) 24 months after the move-in date.

#### **9.6.f PBV Choice Mobility Waiting List**

A separate PBV Choice Mobility Waiting List will be established for PBV families. The number of Choice Mobility Vouchers made available each year will be based on a maximum of 15% of the total number of PBV units (16 mobility vouchers annually). The number of Choice Mobility Vouchers will not exceed 1/3 of the annual tenant based vouchers that is turned over through program attrition. Families will be placed on the PBV Choice Mobility Waiting list based on the date and time order of the receipt of the applications.

#### **9.6.g Tenant Rental Portion increase Phase-In**

Upon conversion from Public Housing to PBV vouchers, program participants may experience an increase in tenant rent. The most significant increases in tenant rent may be experienced by participants that currently pay flat rent and not income based rent under the public housing program. If a tenant's rent increases more than the greater of 10% or \$25 the rent increase will be phased in over a 3 to five year period.

RHE will phase in tenant rent increases based on the amount of the increase incurred by the participant. The following outlines the method in which RHE will phase in the rental increases:

### **Tenant Rent Increases equal to 10% or \$25**

For participants whose tenant rent increases in an amount equal to 10% of the current tenant rent or \$25 annually the rental increase will be phased in over 3 years.

### **Tenant Rent increase over \$25**

For participants whose tenant rent increases in an amount over \$25 the tenant rent increase will be phased in over 5 years. RHE will consider requests for reasonable accommodations to establish other tenant increase payment options based on individual circumstances.

If a resident's monthly rent increases by more than the greater of 10 percent or \$25 purely as a result of conversion, the rent increase will be phased in over 3 years, which a PHA may be extended to 5 years. To implement this provision, HUD is waiving section 3(a)(1) of the Act, as well as 24 CFR § 880.201 (definition of "total tenant payment"), to the limited extent necessary to allow for the phase-in of tenant rent increases.

The below method explains the set percentage-based phase-in RHE must follow according to the phase-in period established. For purposes of this section "Calculated Multifamily TTP" refers to the TTP calculated in accordance with regulations at 24 CFR §5.628 and the "most recently paid TTP" refers to the TTP recorded on the family's most recent HUD Form 50059.

#### **Three Year Phase-in:**

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid Total Tenant Payments (TTP) and the calculated Multifamily housing TTP
- Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) in prior to Year 3 AR – 66% of difference between most recently paid TTP and calculated Multifamily housing TTP
- Year 3: Year 3 AR and all subsequent re-certifications – Year 3 AR and any IR in Year 3: Full Multifamily housing TTP

#### **Five Year Phase-in**

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 20% of difference between most recently paid TTP and the calculated Multifamily housing TTP

- Year 2: Year 2 AR and any IR prior to Year 3 AR – 40% of difference between most recently paid TTP and calculated Multifamily housing TTP
- Year 3: Year 3 AR and any IR prior to Year 4 AR – 60% of difference between most recently paid TTP and calculated Multifamily housing TTP
- Year 4: Year 4 AR and any IR prior to Year 5 AR – 80% of difference between most recently paid TTP and calculated Multifamily housing TTP
- Year 5 AR and all subsequent re-certifications – Full Multifamily housing TTP

Please Note: In either the three year phase-in or the five-year phase-in, once Multifamily housing TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay full multifamily housing TTP from that point forward

#### **9.6.h. Public Housing Family Self-Sufficiency (PH FSS) and Resident Opportunities and Self Sufficiency (ROSS-SC).**

Current PH FSS participants will continue to be eligible for FSS once their housing is converted under the voluntary conversion. RHE will continue to administer the FSS program in accordance with the participants' contracts of participation and future guidance published by HUD. RHE may not offer enrollment in FSS to residents in projects converted to PBV that were not enrolled in the PH FSS program prior to the voluntary conversion, nor may RHE offer FSS enrollment to any new residents at the project. RHE will be allowed to use any funds already granted for PH FSS coordinator salaries until such funds are expended. RHE will be required to provide both service coordinators and payments to escrow until the end of the Contract of Participation. As the PH FSS grant is the source of funding for PH FSS, program compliance will continue to be monitored by the Office of Public and Indian Housing. Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under the voluntary conversion. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future public housing ROSS-SC grants nor will its residents be eligible to be served by future public housing ROSS-SC grants.

**9.6.i. Resident Participation and Funding.** Residents of covered projects converting assistance to PBV will have the right to establish and operate a resident organization in accordance with 24 CFR Part 245 (Tenant Participation in Multifamily Housing Projects). In addition, residents will be eligible for resident participation funding.

#### **9.6.j. Resident Procedural Rights. – PBV HOUSE RULES**

**a. Termination Notification.** HUD has incorporated additional termination notification requirements to comply with section 6 of the Act for public housing projects converting assistance under RAD, that supplement notification requirements in regulations at 24

CFR § 880.607 and the Multifamily HUD Model Lease.

**i. Termination of Tenancy and Assistance.** The termination procedure for RAD conversions to PBV will additionally require that RHE (as owner) provide adequate written notice of termination of the lease which shall not be less than:

- A reasonable period of time, but not to exceed 30 days:
  - If the health or safety of other tenants, owner employees, or persons residing in the immediate vicinity of the premises is threatened; or
  - In the event of any drug-related or violent criminal activity or any felony conviction; or
  - 14 days in the case of nonpayment of rent.

**ii. Termination of Assistance.** In all other cases, the requirements at 24 CFR § 880.603, the Multifamily HUD Model Lease, and any other HUD multifamily administrative guidance shall apply.

**b. Grievance Process.** In addition to program rules that require that tenants are given notice of covered actions under 24 CFR Part 245 (including increases in rent, conversions of a project from project-paid utilities to tenant-paid utilities, or a reduction in tenant paid utility allowances), HUD is incorporating resident procedural rights to comply with the requirements of section 6 of the Act. RAD will require that:

**i.** Residents be provided with notice of the specific grounds of the proposed owner adverse action, as well as their right to an informal hearing with RHE (as owner);

**ii.** Residents will have an opportunity for an informal hearing with an impartial member of RHE's staff (as owner) within a reasonable period of time;

**iii.** Residents will have the opportunity to be represented by another person of their choice, to ask questions of witnesses, have others make statements at the hearing, and to examine any regulations and any evidence relied upon by the owner as the basis for the adverse action. With reasonable notice to RHE (as owner), prior to hearing and at the residents' own cost, resident may copy any documents or records related to the proposed adverse action; and

**iv.** RHE (as owner) provides the resident with a written decision within a reasonable period of time stating the grounds for the adverse action, and the evidence RHE (as owner) relied on as the basis for the adverse action.

**RHE (as owner) will be bound by decisions from these hearings, except if the:**

**i.** Hearing concerns a matter that exceeds the authority of the impartial party conducting the hearing.

**ii.** Decision is contrary to HUD regulations or requirements, or otherwise contrary

to federal, State, or local law. If RHE (as owner) determines that it is not bound by a hearing decision, RHE must promptly notify the resident of this determination, and of the reasons for the determination.

**9.6.k. Earned Income Disregard (EID).** Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID exclusion after conversion, in accordance with regulations at 24 CFR § 960.255. After conversion, no other tenants will be eligible to receive the EID. If a tenant receiving the EID exclusion undergoes a break in employment, ceases to use the EID exclusion, or the EID exclusion expires in accordance with 24 CFR §960.255, the tenant will no longer receive the EID exclusion and RHE will no longer be subject to the provisions of 24 CFR §960.255. Furthermore, tenants whose EID ceases or expires after conversion shall not be subject to the rent phase-in provision, as described in Section 1.7.B.3; instead, the rent will automatically be adjusted to the appropriate rent level based upon tenant income at that time.

**9.6.p. Choice-Mobility.** HUD seeks to provide all residents of covered projects with viable Choice-Mobility options. RHE, upon converting the assistance of a project to PBV is required to provide a Choice-Mobility option to residents of covered projects in accordance with the following:

**a. Resident Eligibility.** Residents have a right to move with tenant-based rental assistance (e.g., Housing Choice Voucher (HCV)) the later of: (a) 24 months from date of execution of the HAP or (b) 24 months after the move-in date.

**b. Voucher Inventory Turnover Cap.** Recognizing the limitation on the availability of turnover vouchers from year to year, a voucher agency would not be required, in any year, to provide more than one-third of its turnover vouchers to the residents of covered projects. While a voucher agency is not required to establish a voucher inventory turnover cap, if implemented the voucher agency must create and maintain a waiting list in the order in which the requests from eligible households were received.

**c. Project Turnover Cap.** Also recognizing the limited availability of turnover vouchers and the importance of managing turnover in the best interests of the property, in any year, a PHA may limit the number of Choice-Mobility moves exercised by eligible households to 15 percent of the assisted units in the project. (For example, if the project has 100 assisted units, the PHA could limit the number of families exercising Choice-Mobility to 15 in any year, but not less than 15.) While a voucher agency is not required to establish a project turnover cap, if implemented the voucher agency must create and maintain a waiting list in the order in which the requests from eligible households were received.





# TAB 4



ROCKVILLE HOUSING ENTERPRISES

**POLICY ON  
ADMISSIONS  
AND  
CONTINUED OCCUPANCY**

FOR PUBLIC HOUSING UNITS

Rockville Housing Enterprises

EFFECTIVE December 2019

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**ROCKVILLE HOUSING ENTERPRISES**  
**POLICY ON**  
**ADMISSIONS AND CONTINUED OCCUPANCY**  
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**ROCKVILLE HOUSING ENTERPRISES  
ADMISSIONS AND CONTINUED OCCUPANCY POLICY**

**INTRODUCTION**

This Admissions and Continued Occupancy Policy covers the Rockville Housing Enterprise's (RHE's) policies for the operation of its public housing program, incorporating federal, state and local law. If there is any conflict between this policy and laws or regulations, the laws and regulations will prevail.

**CHAPTER 1: FAIR HOUSING AND NONDISCRIMINATION**

**1.1. COMPLYING WITH CIVIL RIGHTS LAWS**

24 CFR 1, Part 100, Part 8, Part 146 and 960.103

Civil rights laws protect the rights of applicants and residents to equal treatment in the way RHE carries out its programs. It is RHE's policy to comply with all Civil Rights laws, including but not limited to:

- Title VI of the Civil Rights Act of 1964, which forbids discrimination on the basis of race, color, religion, national origin or sex;
- Title VIII of the Civil Rights Act of 1968 (as amended by the 1974 HCDA and the Fair Housing Amendments Act of 1988), which extends protection against discrimination based on disability and familial status, and spells out forms of prohibited discrimination;
- Executive Order 11063
- Section 504 of the Rehabilitation Act of 1973, which describes specific housing rights of persons with disabilities;
- The Age Discrimination Act of 1975, which establishes certain rights of the elderly
- Title II of the Americans with Disabilities Act of 1990 (ADA), which requires that RHE provide individuals with disabilities with access to its programs, services and activities including, common areas and public spaces. Title II does not require that individual housing units be accessible to individuals with disabilities; rather, Section 504 and the Fair Housing Act govern access for individuals with disabilities to RHE's housing units.
- Any applicable state laws or local ordinances, and
- Any legislation protecting the individual rights of tenants, applicants or staff that may subsequently be enacted.

**1.2. NONDISCRIMINATION**

RHE shall not discriminate because of race, color, national origin, sex, religion, familial status, or disability in the leasing, rental, occupancy, use, or other disposition of housing or related facilities, including land that is part of a development under RHE's jurisdiction covered by a public housing Annual Contributions Contract with HUD.

RHE shall not, on account of race, color, national origin, sex, religion, familial status, or disability:

- Deny anyone the opportunity to apply for housing (when the waiting list is open), nor deny to any qualified applicant household the opportunity to lease housing suitable to its needs;
- Provide anyone housing that is different (of lower quality) from that provided others;
- Subject anyone to segregation or disparate treatment;
- Restrict anyone's access to any benefit enjoyed by others in connection with the housing program;
- Treat anyone differently in determining eligibility or other requirements for admission;
- Deny anyone the opportunity to participate in a planning or advisory group that is an integral part of the housing program; or
- Deny anyone access to the same level of services. (This requirement applies to services provided by RHE and services provided by others with RHE's permission on public housing property. Thus, a health screening program offered by the local health department in a public housing community room would have to be fully accessible to persons with disabilities.)

### **1.3. ACCESSIBILITY OF THE PUBLIC HOUSING PROGRAM AND RHE'S NON-HOUSING PROGRAMS**

24 CFR 8.20 through 8.26, 8.32, 8.40, 24 CFR 100.204, 24 CFR 906.202(a)

RHE will correct situations or procedures that create a barrier to equal housing opportunity for all. In accordance with Section 504 and the Fair Housing Amendments Act of 1988, there are requirements, optional actions and prohibitions to permit people with disabilities to take full advantage of RHE's housing program and non-housing programs.

Upon request by an applicant or resident with a disability RHE must:

- Make structural modifications to its housing and non-housing facilities; and
- Make reasonable accommodations in its procedures or practices, unless such structural modifications or reasonable accommodations:
  - Would result in an undue financial and administrative burden to RHE, or
  - Would result in a fundamental alteration in the nature of the program.

In making structural modifications to "existing housing programs" or in carrying out "Other Alterations" for otherwise qualified persons with disabilities, RHE may, but is not required to:

- Make each of its existing facilities accessible; or

- Make structural alterations when other methods can be demonstrated to achieve the same effect.
- Make structural alterations that require the removal or altering of a load bearing structural member.

When RHE is making "Substantial Alterations" to an existing housing facility RHE may, but is not required to:

- Make structural alterations that require the removal or altering of a load bearing structural member; or
- Make structural alterations to meet minimum accessibility requirements where it is structurally impracticable.

RHE will not permit these policies to be subverted to do personal or political favors. RHE will not offer units in an order different from that prescribed by this policy, since doing so violates the policy, federal law, and the civil rights of the other families on the waiting list.

### **1.3.a. Accessibility of Non-Housing Facilities**

Facilities and programs used by residents will be accessible to a person in a wheelchair. Application and management offices, hearing rooms, community centers, day care centers, laundry facilities, craft and game rooms, etc. (to the extent that RHE has such facilities) will be usable by residents with a full range of disabilities. To the extent that RHE offers such facilities, if none is already accessible, some will be made accessible unless doing so would create an undue financial and administrative burden.

### **1.3.b. Accessible Communication**

Documents used by applicants and residents will be accessible for those with vision or hearing impairments. All documents will be written simply and clearly to enable applicants with learning or cognitive disabilities to understand as much as possible.

RHE will present examples to help applicants and residents understand eligibility, rent computation, applicant screening, reasonable accommodations, and lease compliance. In writing materials for applicants and residents, RHE staff will be prepared to explain rules and benefits orally, as often as may be needed, to accommodate applicants as necessary.

When RHE has initial contact with the applicant, RHE staff will ask whether the applicant requires an alternate form of communication. Examples of alternative forms of communication might include, but are not limited to: a qualified sign language interpreter provided and paid for by RHE; having written materials explained orally by staff either in person or by telephone; provision of written materials in large/bold font and, permitting alternative sites for the receipt of applications. In addition, RHE's obligation to provide alternative forms of communication to persons with disabilities does not preclude an

individual's right to have a friend, relative or advocate accompany him/her for purposes of conducting business with RHE.

At a minimum, RHE will prepare information to be used by applicants and residents in plain-language accessible formats.

### **1.3.c. Limited English Proficiency**

Some applicants may have literacy limitations, as such, intake staff must be prepared to read and explain anything that would normally be provided to an applicant to be read or complete. Applicants with limited English literacy or comprehension may have an interpreter accompany them. If feasible, RHE will assist with providing a foreign language interpreter upon request. RHE will provide a sign language interpreter for the hearing impaired upon request.

RHE will endeavor to employ bilingual staff and to foster relationships with organizations that can provide translation services to families for which English is not their first language. These services will be made available at the request of a family.

Where feasible, any notice or document relative to citizenship or eligible immigration status will be provided to an applicant or tenant in a language that is understood by the individual if the individual is not proficient in English. In general, documents will be translated when there are sufficient numbers of applicants or residents speaking a language to warrant the expense. 24 CFR § 5.505

## **1.4. AFFIRMATIVE MARKETING**

### **1.4.a. Marketing Plan**

RHE will conduct affirmative marketing as needed so the waiting list includes a mix of applicants with races, ethnic backgrounds, ages and disabilities proportionate to the mix of those groups in the eligible population of the area. The marketing plan will take into consideration the number and distribution of vacant units, units that can be expected to become vacant because of move-outs, and characteristics of families on the waiting list. RHE will review these factors regularly to determine the need for and scope of marketing efforts. All marketing efforts will include outreach to those least likely to apply.

### **1.4.b. Marketing and Informational Materials**

Marketing and informational materials will:

- Comply with Fair Housing Act requirements on wording, logo, size of type, etc.;
- Describe the housing units, application process, waiting list and preference structure accurately;
- Use clear and easy to understand terms and more than strictly English-language print media;

- Contact agencies that serve potentially qualified applicants least likely to apply (e.g., the disabled) to ensure that accessible/adaptable units are offered to applicants who need their features;
- Make clear who is eligible: low income individuals and families; working and nonworking people; and people with both physical and mental disabilities; and
- Be clear about RHE's responsibility to provide reasonable accommodations to people with disabilities.

## 2. File Retention Policy

RHE will keep tenant file information for 3 years after the date of the end of program participation. After the 3 year period the tenant file will be discarded and shredded.

RHE will keep the initial certification and the last 3 years of tenant certifications (both annual and interim) in the tenant file. All tenant transactions that are older than 3 years not including the initial certification will be shredded.

### 1.5 Public Housing FSS Fair Housing Policy

Rockville Housing Enterprises will pursue the following policies in administration of its Public Housing Family Self-Sufficiency (FSS) Program to affirmatively further fair housing within the City of Rockville:

- a) When filling vacant positions, advertise internally within RHE current staff; then widely in the community if no internal staff qualify;
- b) Market the FSS program to all eligible persons, including persons with disabilities and persons with limited English proficiency;
- c) Make buildings and communications accessible to persons with disabilities to ensure their ability to submit applications and receive services;
- d) Provide fair housing counseling services or referrals to fair housing agencies;
- e) Inform FSS program participants of how to file a fair housing complaint, including providing the toll-free number for the Housing Discrimination Hotline; and
- f) Recruit service providers that expand housing choice to program participants.

RHE will routinely maintain records of its efforts in each of these six areas in addition to participant records documenting race, ethnicity, familial and disability status.

## Chapter 2. ELIGIBILITY FOR ADMISSION

It is RHE's policy to admit only qualified applicants. An applicant is qualified if he or she meets all of the following criteria:

1. Is a family, as defined in this section;
2. Has an Annual Income at the time of admission that does not exceed the income limits established by HUD;
3. Is a U.S. citizen or an eligible immigrant;
4. Provides acceptable documentation of Social Security numbers for all family members;
5. Willingness to sign consent forms and provide information as required;
6. Meets the RHE's Applicant Selection Criteria.

### 2.1. FAMILY

- 2.1.a.** Family is defined as a group of people, with or without children, who are related by blood, marriage, adoption or affinity that live together in a stable family relationship.

Children temporarily absent from the home due to placement in foster care are considered family members.

Unborn children and children in the process of being adopted are considered family members for the purpose of determining bedroom size but are not considered family members for determining income eligibility.

- 2.1.b.** Elderly Family is:

A family whose head, spouse, or sole member is a person who is at least 62 years of age;

Two or more persons who are at least 62 years of age living together; or

One or more persons who are at least 62 years of age living with one or more live-in aides.

- 2.1.c.** A Near-Elderly Family is:

A family whose head, spouse, or sole member is a person who is at least 50 years of age but below the age of 62;

Two or more persons, who are at least 50 years of age but below the age of 62, living together; or

One or more persons, who are at least 50 years of age but below the age of 62, living with one or more live-in aides

**2.1.d. A Disabled Family is:**

A family whose head, spouse, or sole member is a person with disabilities;

Two or more persons with disabilities living together; or

One or more persons with disabilities living with one or more live-in aides.

**2.1.e. A Displaced Family is:**

A family in which each member, or whose sole member, has been displaced by governmental action, or whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

**2.1.f. Remaining Family Member****2.1.f.i. Head of Household Voluntarily moves out**

If the Head of Household voluntarily moves out, the tenancy of the remaining household members will terminate.

**Death or Incapacitation of Head of Household**

If all of the remaining family members are minors, the family may propose a guardian to move into the unit to care for the minors. The guardian must be someone who is eligible for assistance, must pass RHE's standard screening and must be approved by RHE as an appropriate head of household for the family.

If the event of the death or incapacitation of the head of household remaining family members may include existing adult household members of which one may be designated the new Head of Household.

A live-in aide, foster child or foster adult cannot be remaining members of a tenant family and are not eligible to remain in a unit after the head and spouse or co-head vacate.

**Divorce or Separation of Spouse or CoHead**

In the event of a separation or divorce, the subsidy will remain with the custodial parent. If there are no minor children or disabled dependents remaining in the household, the subsidy will remain with the person under which the original application for housing was submitted. If the application for housing was submitted by both parties as head/cohead or head/spouse, the subsidy will be determined through the court determined divorce or separation decree. In all cases, RHE's policy will be superseded by any court decree.

**2.1.g. Head of Household  
24 CFR 5.504**

The head of household must be the adult member of the household who is designated by the family as the head, is wholly or partly responsible for paying the rent, and has the legal capacity to enter into a lease under the state and local laws of the City of Rockville, Maryland.

**2.1.h. Spouse, Co-Head and Other Adult**

A family may have a spouse or co-head, but not both. (See HUD-50058 IB) The spouse is the marriage partner of the head of household but not friends, roommates or significant others who are not marriage partners.

A co-head is an individual in the household who is equally responsible with the head of household for ensuring that the family fulfills all of its responsibilities under the program, but who is not a spouse. A family can have only one co-head.

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

**2.1.i. Joint Custody**

Children subject to a joint custody agreement will be allowed to be claimed as a dependent only by the household where the child spends 50% or more of his or her time. Verification of the address where the child resides the majority of the time may be through the home address reported on school records or other documentation that is deemed conclusive by RHE.

If the court order determines custody to be 50% - 50%, the child(ren) can be included in the household size determination. Note a dependent child can only be included in one subsidized household. Therefore, if a family separates and both parents are in separate subsidized units, the dependent can only be included in one household for the purposes of household size determination and dependent deductions.

**2.1.j. Unborn Children**

Unborn children and children in the process of being adopted are considered family members for purposes of determining bedroom size, but are not considered family members for determining income limit.

**2.1.k. Live-In Aide**

A household may include a live-in aide.

A live-in aide is a person who lives with an elderly person or a person with disabilities when the family has verified that a live-in aide is essential to the care and well-being of the elderly or disabled family member.

A live-in aide must be a person who:

Would not be living in the unit except to provide the necessary supportive services; and is not obligated for the financial support of the elderly or disabled family member.

RHE will conduct a criminal background check on any person proposed to be a live-in aide and may refuse to approve, or withdraw approval of, a specific live-in aide who:

- Has committed drug-related criminal or violent criminal activity; or
- Has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program; or
- Owes rent or other amounts to RHE or to another PHA in connection with the housing voucher or public housing programs.

### **2.1.1. Eligibility of New Household Members**

RHE will approve a child added to a household through birth, adoption or court-awarded custody.

RHE will review requests to add adult household members on an individual basis, in that instance, the new family member must be determined eligible on the basis of RHE's standard screening procedures. Any new member receiving assistance must be a citizen or eligible immigrant, must provide a social security card and, if an adult, must sign consent forms and provide other information required.

RHE may deny a request to add a household member based on the current household conditions, housekeeping, rental history, occupancy standards or other good reason for denial.

## **2.2. INCOME ELIGIBILITY**

To be eligible for admission to a public housing unit, a family's annual income must be within the low-income limit set by HUD. This means the family income cannot exceed 80 percent of the median income for the area.

Income limits apply only at admission and are not applicable for continued occupancy.

If there are no eligible families on the waiting list and the Rockville Housing Enterprises has published a notice of available units in at least one newspaper of general circulation, families above the applicable income limit may be housed. They must vacate the unit if an eligible family applies.

## **2.3. CITIZENSHIP/ELIGIBILITY STATUS**

24 CFR Part 5, Subpart E

To receive assistance, a family member must be a U.S. citizen or eligible immigrant. Assistance is prohibited to non-immigrant students and their families.

All household members must sign a declaration claiming status as a U.S. citizen or an eligible non-citizen or stating a preference not to claim eligibility. Declarations for children must be signed by parents or guardians.

U.S. Citizens must provide verification of citizenship, which may be a U.S. birth certificate, a U.S. Passport, or a certificate of naturalization.

Non-citizens who are 62 years of age or older and claim to have eligible immigration status must provide a signed declaration of eligible immigration status and proof of age.

Other non-citizens claiming eligible immigration status must provide documentation of their immigration status. Staff will verify the immigration status of every non-citizen claiming eligibility through the U.S. Citizenship and Immigration Services (USCIS).

Mixed families with eligible and ineligible members will be eligible to receive prorated assistance.

RHE will inform all applicants at the time an application is submitted that housing assistance is available only to US citizens and eligible immigrants and provide information on the types of evidence that will be required.

#### **2.4. SOCIAL SECURITY NUMBER DOCUMENTATION 24 CFR 5.216**

To be eligible, all family members must provide acceptable documentation of a social security number.

#### **2.5. SIGNING CONSENT FORMS**

The head and spouse or co-head and all other family members who are 18 years of age or older must sign one consent forms as requested authorizing HUD or RHE to:

Obtain from State Wage Information Collection Agencies (SWICAs) any information or materials necessary to complete or verify the application for participation or for eligibility for continued occupancy; and

Verify with previous or current employers income information pertinent to the family's eligibility or level of assistance;

Request income information from the IRS and the SSA for the sole purpose of verifying income information pertinent to the family's eligibility or level of benefits.

Eligibility for public housing is contingent on family member providing information, documents, and authorizations necessary as requested by RHE within the timeframe they are requested.

## **2.6. SCREENING APPLICANTS FOR ADMISSION**

Applicant families will be evaluated to determine whether past behavior of household members might be expected to result in noncompliance with the public housing lease. The Rockville Housing Enterprises will look at past conduct as an indicator of future conduct. Emphasis will be placed on whether a family's admission could reasonably be expected to have a detrimental effect on the development environment, other tenants, Rockville Housing Enterprises employees, or other people residing in the immediate vicinity of the property. Otherwise eligible families will be denied admission if they fail to meet the suitability criteria.

The cost of applicant screening will be borne by RHE.

### **2.6.a. Considerations Related to Tenancy Compliance**

RHE will consider objective and reasonable aspects of the family's background that are related to the family's ability to comply with lease requirements, including the following:

- 1) History of meeting financial obligations, especially rent;
- 2) Ability to maintain (with or without assistance) their housing in a decent and safe condition based on living or housekeeping habits and whether such habits could adversely affect the health, safety, or welfare of other tenants;
- 3) History of criminal activity by any household member involving crimes of physical violence against persons or property and any other criminal activity including drug-related criminal activity that would adversely affect the health, safety, or well being of other tenants or staff or cause damage to the property;
- 4) History of disturbing neighbors or destruction of property;
- 5) Previous acts of fraud in connection with any Federal housing assistance program, including the intentional misrepresentation of information related to a housing application or benefits derived therefrom; and
- 6) History of abusing alcohol or drugs in a way that may interfere with the health, safety, or right to peaceful enjoyment by others.

### **2.6.b. Approach to Screening Applicants**

RHE will ask applicants to provide information demonstrating their ability to comply with the essential elements of the lease and will verify the information as appropriate, including the following:

- A credit check of the head, spouse and co-head, and other adult members;
- A rental history check of all adult family members over 18;
- A criminal background check on all adult household members, including live-in aides. This check will be made through state or local law enforcement or court records in those cases where the household member has lived in the local jurisdiction for the last three years. Where the individual has lived outside the local area, the Rockville Housing Enterprises may contact law enforcement agencies where the individual had lived.
- A home visit. The home visit provides the opportunity for the family to demonstrate their ability to maintain their home in a safe and sanitary manner. This visit considers cleanliness and care of rooms, appliances, and appurtenances. It may also consider any evidence of criminal activity; and
- A check of the state's lifetime sex offender registration program for each adult household member, including live-in aides. No individual registered with this program will be admitted to public housing.

## **2.7. DENIAL OF ASSISTANCE**

24 CFR 960.203 & 204

**2.7.a.** RHE will deny admission to an applicant if:

- The household does not meet any one or more of the eligibility criteria of the program.
- Any member of the household fails to:
  - Supply information or documentation required for the application, lease-up or recertification process; or
  - Sign and submit consent forms for obtaining information; or
  - Respond to a written waiting list update request.
  - RHE receives returned mail that was sent to the applicant noted by the Post Office as undeliverable
  -

In accordance with PIH Notice 2016-05, applicants that are unable to provide a Social Security Number for a family member under the age of 6 will be granted a 90-day period, during which an applicant family may become a program participant, even if the family lacks the documentation necessary to verify the Social Security Number (SSN) of a family member under the age of 6. An extension of one additional 90-day period must be

granted if the RHE determines that, in its discretion, the applicant's failure to comply was due to circumstances that could not reasonably have been foreseen and were outside of the control of the applicant.

- Any member of the family has been evicted from public housing, any federally assisted housing, or has had housing voucher assistance terminated for any reason within the last five years prior to the date of RHE's denial notice. RHE may extend the time period for denial based on eviction from a federally assisted housing program up to 10 years.

### **2.7.b. Criminal Activity – CFR 24 Part 966.4 PIH Notice 2015-19**

RHE has established standards that prohibit admission of an applicant who has engaged in criminal activity, use of illegal drugs or abuse of alcohol that may threaten the health, safety of other persons or the right to peaceful enjoyment of the premises by other residents.

Applicants will be denied admission for any of the following reasons:

- Any family member has ever been convicted of manufacturing or producing methamphetamine, "speed" in a federally assisted housing unit.
- Any household member has a lifetime registration under a state sex offender registration program.

Applicants may be denied admission for any of the following reasons:

- Any member of the household has illegally used or possessed a controlled substance for personal use or has abused alcohol in a way that may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.
- Any member of the household has committed drug-related criminal activity, or violent criminal activity.
- Any household member has a criminal history that involved arson.

### **2.7.c. Additional Reasons for Denial of Admission**

RHE will deny admission to a family if it determines the family or any family member:

- Has engaged in or threatened abusive or violent behavior toward any RHE staff member or resident. This behavior includes oral or written threats or physical gestures that communicate an intent to insult or intimidate.
- Has a pattern of unsuitable past performance in meeting financial obligations, including rent or the payment of utilities.

- Has a record of disturbance of neighbors, destruction of property or living or housekeeping habits at prior residences which may adversely affect the health, safety or welfare of other residents.
- Owes money to RHE or any other housing authority.
- Has intentionally misrepresented information related to eligibility, preference, housing history, allowances, family composition or rent. Unintentional mistakes that do not convey any advantage to the applicant will be considered unintentional misrepresentations.
- Has committed fraud, bribery or any other corrupt act in connection with any federal housing assistance program.

#### **2.7.d. Criteria for Deciding to Deny Admission: Evidence**

The fact that an applicant or tenant was arrested for a disqualifying offense shall not be treated or regarded as proof that the applicant or tenant engaged in disqualifying criminal activity. The arrest may, however, trigger an investigation to determine whether the applicant or tenant actually engaged in disqualifying criminal activity. As part of its investigation, RHE may obtain the police report associated with the arrest and consider the reported circumstances of the arrest. RHE may also consider any statements made by witnesses, the applicant, or tenant not included in the police report; whether criminal charges were filed; whether, if filed, criminal charges were abandoned, dismissed, not prosecuted, or ultimately resulted in an acquittal; and any other evidence relevant to determining whether or not the applicant or tenant engaged in disqualifying activity.

RHE will deny admission if the “preponderance of evidence” indicates that a family member has engaged in a prohibited activity, regardless of whether the family member has been arrested or convicted. Preponderance of evidence is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not.

#### **Criteria for Deciding to Deny Admission: Mitigating Evidence**

RHE will consider all relevant circumstances when deciding whether to deny admission based on a family’s past history except in situations for which denial of admission is mandated.

If negative information is received about an applicant, RHE shall consider the time, nature, and extent of the applicant’s conduct and factors that might indicate a reasonable probability of favorable future conduct. To be considered, mitigating circumstances must be verifiable.

Mitigating circumstances are facts relating to the applicant's negative history that, when verified, indicate:

- The reason for the unsuitable rental history and/or behavior; and
- That the reason for the unsuitable rental history and behavior is no longer in effect or is under control, AND
- The applicant's prospect for lease compliance is acceptable, justifying admission.

Examples of mitigating circumstances might include:

- Evidence of successful rehabilitation;
- Evidence of the applicant family's participation in social service or other appropriate counseling service; or
- Evidence of successful and sustained modification of previous disqualifying behavior.

RHE will consider evidence that those who have illegally used or possessed controlled substances or abused alcohol have successfully completed a supervised drug or alcohol rehabilitation treatment program, and have been certified by the treatment program as "clean" for at least one year as of the date of the eligibility determination. (HUD Notice PIH 96-27) Consideration of mitigating circumstances does not guarantee that an applicant will qualify for admission.

#### **2.7.e. Reasonable Accommodation**

If the applicant asserts that mitigating circumstances relate to a change in disability, medical condition or treatment, RHE shall refer such information to persons qualified to evaluate the evidence and verify the mitigating circumstance. RHE shall also have the right to request further information to verify the mitigating circumstance, even if such information is of a medically confidential nature. Such inquiries will be limited to the information necessary to verify the mitigating circumstances or, in the case of a person with disabilities, to verify a reasonable accommodation.

#### **2.7.f. Removal of a Family Member from the Household**

In the event that one household member, who is not the original applicant is found to be ineligible, RHE may offer an opportunity for the household to remove the culpable household member from the application as a condition of admission. The decision to offer such an opportunity is at RHE's sole discretion. If such an offer is made, the head of household and spouse or co-head must sign a certification that the excluded family member will not be permitted to visit or stay as a guest in the public housing apartment. Prior to admission and at any time in the future, the family must present evidence of the former family member's address upon RHE's request.

#### **2.8. Violence Against Women Act (VAWA)**

RHE acknowledges that a victim of domestic violence, dating violence or stalking may have an unfavorable history that would warrant denial under RHE's policies. Therefore,

if RHE makes a determination to deny admission to an applicant family on the basis of an unfavorable history, RHE will include in its notice of denial a statement of the protection against denial provided by VAWA and will offer the applicant the opportunity to provide documentation affirming that the cause of the unfavorable history is that a member of the applicant family is or has been a victim of domestic violence, dating violence or stalking.

In a case where an applicant family includes the perpetrator as well as the victim of domestic violence, dating violence or stalking, RHE will require that the perpetrator be removed from the applicant household and not reside or visit in the public housing apartment.

### **2.9. Denial of Eligibility**

RHE will provide a written notice of denial if a family is deemed ineligible for admission.

Before RHE rejects an applicant on the basis of a criminal history or sex offender registration, RHE must notify the household of the proposed rejection and provide the household member whose criminal history is at issue with a copy of the criminal record and an opportunity to dispute the accuracy and relevance of that record.

The family will be given 10 calendar days to contact RHE to request an informal review to dispute the accuracy and relevance of the information. If the family does not contact RHE within that 10-day period, the denial of admission will stand.

### **2.10. OCCUPANCY STANDARDS**

Occupancy standards are established to ensure that units are occupied by families of an appropriate size. RHE's policy is intended to make the best use of scarce housing resources while avoiding overcrowding and preserving Rockville's housing stock from excessive wear and tear.

In determining bedroom size, RHE generally assigns one bedroom to two people. However,

- (1) The single head of household will be assigned a bedroom
- (2) The head of household with a spousal relationship or co-head, will be assigned a bedroom;
- (3) Beyond the head of household, two persons regardless of age or gender would be assigned one bedroom.
- (4) Live-in aides will be provided a separate bedroom.
- (5) Children who are in the process of being adopted, children whose custody is being obtained, or children who are temporarily away at school or temporarily absent in foster care, are included in determining the family's bedroom size.
- (6) The unborn child of a pregnant woman will be considered in determining the family's bedroom size.

- (7) RHE may grant exceptions to normal occupancy standards when a family requests a reasonable accommodation.

This results in the following standards:

<b>Unit Size</b>	<b>Minimum Number of Persons in Household</b>	<b>Maximum Number of Persons in Household</b>
0-BR	1	2
1-BR	1	4
2-BR	2	6
3-BR	4	8
4-BR	5	10
5-BR	8	12
6-BR	10	14

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

RHE will approve a family's request for a unit size smaller than required by RHE policy if the smaller unit will not result in reaching the maximum occupancy as noted in the above chart. Before RHE grants an exception, the family must sign a certification stating they understand they will be ineligible for a different size unit until the family size changes.

RHE may approve a family's request for a larger unit than provided by standard policy if the family provides verification accepted to RHE of a medical need for the larger unit.

If there are no families on the waiting list for a larger size unit, smaller families may be housed if they sign a release form stating they will transfer (at the family's own expense) to the appropriate size unit when an eligible family needing the larger unit applies. The family transferring will be given a 30-day notice before being required to move.

The maximum number of persons in a household represents the number of persons in a household that will deem the household to be over crowded. If the household reaches the maximum, the family will be required to move to an appropriate sized unit.

## CHAPTER 3: TENANT SELECTION

### 3.1. TENANT SELECTION PREFERENCES

RHE has chosen to use local preferences to meet local objectives in choosing among applicants. Preferences determine the order in which eligible applicants are selected from the waiting list. Preferences will be granted to applicants who are otherwise qualified and who, at the time of the unit offer (prior to execution of a lease) meet the working preference and at the time of initial applicant eligibility screening meet the definitions of the preference for living in the City of Rockville preference described below.

There are three preference categories. Each category is assigned points. Applicants are placed on the waiting list based first on the applicant's number of preference points; then, among applicants with an identical number of points, based on the applicant's lottery number or the date and time of the application.

#### 3.1.a. Preference Categories

The preferences for which an individual may qualify and the points assigned are as follows:

<u>Preferences</u>	<u>Points</u>
Living <b>and</b> Working in the City Limits of Rockville	4
Living <b>or</b> Working in the City Limits of Rockville	2
Working Families living outside of Rockville	1

Note: To receive the preference for "living in the City Limits of Rockville" the applicant may not be a current member of a household that is actively being assisted through the Rockville Housing Enterprises Public Housing Program.

These local preferences are based on Rockville community needs and are consistent with the PHA Plan, the Consolidated Plan and Fair Housing laws.

#### 3.1.b. Definition of Preference Categories

An applicant qualifies for a preference if the household meets any of the following conditions:

- (1) Living and Working in the city of Rockville
  - (a) The primary residence of the head, spouse or co-head is within the city of Rockville as verified by one of the following:

- (i) Lease, or utility bill bearing the name of the head, spouse or co-head and an address within the corporate city limits of Rockville; the address on the lease or utility bill may not be that of a currently assisted RHE Public Housing unit.
  - (ii) Photo identification issued by the state such as a driver's license; ; the address listed on the photo identification may not be that of a currently assisted RHE Public Housing unit.
  - (iii) **and**
  - (b) Head, spouse or co-head is either working or hired to work within the corporate limits of Rockville.
- (2) Living or Working in the city of Rockville
- (a) The primary residence of the head, spouse or co-head is within the city of Rockville as verified by one of the following:
    - (i) Lease, or utility bill bearing the name of the head, spouse or co-head and an address within the corporate city limits of Rockville;
    - (ii) Photo identification issued by the state such as a driver's license **or**
  - (b) Head, spouse or co-head is either working or hired to work within the corporate limits of Rockville.
- (3) A Working Family is defined as an applicant household whose head, spouse or co-head is:
- (a) Employed at the time of certification in a position providing a minimum of 20 hours of work each week; or
  - (b) Age 62 or older, or
  - (c) A person with disabilities; or
  - (d) Participating in an education or training program designed to prepare people for the job market.

RHE staff will verify that an applicant's declared address for residency or work is, in fact, located in the corporate limits of the city of Rockville by confirming that address in the listing of streets and unit numbers as provided by the city of Rockville.

### **3.1.c. Preference Verification**

**3.1.c.i. Initial Self-Certification.** Verification of the local preference of living in the City of Rockville is required at pre-application. Families will self-certify all other preference eligibility and will be placed on the waiting list according to date, time, and preferences claimed.

An applicant may update his or her application by providing information in writing via email to RHE, including changes in family composition or income, or preference qualifications, at any time while on the list. RHE staff will annotate the applicant's file and will update the household's place on the waiting list.

**3.1.c.ii. Final Verification of Preferences.** Prior to a unit offer, the family's preference eligibility based on current circumstances must be documented through third-party verification.

### **3.1.d. Preference Denial.**

If at final verification of local preferences, it is determined that the family does not qualify for the claimed preference, the application will be given a new place on the waiting list based on the application's lottery number or date and time of application but without benefit of the preference originally claimed.

The family will be given written notice that RHE was unable to verify its qualification for the preference status claimed and the right to request an informal review within 10 calendar days of the date of the notice sent.

RHE will not deny a local preference, nor otherwise exclude or penalize a family in admission to the program, solely because the family resides in public housing.

### **3.1.e. Preference Based on Income Targeting**

Federal law requires that not less than 40 percent of the families admitted to a PHA's public housing program during the PHA's fiscal year from the PHA's waiting list shall be "extremely low income" families as defined as 30% of the Area Median Income (AMI). 60% of families pulled from the waiting list can be "low income" families as defined as up to 80% of the Area Median Income (AMI).

## **3.2. APPLICATION PROCESS**

Families who wish to apply to the waiting list must complete a written preliminary application for housing when the list is open. Reasonable accommodation and assistance will be provided to persons with disabilities during the application process.

The application process involves two phases: the initial pre-application for assistance, which results in the family's placement on the waiting list and

completion of a full Application for Housing Assistance when the family reaches the top of the waiting list.

### **3.2.a. Submitting a Pre-application.**

When the public housing waiting list is open, RHE pre-application forms and instructions are on-line on RHE's website during the open period. RHE staff is available to help families with the pre-application process. The RHE pre-application form requests minimal information about the applicant family and requires the applicant's signature. The pre-application process relies on self-certification.

The waiting list application for public housing assistance may not be transferred to another household member. The assistance/public housing unit will only be issued to the head of household that is listed on the application at the time of waiting list selection.

### **3.2.b. Establishing the Waiting List.**

Before the waiting list is opened, RHE's Board of Commissioners will approve the application method to be used. The available method may be a lottery selection or date and time of application receipt with preferences.

**3.2.c. Lottery.** When a lottery is to be used to determine the order of applications on the waiting list, there will be no preferences applied. RHE will employ a computerized random number generating program to assign each application a sequential number representing its waiting list placement.

After lottery numbers have been assigned and the waiting list order has been certified, the list will be reordered.

**3.2.d. Date and Time of Application.** If the RHE Board has determined that applications should be ordered by the date and time each application is received, pre-applications will be entered on the waiting list and ordered based on preferences claimed and date and time of application. The date and time of the application will be used to determine the sequence of applications within each preference category.

**3.2.e. Notification of Initial Applicant Status.** RHE maintains an interactive voice response system (IVR) that will provide applicants with their position on the waiting list. Applicants will be instructed to call the IVR to determine their waiting list status.

### **3.2.f. Management of the Waiting List 24 CFR 982.204**

**Updating Waiting List Information.** Applicants must voluntarily submit updates to their contact information or waiting list preferences in writing to RHE. Once a request to update the waiting list information is received, RHE will process the update.

**3.2.g. Applicant request for removal from the waiting list.** 24 CFR 982.204

An applicant may be removed from the waiting list at any time by submitting a request in writing.

**3.3 PROCESSING APPLICATIONS FOR ADMISSION**

RHE will accept and process applications in accordance with applicable HUD regulations. RHE will assume that the facts certified to by the applicant in the preliminary application are correct, until those facts are verified later in the application process.

**3.3.a. Interviews and Verification Process**

As applicants approach the top of the waiting list, they will be notified in writing through first class mail or email and asked to come to RHE for an interview to complete their applicant file. An applicant that cannot attend the originally scheduled interview may contact RHE to reschedule the application interview at least 2 business days prior to the original interview date. If the applicant contacts RHE within 2 business day of the original interview date, the applicant will automatically be scheduled to attend a pre-set make up interview date. The make-up interview date will be identified in the original letter. Applicants who fail to attend their scheduled interview or to respond to the call-in letter will be sent a notice that their application will be withdrawn from the waiting list.

**3.3.b. Offer of a Unit**

When a vacant unit is anticipated, RHE will contact the family on the waiting list who has the highest waiting-list ranking for the unit type available.

The Rockville Housing Enterprises will contact the family by first class mail or email making an offer of the unit. The family will be given five (5) calendar days from the date the letter was mailed or emailed to contact the RHE regarding the offer.

The family will be offered the opportunity to view the unit or similar floor plan. After the opportunity to view the unit, the family will have two (2) calendar days to accept or reject the unit. The offer and the family's decision must be documented in the applicant file.

If more than one unit of the appropriate size and type are available, the first unit to be offered will be the unit that is or will be ready for move-in first. If two units are ready for move-in on the same day, the first unit to be offered will be the unit that became vacant first.

**3.3.c. Offering Accessible Units**

RHE does not have any fully accessible ADA units, however RHE does have adapted units that offer greater accessibility for disabled residents.

When an adapted unit becomes available for leasing, RHE will offer it:

- First, to a current public housing resident having a disability that requires the special features of the vacant unit.

Second, to the next eligible qualified applicant on the waiting list

When offering an adapted unit to a non-disabled applicant, RHE will require the applicant to sign an agreement to move at their own expense to an available non-adapted unit within 30 days when a current resident or an applicant with a disability needs the unit. This requirement is also reflected in the lease signed with the applicant. A family to which such an offer is made may decline, preferring to wait for a non-adapted unit, without losing their waiting list position.

#### **3.3.d. Rejection of a Unit**

If the family rejects the offer of the unit without good cause, the family's name will be removed from the waiting list. RHE will send the family a letter documenting the offer and the rejection and informing the family of the right to an informal review.

If the family rejects a unit with good cause, the family will forfeit its place on the waiting list but will be returned to the waiting list at the end of the preference category for which the family qualifies. The method used to assign the family's new place on the waiting list will vary depending on whether the existing list was developed using a lottery or date and time of the applications submitted. If the existing list was created using a lottery, RHE will assign a new "lottery" number which is the next lower number below either the lowest number assigned through the lottery or the number that follows the most recently assigned "lottery" number given to the last applicant to reject a unit with good cause. If the existing list was created using the time and date of the applications received, the family's application will be given the time and date that the unit was rejected. The family will maintain the preferences for which they qualify if applicable.

Good cause includes reasons related to health, (for those working or going to school, inability to exist a current lease agreement.

If an applicant is willing to accept the unit offered but presents clear evidence of their inability to move at the time of the offer the family will maintain its place on the waiting list. However, if a second unit is offered and the family refuses a second unit for any reason, their application will be removed from the waiting list.

#### **3.3.e. Acceptance of Unit**

The family will be required to sign a lease that will become effective no later than fourteen (14) calendar days after the date of acceptance or the business day after the day the unit becomes available, whichever is later.

Prior to signing the lease all families (head of household) and other adult family members will be required to attend the Lease and Occupancy Orientation when they are initially accepted for occupancy. The family will not be housed if they have not attended the orientation. Applicants who provide prior notice of an inability to attend the orientation will be rescheduled. Failure of an applicant to attend the orientation, without good cause, may result in termination of the unit offer and voiding of the housing application. If the housing application is voided, the family must submit an application when the waiting list is open to have another opportunity for a unit offer.

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

3.3.f. If RHE reviews all waiting list applicants during a waitlist pull up of at least 50 people for a particular bedroom size, and there are no qualified applicants with the required preference points (if applicable) that meet the occupancy standards for that bedroom size; RHE may fill the unit with a qualified family, with the required preference points (if applicable) that does not meet the occupancy standards for that bedroom size. RHE will fill the unit with the qualified family that has a family size that is closest to the occupancy standard. At no time may a family exceed the occupancy standard at the time of admission.

The head of household and all adult family members will be required to execute the lease prior to admission. RHE and the family each receive one executed copy of the lease.

#### **3.4 SECURITY DEPOSIT**

The family will pay a security deposit at the time of lease signing. The security deposit will be equal to: the Total Tenant Payment or \$300.00, whichever is greater.

In exceptional situations, RHE may allow a new resident to pay the security deposit in up to three (3) payments. One third shall be paid in advance, one-third with the second rent payment, and one-third with the third rent payment. This shall be at the sole discretion of the Rockville Housing Enterprises.

In the case of a move within public housing, the security deposit for the first unit will be transferred to the second unit.

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

## CHAPTER 4: ANNUAL AND ADJUSTED INCOME AND VERIFICATION

### 4.1. ANNUAL INCOME

24 CFR 5.609

In calculating income RHE has implemented **PIH Notice 2016-05 Streamlining Administrative Regulation for Programs Administered by Public Housing Agencies.**

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

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; and
- (2) Are based on, at the time of admission, reexamination, or recertification:
  - (i.) Actual income being received (projected forward for a 12-month period); or
  - (ii.) Past actual income received or earned within the last 12 months of the determination date, as HUD may prescribe.
- (3) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

#### 4.1.a. **Annual Income - Includes**, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from operation of a business or profession.
  - a. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income.
  - b. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation.
  - c. 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.
  - a. 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.
  - b. Where the Family has Net Family Assets in excess of \$5,000, Annual income includes the greater of the actual income derived from all Net

Family Assets or a percentage of the value of such Assets based on the current passbook savings rate, as determined by HUD;

- (4) The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment (*except as described under "Annual Income Excludes" below*);
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (*except as described under "Annual Income Excludes" below*);
- (6) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
- (7) Payment of a welfare allowance or grant, including any imputed welfare income (see Glossary);
- (8) All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Family, spouse, or other family members or whose dependents are residing in the unit (*except as described under "Annual Income Excludes" below*); and

**4.1.b. Annual Income - Excludes** the following:

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (see Glossary);
- (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;
- (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) Amounts received under training programs funded by HUD;
- (9) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
- (10) Amounts received by a participant in other publicly-assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
- (11) A resident service stipend. This is a modest amount, not to exceed \$200 per month, received by a resident for performing a service for the PHA, on a part-time basis, that enhances the quality of life in the development;
- (12) Incremental earnings and benefits from participation in qualifying state or local employment training programs and training of a family member as resident management staff when the training program includes clearly defined goals. Payments may be excluded only while the family member participates in the training program.
- (13) Temporary, nonrecurring or sporadic income (including gifts) (see Glossary);
- (14) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- (15) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- (16) Adoption assistance payments in excess of \$480 per adopted child;
- (17) Deferred periodic payments of Supplemental Security Income and Social Security benefits that are received in a lump sum;
- (18) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
- (19) Amounts paid by a state agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- (20) 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 the United States Housing Act of 1937. These exclusions include:

- (i) Food Stamp allotment;
- (ii) Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- (iii) The first \$2,000 in payments per year received under the Alaska Native Claims Settlement Act;
- (iv) Income derived from certain sub marginal land of the United States which is held in trust for certain Indian tribes;
- (v) Payments or allowances made under Department of Health and Human Services' Low-Income Energy Assistance Program;
- (vi) Payments received under programs funded in whole or in part under the Job Training Partnership Act;
- (vii) Income derived from the disposition of funds of the Grant River Band of Ottawa Indians;
- (viii) The first \$2,000 of per capita shares received from judgement funds awarded by the Indian Claims Commission or the Grant of Claims or from funds held in trust for an Indian tribe by the Secretary of Interior and up to \$2,000 per year of income received by individual Indians from trusts or restricted lands held by the Secretary of Interior for the benefit of individual Indians. (Exclusions apply on a per person basis);
- (ix) 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;
- (x) Payments received from programs funded under Title V of the Older Americans Act of 1965;
- (xi) Payments received after January 1, 1989 from the Agent Orange Settlement Fund or any other Agent Orange settlement fund;
- (xii) Payments received under the Maine Indian Claims Settlement Act of 1980;

- (xiii) The value of any child care provided or reimbursed under the Child Care and Development Block Grant Act of 1990; and
- (xiv) Earned income tax credit refund payments;
- (xv) The low-income subsidy received to assist low-income persons in paying for their Medicare prescription drug plan costs; and
- (xvi) Payments for living expenses under the AmeriCorps Program.

#### **4.1.c. Historical amounts.**

If RHE is unable to determine annual income using current information because the family reports little to no income or because income fluctuates, RHE may average past actual income received or earned within the 12 months before the certification date to calculate annual income.

RHE may also ask the family to provide documentation of current income. If the family can provide acceptable documentation dated within the 60-day period preceding the certification request date, RHE may use this documentation to determine annual income.

RHE may reject any income documentation based on reasons described by HUD.

#### **4.1.d. Averaging Income.**

All current income should be annualized. If income cannot be anticipated, RHE staff will average the known sources of income, or annualize the current income and conduct an interim exam if income changes.

For 10 month employees, RHE will annualize the income based on the actual 10 months worked. Therefore families will not be able to request an interim re-examination for the two months not worked as the 10 month annualization takes the two non-working months into account.

#### **4.1.e. Minimum Income.**

There is no minimum income requirement. Families who verify their income at zero may be served, but must report any income within 10 business days of the increase in income.

#### **4.1.f. Income of Absent Family Member.**

Any member of the household will be considered permanently absent if he or she is away from the unit for more than three consecutive months or more than 120 days in a calendar year.

A family member who is absent due to hospitalization or other confinement for medical reasons may continue as a member of the household for up to 180 days if verification of the medical need for confinement is received from a medical professional.

The income of the family member who is temporarily absent is included in the annual income for the household.

#### **4.1.g. Income of Dependent.**

Although the earned income of minors is not included in annual income, benefits and other non-earned income are included.

#### **4.1.h. Reductions in Welfare Assistance 24 CFR 5.615**

Neither annual income nor rent is adjusted to reflect a loss of welfare payments when the welfare reduction is the result of fraud, failure to participate in an economic self-sufficiency program or failure to comply with a work requirement.

The term “imputed welfare income” is used for the amount of lost welfare income that is included in annual income. “Imputed welfare income” is equal to the amount of the welfare reduction less any new income acquired by the family since the welfare reduction. When the new income equals the welfare reduction, imputed welfare income is reduced to zero.

RHE will obtain written verification from the welfare agency that a family’s benefit reduction was due to fraud or noncompliance before refusing to reduce the family’s rent. This provision does not apply if welfare benefits are reduced due to a lifetime limit on the receipt of benefits or a situation in which the family has complied with welfare requirements but cannot find employment.

The provision does not apply to a family that was not a public housing resident at the time of the welfare sanction.

RHE is not responsible for determining whether a deduction of welfare benefits by the welfare agency was correctly determined by the welfare agency.

#### **4.1.i. Earned Income Disregard 24 CFR 960.255**

In accordance with PIH Notice 2016-05, RHE will implement the streamlined provisions related to the Earned Income Disregard (EID).

The new regulatory provisions are limited to 24 straight months the time period during which a family member is eligible to receive the benefit of the earned income disregard (EID), which streamline the administration of the EID by eliminating the requirement for PHAs to track family member changes in employment over a 4-year period. Some increases in the earned income of persons who were previously unemployed or were

participating in a self-sufficiency program or receiving TANF will be excluded from annual income for a period of two years.

This exclusion pertains only to a resident whose income increases if that person:

- (1) Was unemployed for the past year or more; or
- (2) Is participating in any economic self-sufficiency or other job training program; or
- (3) Became employed or received increased earnings during or within six months after receiving assistance benefits or services under any state TANF program.

Once a family member is determined to be eligible for the EID, the 24-calendar month period starts;

- If the family member discontinues the employment that initially qualified the family for the EID, the 24-calendar month period continues;
- During the 24-calendar month period, EID benefits are recalculated based on changes to family member income and employment;
- During the first 12-calendar month period, RHE must exclude all increased income resulting from the qualifying employment of the family member. After the first 12-calendar month period, RHE must exclude from annual income of the family at least 50 percent of any increase in income of such family member as a result of employment over the family member's income before the qualifying event (i.e., the family member's baseline income);
- The EID benefit is limited to a lifetime 24-month period for the qualifying family member;
- At the end of the 24 months, the EID ends regardless of how many months were "used."

#### **4.2. INCOME FROM ASSETS**

24 CFR 5.603 and 5.609

Income received from assets held by household members is included in annual income. When net family assets are \$5,000 or less, the actual income from assets is added to annual income. If assets total more than \$5,000, income from the assets is "imputed," and the greater of actual asset income and imputed asset income is counted in the annual income.

In accordance with PIH Notice 2016-05, RHE must obtain third-party verification of all family assets upon admitting a family to the public housing program and then again at least every 3 years thereafter. During the intervening annual reexaminations, RHE has the discretion under this provision to accept a family's declaration that it has total net assets equal to or less than \$5,000, without taking additional steps to verify the accuracy of the

declaration. If a family submits such a declaration, then RHE does not need to request supporting documentation (e.g., bank statements) to verify the assets or the amount of income expected to be received from those assets. The family's declaration of total assets must show each asset and the amount of income expected from that asset. The total amount of income expected from all assets must be less than or equal to \$5,000. The total amount of the expected income from assets will be the family's "final asset income," and must be entered in field 6j of Form HUD-50058.

RHE may obtain a family's declaration of assets under \$5,000 at the family's next interim or annual reexamination following adoption of the provision in the ACOP.

RHE is required to have all family members 18 years of age and older sign the family's declaration of total assets. For ease of implementation, RHE may require families to submit a declaration of assets along with the consent forms that are required pursuant to 24 CFR 5.230. A family that knowingly submits false information is subject to a civil penalty, plus damages, under the False Claims Act (31 U.S.C. 3729).

Whenever a family member is added, RHE must obtain third-party verification of that family member's assets. At the next annual reexamination of income following the addition of that family member, RHE must obtain third-party verification of all family assets if the addition of that family member's assets puts the family above the \$5,000 asset threshold. If the addition of that family member's assets does not put the family above the \$5,000 asset threshold, then RHE is not required to obtain third-party verification of all family assets at the next annual reexamination of income following the addition of the family member; however, third-party verification of all family assets is required at least every 3 years.

**4.2.a. Assets Include:**

- (1) Amounts in savings and checking accounts
- (2) Stocks, bonds, money market funds and other investment accounts
- (3) Equity in real property or other capital investments
- (4) Cash value of trusts available to the family
- (5) Retirement savings accounts
- (6) Lump sum payments including inheritances, lottery winnings, capital gains, and insurance settlements
- (7) Personal property held as investments, such as collections
- (8) Cash value of life insurance policies
- (9) Assets disposed for less than fair market value but more than \$2,000 during the two years preceding the eligibility certification for the program

**4.2.b. Assets Exclude:**

- (1) Necessary personal property such as furniture and automobiles
- (2) Interest in Indian trust lands
- (3) Assets that are part of an active business or farming operation

- (4) Assets not accessible by the family, such as a trust
- (5) Handicapped-equipped vehicles
- (6) Equity in cooperatives or manufactured homes occupied by the family
- (7) The value of a home currently being purchased through the Section 8 Homeownership program. This exclusion is limited to the first ten years after the purchase date of the home.

**4.2.c. Net Family Assets** means the net cash value of all household assets after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment.

**4.2.d. Assets Disposed of for Less than Fair Market Value.**

In determining net family assets, RHE shall include the value of any family assets disposed of by an applicant or tenant for less than fair market value that is in excess of the consideration received therefore. Such amounts shall be counted as assets for two years following the date of disposition. These amounts will be counted only when the total value of assets disposed of exceeds \$2000.

Assets disposed of as the result of a separation or divorce settlement, foreclosure, or bankruptcy will not be considered to be disposed of for less than fair market value

**4.2.e. Trusts.**

A trust over which members of the household have no control and to which they have no access will not be considered an asset. Any income distributed from the trust to a member of the household shall be counted when determining annual income.

**4.2.f.** In verifying assets, RHE will implement PIH Notice 2016-05.

Under this provision, RHE must obtain third-party verification of all family assets upon admitting a family to the HCV or public housing program and then again at least every 3 years thereafter.

During the intervening annual reexaminations, RHE has the discretion under this provision to accept a family's declaration that it has total net assets equal to or less than \$5,000, without taking additional steps to verify the accuracy of the declaration. If a family submits such a declaration, then RHE does not need to request supporting documentation (e.g., bank statements) to verify the assets or the amount of income expected to be received from those assets. The family's declaration of total assets must show each asset and the amount of income expected from that asset. The total amount of income expected from all assets must be less than or equal to \$5,000. The total amount of the expected income from assets will be the family's "final asset income," and must be entered in field 6j of Form HUD-50058.

RHE may obtain a family's declaration of assets under \$5,000 at the family's next interim or annual reexamination following adoption of the provision in the Admin. Plan.

RHE is required to have all family members 18 years of age and older sign the family's declaration of total assets. RHE will require families to submit a declaration of assets along with the consent forms that are required pursuant to 24 CFR 5.230. A family that knowingly submits false information is subject to a civil penalty, plus damages, under the False Claims Act (31 U.S.C. 3729).

### **ADJUSTED INCOME**

24 CFR 5.611 (See Glossary)

Adjusted income is annual income after deducting the following allowances.

- (1) **Dependent Allowance.** \$480 for each dependent
- (2) **Elderly Household Allowance.** \$400 for an elderly family or disabled family
- (3) **Allowance for Medical Expenses.** An allowance for medical expenses is given to any family in which the head, spouse or co-head is elderly (62 years or older), or disabled. The amount of the allowance is equal to the total of medical expenses for all family members less 3% of annual income. The date of the medical expense verification must be within 12 months of the recertification appointment letter.
- (4) **Allowance for Childcare Expenses.** An allowance for the care of children less than 13 years of age is given to enable a family member to work, search for work or go to school. The allowance cannot exceed the amount earned by the member able to work because childcare was available. An allowance is not given for any childcare cost that is reimbursed by anyone outside the family (for example, Purchase of Care or Working Parents' Assistance Programs).
  - a. **The following documentation will be accepted as validation of payment of child care expenses.**
    - i. **A detailed receipt from the child care provider that includes the date(s) of service, amount paid, and name of the child for which the service is provided.**
    - ii. **A copy of the canceled check to the child care provider RHE's Child Care Deduction Third party verification form**
      1. Form must be fully completed by the Child Care Provider.
- (5) **Allowance for Disability Assistance.** An allowance is deducted to cover an expense exceeding 3% of annual income for a care attendant or any "auxiliary apparatus" for a disabled family member if:

- a. The expense enables an adult family member to work (including the disabled family member); and
- b. The allowance does not exceed the amount earned by the member or members who are enabled to work by the expense.
- c. If a household is eligible to receive an allowance for medical expense and disability assistance, 3% of income is deducted first from total medical expenses. If 3% of income is greater than total medical expenses, the remainder of the 3% is deducted from disability assistance expenses.

### **4.3. VERIFICATION PROCEDURES**

RHE must verify all factors affecting a household's eligibility, preference and rent payment.

In accordance with PIH Notice 2016-05 RHE will implement streamlined annual re-examinations for fixed sources of income which allows RHE to verify fixed sources of income every 3 years.

This notice allows RHE the discretion to adopt a streamlined income determination for any family member with a fixed source of income. Note that the family member may also have non-fixed sources of income, which remain subject to third-party verification. Upon request of the family, RHE must perform third-party verification of all income sources. Note that this provision pertains only to the verification of sources of income; RHE will continue to conduct third-party verification of deductions.

For purposes of this Notice, the term "fixed-income" includes income from:

- Social Security payments, to include Supplemental Security Income (SSI) and Supplemental Security Disability Insurance (SSDI);
- Federal, state, local, and private pension plans; and
- Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic payments.

The determination will be made by applying a verified cost of living adjustment (COLA) or current rate of interest to the previously verified or adjusted income amount. The COLA or current interest rate applicable to each source of fixed income must be obtained either from a public source or from tenant-provided, third-party generated documentation. In the absence of such verification for any source of fixed income, third-party verification of income amounts must be obtained.

The provision is not available for program applicants.

In the initial year in which a streamlined income determination is made, the COLA must be applied to a source of income that has been verified previously.

In the initial year of employing a streamlined income determination, RHE must determine whether a source of income is fixed. RHE may do this by comparing the amount of income from the source to the amount generated during the prior year. If the amount is the same or if it has changed only as a result of a COLA or due to interest generated on a principal amount that remained otherwise constant, then the source is fixed. RHE may also make such a determination by requiring a family to identify as to which source(s) of income are fixed. RHE must document in the tenant file how it made the determination that a source of income is fixed.

For the second income determination involving a family member whose income was adjusted previously using a streamlined income determination, the adjustment would be made to the previously determined income amount (i.e., in year two, the COLA is applied to the year one income amount, as previously adjusted by a COLA). **For any family member whose income is determined pursuant to a streamlined income determination, *third-party verification of all income amounts for all family members must be performed at least every three years.***

This means that, for the third income determination involving a family member whose income had been adjusted twice using a streamlined income determination, the PHA would need to obtain third-party verification of *all* income amounts. This also means that if a family member with a fixed-income source is added to the family during year two, for example, then the PHA must obtain third-party verification of all income amounts for that family member at the next reexamination if the PHA wishes to have all family members with fixed incomes on the same schedule with respect to streamlined annual reexaminations.

**4.3.a. EIV and Third-Party Verification**

Wherever possible, RHE must obtain verification from third-party sources. For current program participants, verification of employment income or Social Security or unemployment benefits must include data from HUD's Enterprise Income Verification (EIV) system. Through its EIV system, HUD provides employment data reported to state wage information agencies and information on amounts paid as Social Security or unemployment benefits.

In addition to EIV data, RHE requires verification directly from the source of income, from those who receive payment for deductible expenses and from institutions or professionals who have information relevant to a family's eligibility or rent.

Third-party verification may include:

- (1) Authentic documentation brought in by the family;
  - (a) Note; Documents provided must not be altered or redacted in any way, including but not limited to pay stubs, bank statements, expense verifications. Altered or redacted documents provided will not be accepted.
  - (b) Bank statements may be used to validate income received but not reported.
  - (c) Bank statements may be used to validate the existence of other bank accounts/asset that was not reported.
  - (d) Paystubs may be used to validate the existence of a bank account/asset that was not reported.
- (2) Written verification mailed directly from the third party to RHE;
- (3) Oral verification, generally by telephone, when RHE staff is able to determine that the person providing information is the person who should be providing the required verification; or
- (4) Electronic verification sent directly to RHE by fax or obtained from the internet.

Third-party verification can be hand carried by the family. Telephone calls to obtain third-party oral verification must be originated by RHE staff. Staff must document an oral verification in writing in the file including the date of the conversation, the name and position of the person providing the information and the information provided.

On any occasion that RHE is unable to obtain third party verification, staff must document the participant file to explain why.

**4.3.b. Review of Documents**

When third-party verification cannot be obtained, staff will review original documents provided by the family. Staff may use a review of documents in instances where no

third-party source is available (for example, date of birth) or when staff has made two attempts to obtain third-party verification over a two-week period without result. All attempts to obtain verification must be documented in the tenant file.

#### **4.3.c. Tenant Self-Certification**

RHE may accept a family's self-certification of relevant facts only when no other verification has been possible. A self-certification does not need to be notarized, but it must be signed and dated by the family member making the certification.

#### **4.3.d. Timing of Verification**

Verification must be dated within 60 days of the date a certification or recertification request date. If verification is more than 60 days old of the certification or recertification request date, RHE will obtain new verification.

If third-party verification is received after documents have been accepted as provisional verification and there is a discrepancy, RHE will determine which information is the most accurate and implement interim rent changes if required.

The table on the next page outlines factors that must be verified and common methods that can be used for verification.

#### **4.3.e. Verifying a Departing Household Member**

Families reporting that an adult member has left the household must provide verification of that departure. Verification must be conclusive evidence that the departing member has a new residence. Examples of acceptable documents include an executed lease in the member's name, a new driver's license with a new address, or a current utility bill or bank statement with a new address. Self-certification cannot be used to verify a household member's departure unless approved by the Executive Director.

#### **4.3.f. Verifying use of the Resident Address by an Unauthorized Occupant**

Section IV Occupancy of the lease prohibits persons not on the lease to utilize the unit address to occupy to receive mail to operate a business or to conduct illegal activity.

If RHE discovers through the use of the United States Postal Service postal verification that a person not on the lease is utilizing the unit address; RHE will require the Resident to provide evidence that the person is not residing in the unit and is no longer utilizing the unit address. Evidence may include a lease agreement for the address in which they reside, a utility bill, tax return, pay stub, vehicle registration, pay stub, or other reliable verification of the address of the unauthorized occupant. RHE may utilize other means of verification of address such as US Case Search or other recognized sources of information.

Evidence of occupancy by an unauthorized occupant can also include documentation of clothing and other personal items noted during a housekeeping inspection.

## CHAPTER 5: RENT DETERMINATION

### 5.1. DETERMINATION OF TOTAL TENANT PAYMENT AND TENANT RENT

#### 5.1.a. Family Choice

At admission and each year before the annual reexamination, each family is given the choice of an income-based rent or a flat rent.

#### 5.1.b. Income-Based Rent

A family who selects an income-based rent will pay the highest of:

- 10% of monthly income;
- 30% of adjusted monthly income; or
- The minimum rent.

This amount is referred to as the Total Tenant Payment or TTP.

#### 5.1.c. Flat Rent

Flat rents represent the market value of RHE's housing units. RHE sets a flat rent for each public housing unit determining what a market tenant would be willing to pay for rent based on the size and type of the unit, as well as its condition, amenities, services, and neighborhood. The amount of the flat rent is reevaluated annually and adjustments applied as necessary. Rent changes become effective on the anniversary date for each affected family after the family has received a 30-day notice of the change.

RHE posts a schedule of flat rents at the central office.

Families who opt for the flat rent go through an income reexamination every three years, rather than annually.

A family paying a flat rent will be offered the opportunity to return to an income-based rent once each year at the family's recertification date. Between anniversary dates, a family may ask to return to an income-based rent only when changes in family circumstances make the flat rent a hardship for the family. (See Interim Recertifications.)

#### 5.1.d. Minimum Rent

RHE requires residents to pay a minimum rent of \$50 for the cost of rent and utilities. However if the family requests a hardship exemption, RHE will immediately suspend the minimum rent for the family until it can determine whether the hardship exists and whether the hardship is of a temporary or long-term nature.

A hardship may exist in the following circumstances:

- When a family has lost eligibility for or is waiting an eligibility determination for a Federal, State, or local assistance program;
- When the family would be evicted as a result of the imposition of the minimum rent requirement;
- When the income of the family has decreased because of changed circumstances, including loss of employment;
- When the family has an increase in expenses because of changed circumstances, for medical costs, childcare, transportation, education, or similar items;
- When a death has occurred in the family.

No hardship. If RHE determines there is no qualifying hardship, the minimum rent will be reinstated, including requiring back payment of minimum rent for the time of suspension. RHE will review all assets including savings, 401K and other sources of cash available to the tenant when determining if a hardship exists.

Temporary hardship. If RHE reasonably determines that there is a qualifying hardship but that it is of a temporary nature, the minimum rent will not be imposed for a period of 90 days from the date of the family's request. At the end of the 90-day period, the minimum rent will be imposed retroactively to the time of suspension. RHE will offer a repayment agreement in accordance with Section 6.2.d. of this policy for any rent not paid during the period of suspension. During the suspension period RHE will not evict the family for nonpayment of the amount of tenant rent owed for the suspension period.

Long-term hardship. If RHE determines there is a long-term hardship, the family will be exempt from the minimum rent requirement until the hardship no longer exists.

Appeals. The family may use the grievance procedure to appeal a determination regarding the hardship. No escrow deposit will be required in order to access the grievance procedure.

#### **5.1.e. Rent for Mixed Families**

A mixed family is one in which some members are citizens or eligible immigrants and some members are not citizens and do not have eligible immigration status. The family's assistance will be prorated in accordance with PIH Notice 2016-05:

PIH Notice 2016-05 changes the methodology for calculating public housing rents for mixed families by requiring PHAs to use the established flat rent applicable to the units. Currently, PHAs use the more complicated system to calculate prorated rent for families by requiring PHAs to determine the maximum rent by establishing the 95th percentile of

all total tenant payments (TTP) for each bedroom size. Further, this rule eliminates an error in the current regulations and in HUD's PIC system which incorrectly reduces the rent of some mixed-families below their TTP. A mixed family is a family whose members include those with citizenship or eligible immigration status *and* those without citizenship or eligible immigration status.

This method of prorating assistance applies to new admissions and annual reexaminations after the effective date of the regulation of April 7, 2016.

Under this rule, RHE must complete the following steps:

- Step 1. Determine the total tenant payment in accordance with 24 CFR §5.628. (Annual income includes income of all family members, including any family member who has not established eligible immigration status.)
- Step 2. Family maximum rent is equal to the applicable flat rent for the unit size to be occupied by the family.
- Step 3. Subtract the total tenant payment from the family maximum rent. The result is the maximum subsidy for which the family could qualify if all members were eligible ("family maximum subsidy").
- Step 4. Divide the family maximum subsidy by the number of persons in the family (all persons) to determine the maximum subsidy per each family member who has citizenship or eligible immigration status ("eligible family member"). The subsidy per eligible family member is the "member maximum subsidy."
- Step 5. Multiply the member maximum subsidy by the number of family members who have citizenship or eligible immigration status ("eligible family members"). The product of this calculation is the "eligible subsidy."
- Step 6. The mixed family TTP is the maximum rent minus the amount of the eligible subsidy.
- Step 7. Subtract any applicable utility allowance from the mixed family TTP. The result of this calculation is the mixed family tenant rent.

When the mixed family's TTP is greater than the maximum rent, RHE must use the TTP as the mixed family TTP.

## **5.2. PAYING RENT**

Rent and other charges are due and payable on the first day of the month. All charges assessed under the lease constitute rent and should be paid at 621-A Southlawn Lane, Rockville, MD. As a safety measure, no cash can be accepted.

Rent Collection Staff will not fill in blank spaces on a money order, cashier check or check for a tenant when collecting the rent.

If rent is not paid by the fifth of the month, a Notice Of Late Payment will be issued to the tenant. A 5% late fee will be charged for all rents received after the 10<sup>th</sup> of the month. If rent is paid by a personal check and the check is returned for insufficient funds, this shall be considered non-payment of rent. Returned check fees will be applied to the tenant's outstanding rent balance. Rent paid after the 10<sup>th</sup> of the month must be in the form of a money order or certified check; no personal checks will be accepted for payments received after the 10<sup>th</sup> of the month.

RHE's acceptance of partial payments shall not constitute a waiver of a notice of termination unless agreed to in writing by RHE.

### **5.3. UTILITIES**

#### **5.3.a. Utility Allowance**

Where a resident paying an income-based rent is responsible for some or all utilities, the rent is reduced by the amount of a utility allowance for that unit. Flat rents are set at a level that account for resident paid utilities.

RHE establishes a utility allowance schedule for all tenant-paid utilities. The allowance is based on the cost for reasonable consumption of utilities by an energy-conservative household of modest circumstances. Allowances are evaluated annually and must be adjusted at any time utility rates have changed by 10%.

The utility allowance is subtracted from the family's income-based Total Tenant Payment to determine the amount of the Tenant Rent. The Tenant Rent is the amount the family owes each month to Rockville Housing Enterprises. The amount of the utility allowance is available to the family to pay the cost of their utilities. Any utility cost above the allowance is the responsibility of the tenant. Paying the utility bill is the resident's obligation under RHE's lease. Failure to pay utilities is grounds for lease termination and eviction.

If a resident's Total Tenant Payment is less than the utility allowance, RHE will pay a utility reimbursement equal to the difference between one month's total tenant payment and the utility allowance to the resident to enable the resident to pay the utility company.

When a resident makes application for utility service in his/her own name, he or she shall sign a third-party notification agreement so that RHE will be notified if the resident fails to pay the utility bill.

If an applicant is unable to get utilities connected because of a previous balance owed the utility company at a prior address, the applicant will not be admitted and will receive a Notice of Rejection

**5.3.b. Excess Utility Charges**

RHE also has a schedule of consumption allowances for apartments at David Scull Courts where RHE pays electric bills and monitors the actual usage recorded by a check meter for each apartment. Any consumption in excess of the consumption allowance is billed to the tenant monthly.

Utility allowance revisions based on rate changes shall be effective retroactively to the first day of the month following the month in which the last rate change took place.

Families with high utility costs are encouraged to contact RHE for an energy analysis. The analysis may identify problems that can be corrected to reduce energy costs. The analysis can also assist the family in identifying ways they can reduce their consumption.

Residents with disabilities may ask RHE to provide a higher utility allowance or reduced charge for excess utility consumption as a reasonable accommodation if the resident can verify a need for special equipment because of the disability.

**CHAPTER 6: CONTINUED OCCUPANCY:  
Annual and Interim Reexamination, Community Service**

**6.1. ANNUAL RECERTIFICATIONS**

At least annually, RHE will conduct a recertification of family circumstances for every resident and provide each family the opportunity to make a choice between an income-based rent and a flat rent.

All residents paying an income-based rent must complete an annual recertification of income. Residents paying a flat rent must complete an income recertification every three years.

Before a resident's annual renewal date, RHE will send a notification letter to schedule the family for a recertification interview and to give them the option of an income-based rent or a flat rent. The letter will include instructions as to what information must be provided at the interview. All residents will be required to sign a form indicating their request for a flat rent or an income-based rent for the coming year.

Residents paying a flat rent will be required to provide current information about family composition. They will be informed of the date of their next recertification of income and of the approximate amount and effective date of any anticipated rent increase.

Residents paying an income-based rent and flat-rent residents scheduled for a triennial income review will be asked to provide complete information about all factors related to income and rent. The family will inform RHE of its preference for an income-based rent or a flat rent at the interview.

A family may contact RHE prior to the appointment to request a reasonable accommodation for a disability.

During the appointment, RHE will determine whether a family's composition may require a transfer to a different bedroom size unit, and if so, the family's name will be placed on the transfer list. Families will be moved to the appropriately sized unit in order of the length of time the family has been in the wrong sized units. For example, the family that has been over/under housing the longest will be the first family selected to move to the most appropriately sized unit. Exceptions may be made for a family requiring a reasonable accommodation.

Unit Size	Minimum Number of Persons in Household	Maximum Number of Persons in Household
<b>0-BR</b>	<b>1</b>	<b>2</b>
<b>1-BR</b>	<b>1</b>	<b>4</b>
<b>2-BR</b>	<b>2</b>	<b>6</b>
<b>3-BR</b>	<b>4</b>	<b>8</b>

4-BR	5	10
5-BR	8	12
6-BR	10	14

The maximum number of persons in a household represents the number of persons in a household that will deem the household to be over crowded. If the household reaches the maximum, the family will be required to move to an appropriate sized unit. Initial occupancy qualification for program admittance or program moves will be based on the minimum occupancy standard.

#### 6.1.b. Missed Appointments

If the family fails to respond to the letter and fails to attend the interview,

If the family is unable to attend the recertification appointment, two make-up appointment days will be provided in the original recertification scheduling letter. If the family does not attend either the original appointment or the make date options, the family will receive a notice of termination for non-compliance.

#### 6.1.c. Effective Date of Rent Changes for Annual Reexaminations

The new rent will generally be effective upon the anniversary date. A family will be given 30 days notice of any rent increase.

If the rent determination is delayed due to a reason beyond the control of the family, a rent increase will be effective the first of the month after the month in which the family receives a 30-day notice of the amount. If the new rent is a reduction, the reduction will be effective on the anniversary date.

If the family caused a delay in recertification procedures, any increase in rent will be effective on the anniversary date. Any reduction will be effective the first of the month after the rent amount is determined.

### 6.2. INTERIM REEXAMINATIONS

All residents are required to report any change in family composition within 10 calendar days of the change. Failure to report within 10 calendar days may result in eviction for non-compliance with lease requirements or in a retroactive rent increase. Failure to report a change will not result in a retroactive rent reduction.

#### 6.2.a. Required Interim Changes

Families paying an income-based rent are required to report the following changes to income within 10 days of the change:

- All increases in income either earned or unearned by any and all family members including but not limited to the following:
  - An unemployed person becomes employed

- A person who had no income begins to receive income of any kind
- A family may report a change that would result in a decrease in rent. RHE will process any such change that will last more than 30 days.

A family paying a flat rent may report a change and request to change to an income-based rent if:

- The family's income has decreased; or
- Expenses that may be deducted from income have increased; or
- The family faces other circumstances which create a hardship and an income-based rent would be more financially feasible for the family.

#### **6.2.b. Effective Date of Rent Changes Due to Interim or Special Reexaminations**

**A family may report a decrease in income or an increase in expenses related to allowable deductions. RHE will conduct an interim recertification to reduce a family's rent for any change that will last more than 30 days.**

- (i) **Verification at Interim Recertifications. At an interim recertification, the family information that has changed is verified. Per HUD regulations an EIV will be pulled for each interim transaction.**
- (ii) **Interim Recertifications will be processed within 60 days of receiving the completed Interim Recertification packet.**
  - a. An interim recertification packet is not considered complete until ALL requested documents have been received. Once ALL requested documents have been received, the 60 day processing time will begin.**
  - b. If requested documents are not received by the deadline noted in the missing document notification. The interim will be discarded and must be resubmitted with all of the requested documents. The 60 day processing time will begin upon resubmission and acceptance of the completed recertification packet.**
- (iii) **Effective Date of Tenant Rent Portion Changes. Generally, following an interim recertification:**
  - a. A tenant rent portion increase will be effective the first day of the month following a 30-day written notice to the family of the new rent amount;**
  - b. A tenant rent portion decrease will be effective the first day of the month, following the 15 days after the completed interim recertification packet is received and accepted. For example if an interim recertification is received completed and is accepted on June 15, the Recertification will be effective for July 1. If the completed recertification packet is received and accepted on June 30, the recertification will be made effective for August 1. However, if the family has failed to report a required change that would result in a**

**rent increase, the change will be effective retroactively to the date it would have been effective had the family reported the information on time.**

**Notice of any change in the tenant rent portion and its effective date will be sent by mail or email to the owner and the family.**

### **6.2.c. Repayment Agreements**

At its sole discretion, RHE may offer a repayment agreement to a resident who is unable to pay a balance due RHE by the due date. Repayment agreements must be in writing and signed by RHE and the head of household. Repayment Agreements will be offered in accordance with PIH Notice 2013-06. Failure to comply with terms of a repayment agreement is cause for termination of tenancy.

### **6.2.d. Remaining Family Members and Prior Debt**

Remaining family members age 18 years or older will be held responsible for arrearages incurred by the former head or spouse. RHE will not hold remaining family members (other than the head or spouse) responsible for any portion of the arrearage incurred before the remaining member attained age 18. Remaining family members under age 18 shall not be held responsible for the rent arrearages incurred by the former head of household.

## **6.3. COMMUNITY SERVICE REQUIREMENT**

24 CFR 960.600-609

RHE will not renew the lease of any family that is not in compliance with the community service requirement or an approved Agreement to Cure. If they do not voluntarily leave the property, eviction proceedings will begin.

An unemployed adult resident who is not identified as exempt is required to perform eight hours of community service every month.

### **6.3.b. Exempt Adult**

The community service requirement applies to all adults who are not exempt. Exempt adults are family members who:

- **Are 62 years of age or older;**
- Have a disability that can be verified that prevents him/her from being gainfully employed;
- Is verified to be the fulltime caretaker of a disabled person;
- Is working at least 20 hours a week; or

Attends a training program.

- Qualifies as a full-time student at a secondary school or an institution of higher learning

### **6.3.c. Service Requirements**

At least eight hours of activity must be performed each month.

RHE will make the determination whether to allow or disallow a deviation from the schedule.

The eight hours per month may be either volunteer work or self-sufficiency program activity or a combination of the two.

Political activity is excluded.

Community service activity must not take the place of work performed by paid employees.

### **6.3.d. Family Obligations**

At lease execution and recertification all adult members of a public housing family must:

- Sign a certification that they have received and read this policy and understand that, if they are not exempt, failure to comply with the Community Service requirement will result in termination of their lease.
- Certify and provide documentation for each adult family member that she/he is or is not exempt from the Community Service requirement.
- Submit monthly a completed form documenting activities performed by each non-exempt family member (including for those family members who were non-exempt for a portion of the year).

### **6.3.e. Change in Exempt Status**

If a non-exempt person becomes exempt between annual reviews, it is his/her responsibility to report this to RHE. Similarly, if an exempt person becomes non-exempt, it is his/her responsibility to report this to the RHE. RHE will provide the person with the Recording/Certification documentation form and information on volunteer and training opportunities.

### **6.3.f. RHE Obligations**

To the greatest extent possible, RHE will:

Provide names and contact information for agencies that can provide opportunities for residents, including those with disabilities, to fulfill their Community Service/Self-Sufficiency obligations;

include a disabled person who is otherwise able to be gainfully employed since such an individual is not exempt from the Community Service requirement; and Provide referrals for volunteer work or self-sufficiency programs.

RHE will provide the family with exemption verification forms and Recording/Certification documentation forms and a copy of this policy at initial application and at lease execution. RHE will make the final determination as to whether or not a family member is exempt from the Community Service/Self-Sufficiency requirement. Residents may use RHE's Grievance Procedure if they disagree with RHE's determination. RHE will review and verify family compliance with service requirements annually.

### **6.3.g. Unit Downsizing**

In the event there is more than one household that is over housed, RHE will utilize the following order in determining which household is downsized first.

- Households needing a Reasonable Accommodation
- Households that request to be downsized for reasons other than a Reasonable Accommodation
- The Household that has been over housed for the longest period of time.

### **6.3.h. Over Income Families – PIH Notice 2019-11 & 83 F.R. 35490**

At each annual recertification, families will be assessed to determine if they are over income. Over income is defined as incomes over 120% of the AMI. If RHE discovers through an annual reexamination or an interim reexamination that a family's income exceeds the applicable over-income limit, RHE must document that the family exceeds the threshold and make a note in the tenant file to compare it with the family's income a year later.

If one year after the initial over-income finding by RHE, the family's income continues to exceed the over-income limit, RHE must provide written notification to the family. This notification must inform the family that their income has exceeded the over-income limit for one year, and if the family's income continues to exceed the over-income limit for the next 12 consecutive months, the family will be subject to paying the Fair Market Rent or termination within 6 months of the second income determination. If the initial over-income determination was made during an interim reexamination, RHE must conduct a second interim income reexamination on that date one year later. However, if RHE discovers through an annual or interim reexamination that a previously over-income family has income that is now below the over-income limit, the family is no longer subject to these provisions. A previously over-income family would be entitled to a new two-year grace period if the family's income once again exceeds the over-income limit.

Any family that is deemed over income because of an interim or annual reexamination that takes place by March 24, 2019 will be subject to the over income limit provisions.

## **CHAPTER 7: INSPECTIONS**

### **7.1. Move-in Inspections**

Rockville Housing Enterprises (RHE) and an adult member of the family will inspect the unit prior to occupancy of the unit by the family. Both parties will sign a written statement of the condition of the premises and all equipment. A copy of the signed inspection will be given to the family and the original will be placed in the tenant file.

### **7.2. Annual Inspections**

RHE will inspect each public housing unit annually to ensure that each unit meets RHE's housing standards. Work orders will be submitted and completed to correct any deficiencies.

### **7.3. Special Inspections**

A special inspection may be scheduled to enable HUD or others to inspect a sample of the housing stock maintained by the Rockville Housing Enterprises.

### **7.4. Housekeeping Inspections**

At least once each year, and more often if necessary, RHE will conduct a housekeeping inspection to ensure the family is maintaining the unit in a safe and sanitary condition.

### **7.5. Notice of Inspection**

For annual inspections, special inspections, and housekeeping inspections the Rockville Housing Enterprises will give the tenant at least two days written notice.

### **7.6. Emergency Inspections**

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

### **7.7. Pre-Move Out Inspections**

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

### **7.8. Move-Out Inspections**

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

### **7.9. Lead Based Paint Inspections**

Lead Based Paint Inspections will be performed in accordance with the most current State of Maryland and City of Rockville requirements. As of the date of this updated plan, for all units that do not have a Lead-Free designation, at each new move in, the unit will be tested for the presence lead based paint by a certified LBP inspector. A copy of the results will be provided to the tenant at move in.

## **CHAPTER 8: LEASE TERMINATION**

### **8.1. Termination By Tenant**

The tenant may terminate the lease at any time by submitting a 60-day written notice. If the tenant vacates prior to the end of the sixty (60) days, she/he will be responsible for rent through the end of the notice period or until the unit is re-rented, whichever occurs first.

### **8.2. Termination By RHE**

RHE will terminate the lease for serious or repeated violations of material lease terms. Three lease violations received within a 12 month period will result in a lease termination. Please note, for serious lease violations, termination may proceed immediately following the violation. Such violations include but are not limited to the following:

- Nonpayment of rent or other charges;
- A history of late rental payments;
- Failure to provide timely and accurate information regarding family composition, income circumstances, or other information related to eligibility or rent;
- Failure to allow inspection of the unit;
- Failure to maintain the unit in a safe and sanitary manner;
- Assignment or subletting of the premises;
- Use of the premises for purposes other than as a dwelling unit (other than for housing authority approved resident businesses);
- Destruction of property;
- Acts of destruction, defacement, or removal of any part of the premises or failure to cause guests to refrain from such acts;
- Any criminal activity on the property or drug-related criminal activity on or off the premises. This includes but is not limited to the manufacture of methamphetamine on the premises of the Rockville Housing Enterprises;
- Permitting persons not on the lease to reside in the unit more than fourteen (14) days each year without the prior written approval of the Housing Authority; and

- RHE Fighting Policy – Lease Violation – Three Strikes
  - If any member of a RHE PH household or guest of a RHE PH household is reported to have been involved in a physical or verbal altercation with a member or guest of another RHE PH household on RHE property; and there is a preponderance of evidence of involvement of the accused household members in the altercation, both households will receive a lease violation. The lease violation will be given to both parties involved regardless of which household member or guest is reported to have initiated the incident.
  - RHE will terminate the lease of any household receiving more than three fighting related lease violations. The lease will be terminated and eviction proceedings will ensure after the third fighting lease violation is received.
- Other good cause.

The Rockville Housing Enterprises will take immediate action to evict any household that includes an individual who is subject to a lifetime registration requirement under a state sex offender registration program.

RHE may terminate the lease if any member of the household engages in physical or verbal abuse toward RHE staff or contractors acting on behalf of RHE. Abuse may include but is not limited to the use of profane language; yelling at RHE staff or other verbal or physical assaults.

#### **8.2.a. Notice of Lease Termination**

No resident shall be served a Notice of Lease Termination without being told by RHE in writing the reason for the termination.

When applicable, the termination notice will inform the resident of his/her right to request a hearing in accordance with the Grievance Procedure, and be given the opportunity to make such a reply as he/she may wish. Residents may not be eligible for the Grievance Procedure if the lease has been terminated for certain actions including any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises of other residents or RHE employees and any drug-related criminal activity.

Notices of lease termination may be sent by USPS First Class mail, email, served personally or posted on the unit door.

The termination notice will include a statement describing the right of any resident with a disability to meet with the manager and determine whether a reasonable accommodation could eliminate the need for the lease termination.

### 8.2.b. Abandonment

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

When a unit has been abandoned, RHE will put a notice of intent to enter the unit to confirm the family has abandoned the unit 24 hours before entering the unit. A Rockville Housing Enterprises representative may enter the unit and remove any abandoned property that has been left for five or more days. RHE will forward a notice to the resident at the last known address of its intent to dispose of the property. If no response is received by the resident, the property will be disposed of and the charges for disposal will be added to the resident's account.

### 8.2.c. Return of Security Deposit

After a family moves out, the RHE will return the security deposit plus applicable interest within 45 days in accordance with state law or give the family a written statement within 45 days reporting why all or part of the security deposit is being kept. The rental unit must be restored to the same conditions as when the family moved in, except for normal wear and tear. Deposits will not be used to cover normal wear and tear or damage that existed when the family moved in.

### 8.2.d. Recordkeeping Requirements

RHE maintains a written record of every termination and/or eviction including the following information for 3 years:

- Name of resident, race and ethnicity, number and identification of unit occupied;
- Date of the Notice of Lease Termination and any other state or local notices required, which may be on the same form and run concurrently;
- Specific reason(s) for the Notice(s), with section of the lease violated, and other facts pertinent to the issuing of the Notice(s) described in detail;
- Date and method of notifying resident; and
- Summaries of any conferences held with resident including dates, names of conference participants and conclusions.

## 8.3. VIOLENCE AGAINST WOMEN

**8.3.a. VIOLENCE AGAINST WOMEN ACT (VAWA) POLICY Purpose and Applicability:** The purpose of this policy (herein called "Policy") is to implement the applicable provisions of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Pub. L. 109-162) and more generally to set forth Rockville Housing Enterprises (RHE) policies and procedures regarding domestic violence, dating violence, and stalking, as hereinafter defined. This Policy shall be applicable to the administration by (RHE) of all federally subsidized public housing and Section 8 rental assistance under the United States Housing Act of 1937 (42 U.S.C. §1437 et seq.). Notwithstanding its title, this

policy is gender-neutral, and its protections are available to males who are victims of domestic violence, dating violence, or stalking as well as female victims of such violence.

**8.3.b. Goals and Objectives:** This Policy has the following principal goals and objectives: Maintaining compliance with all applicable legal requirements imposed by VAWA; Ensuring the physical safety of victims of actual or threatened domestic violence, dating violence, or stalking who are assisted by RHE; Providing and maintaining housing opportunities for victims of domestic violence dating violence, or stalking; Creating and maintaining collaborative arrangements between (RHE), law enforcement authorities, victim service providers, and others to promote the safety and well-being of victims of actual and threatened domestic violence, dating violence and stalking, who are assisted by RHE; and taking appropriate action in response to an incident or incidents of domestic violence, dating violence, or stalking, affecting individuals assisted by RHE.

**8.4. Definitions - As used in this Policy:**

**8.4.a. Domestic Violence** – The term ‘domestic violence’ includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabiting with or has cohabited with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person’s acts under the domestic or family violence laws of the jurisdiction.

**8.4.b. Dating Violence** – means violence committed by a person— who is or has been in a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors:

- (i) The length of the relationship.
- (ii) The type of relationship.
- (iii) The frequency of interaction between the persons involved in the relationship.

**8.4.c. Stalking** –

- (i) means to follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate another person; and (ii) to place under surveillance with the intent to kill, injure, harass or intimidate another person; and
- (ii) in the course of, or as a result of, such following, pursuit, surveillance or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to –
  - a. that person;

- b. a member of the immediate family of that person; or
- c. the spouse or intimate partner of that person;

**8.4.d. Actual and Imminent Threat-** refers to a physical danger that is real, would occur within an immediate time frame, and could result in death or serious bodily harm. In determining whether an individual would pose an actual and imminent threat, the factors to be considered include: the duration of the risk, the nature and severity of the potential harm, the likelihood that the potential harm will occur, and the length of time before the potential would occur.

**8.4.e. Immediate Family Member** - means, with respect to a person –

- (i) A spouse, parent, brother, sister, or child of that person, or an individual to whom that person stands in loco parentis; or
- (ii) Any other person living in the household of that person and related to that person by blood or marriage.

**8.4.f. Affiliated Individual-** with respect to an individual, means:

- (i) A spouse, parent, brother, sister, or child of that individual, or a person to whom that individual stands in the place of a parent or guardian (for example, the affiliated individual is a person in the care, custody, or control of that individual); or
- (ii) Any individual, tenants and lawful occupants.

**8.4.g. Perpetrator** – means person who commits an act of domestic violence, dating violence or stalking against a victim.

**8.4.h. Bifurcate-** means to divide a lease as a matter of law, subject to the permissibility of such process under the requirements of the applicable HUD-covered program and state or local law, such that certain tenants or lawful occupants can be evicted or removed and the remaining tenants or lawful occupants can continue to reside in the occupancy of the remaining tenants and lawful occupants.

**8.4.i. Covered Housing Provider-** Refers to the individual or entity under a covered housing program, and as defined by each program in its regulations, that has responsibility for the administration and/or oversight of VAWA protections and includes PHA's, sponsors, owners, mortgagors, managers, state and local governments or agencies, thereof, nonprofit or for-profits organizations or entities.

**8.17. a. Admissions and Screening: Non-Denial of Assistance:** RHE will not deny admission to public housing or to the Section 8 rental assistance program to any person because that person is or has been a victim of domestic violence, dating violence, or stalking, provided that such person is otherwise qualified for such admission.

**8.17. b. Admissions Preference:** Applicants for rental assistance from RHE will not receive a preference in admissions by virtue of their status as victims of domestic violence.

**8.17. c. Mitigation of Disqualifying Information:** When so requested in writing by an applicant for assistance whose history includes incidents in which the

applicant was a victim of domestic violence, RHE, may but shall not be obligated to, take such information into account in mitigation of potentially disqualifying information, such as poor credit history or previous damage to a dwelling. If requested by an applicant to take such mitigating information into account, RHE shall be entitled to conduct such inquiries as are reasonably necessary to verify the claimed history of domestic violence and its probable relevance to the potentially disqualifying information. RHE will not disregard or mitigate potentially disqualifying information if the applicant household includes a perpetrator of a previous incident or incidents of domestic violence.

**8.18. a. Termination of Tenancy or Assistance:**

**8.18. b VAWA Protections.** Under VAWA, public housing residents and persons assisted under the Section 8 rental assistance program have the following specific protections, which will be observed by RHE:

- (i) An incident or incidents of actual or threatened domestic violence, dating violence, or stalking will not be considered to be a “serious or repeated” violation of the lease by the victim or threatened victim of that violence and will not be good cause for terminating the tenancy or occupancy rights of or assistance to the victim of that violence.
- (ii) In addition to the foregoing, tenancy or assistance will not be terminated by RHE as a result of criminal activity, if that criminal activity is directly related to domestic violence, dating violence or stalking engaged in by a member of the assisted household, a guest or another person under the tenant’s control, and the tenant or an immediate family member is the victim or threatened victim of this criminal activity. However, the protection against termination of tenancy or assistance described in this paragraph is subject to the following limitations:
  - (iii) Nothing contained in this paragraph shall limit any otherwise available authority of RHE or a Section 8 owner or manager to terminate tenancy, evict, or to terminate assistance, as the case may be, for any violation of a lease or program requirement not premised on the act or acts of domestic violence, dating violence, or stalking in question against the tenant or a member of the tenant’s household. However, in taking any such action, neither RHE nor a Section 8 manager or owner may apply a more demanding standard to the victim of domestic violence dating violence or stalking than that applied to other tenants.
  - (iv) Nothing contained in this paragraph shall be construed to limit the authority of RHE or a Section 8 owner or manager to evict or terminate from assistance any tenant or lawful applicant if the owner, manager or RHE, as the case may be, can demonstrate an actual and imminent threat to other tenants or to those employed at or providing service to the property, if the tenant is not evicted or terminated from assistance.
    - a. Removal of Perpetrator. Further, notwithstanding anything in paragraph VI.A.2. or Federal, State or local law to the contrary, RHE or a Section 8 owner or manager, as the case may be, may bifurcate a lease, or

remove a household member from a lease, without regard to whether a household member is a signatory to a lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in acts of physical violence against family members or others. Such action against the perpetrator of such physical violence may be taken without evicting, removing, terminating assistance to, or otherwise penalizing the victim of such violence who is also the tenant or a lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by law applicable to terminations of tenancy and evictions by RHE. Leases used for all public housing operated by RHE and, at the option of Section 8 owners or managers, leases for dwelling units occupied by families assisted with Section 8 rental assistance administered by RHE, shall contain provisions setting forth the substance of this paragraph

**8.19. a. Verification of Domestic Violence, Dating Violence or Stalking:**

- i. Requirement for Verification. The law allows, but does not require, RHE or a section 8 owner or manager to verify that an incident or incidents of actual or threatened domestic violence, dating violence, or stalking claimed by a tenant or other lawful occupant is bona fide and meets the requirements of the applicable definitions set forth in this policy. Subject only to waiver as provided in paragraph VII. C., RHE shall require verification in all cases where an individual claims protection against an action involving such individual proposed to be taken by RHE. Section 8 owners or managers receiving rental assistance administered by RHE may elect to require verification, or not to require it as permitted under applicable law.

**8.20. a. Verification of a claimed incident or incidents of actual or threatened domestic violence, dating violence or stalking may be accomplished in one of the following three ways.**

**8.20. b. HUD-approved form** - by providing to RHE or to the requesting Section 8 owner or manager a written certification, on a form approved by the U.S. Department of Housing and Urban Development (HUD), that the individual is a victim of domestic violence, dating violence or stalking that the incident or incidents in question are bona fide incidents of actual or threatened abuse meeting the requirements of the applicable definition(s) set forth in this policy. The incident or incidents in question must be described in reasonable detail as required in the HUD-approved form, and the completed certification must include the name of the perpetrator.

- (i) **Other documentation** - by providing to RHE documentation signed by an employee, agent, or volunteer of a victim service provider, an

attorney, or a medical professional, from whom the victim has sought assistance in addressing the domestic violence, dating violence or stalking, or the effects of the abuse, described in such documentation. The professional providing the documentation must sign and attest under penalty of perjury (28 U.S.C. 1746) to the professional's belief that the incident or incidents in question are bona fide incidents of abuse meeting the requirements of the applicable definition(s) set forth in this policy. The victim of the incident or incidents of domestic violence, dating violence or stalking described in the documentation must also sign and attest to the documentation under penalty of perjury.

- (ii) **Police or court record** – by providing to RHE a Federal, State, tribal, territorial, or local police or court record describing the incident or incidents in question. 23-5
- (iii) **Time allowed to provide verification/ failure to provide.** An individual who claims protection against adverse action based on an incident or incidents of actual or threatened domestic violence, dating violence or stalking, and who is requested by RHE to provide verification, must provide such verification within 14 business days (i.e., 14 calendar days, excluding Saturdays, Sundays, and federally-recognized holidays) after receipt of the request for verification. Failure to provide verification, in proper form within such time will result in loss of protection under VAWA and this policy against a proposed adverse action.
- (iv) **Waiver of verification requirement.** RHE, may, with respect to any specific case, waive the above-stated requirements for verification and provide the benefits of this policy based on the victim's statement or other corroborating evidence. Such waiver may be granted in the sole discretion of the RHE. Any such waiver must be in writing. Waiver in a particular instance or instances shall not operate as precedent for, or create any right to, waiver in any other case or cases, regardless of similarity in circumstances.

**8.21. a. Confidentiality:**

**8.21. a. Right of confidentiality.** All information (including the fact that an individual is a victim of domestic violence, dating violence or stalking) provided to RHE in connection with a verification required under section VII of this policy or provided in lieu of such verification where a waiver of verification is granted, shall be retained by the receiving party in confidence and shall neither be entered in any shared database nor provided to any related entity, except where disclosure is:

1. Requested or consented to by the individual in writing, or
2. Required for use in a public housing eviction proceeding, as permitted in VAWA, or
3. Otherwise required by applicable law.

**8.21. b. Notification of rights.** All tenants of public housing and tenants participating in the Section 8 rental assistance program administered by RHE shall be notified in writing concerning their right to confidentiality and the limits on such rights to confidentiality.

**8.22. a. Transfer to New Residence:**

**8.22. b.** Application for transfer. In situations that involve significant risk of violent harm to an individual as a result of previous incidents or threats of domestic violence, dating violence, or stalking, RHE will, if an approved unit size is available at a location that may reduce the risk of harm, approve transfer by a public housing or Section 8 tenant to a different unit in order to reduce the level of risk to the individual. A tenant who requests transfer must attest in such application that the requested transfer is necessary to protect the health or safety of the tenant or another member of the household who is or was the victim of domestic violence, dating violence or stalking and who reasonably believes that the tenant or other household member will be imminently threatened by harm from further violence if the individual remains in the present dwelling unit.

**8.22. c.** **Action on applications.** RHE will act upon such an application promptly, which shall be defined as 10 business days.

**8.22. d.** **No right to transfer.** RHE will make every effort to accommodate requests for transfer when suitable alternative vacant units are available and the circumstances warrant such action. However, except with respect to portability of Section 8 assistance as provided in paragraph IX. E. below the decision to grant or refuse to grant a transfer shall lie within the sole discretion of RHE, and this policy does not create any right on the part of any applicant to be granted a transfer.

**8.22. e.** **Family rent obligations.** If a family occupying RHE public housing moves before the expiration of the lease term in order to protect the health or safety of a household member, the family will remain liable for the rent during the remainder of the lease term unless released by RHE. In cases where RHE determines that the family's decision to move was reasonable under the circumstances, RHE may wholly or partially waive rent payments and any rent owed shall be reduced by the amounts of rent collected for the remaining lease term from a tenant subsequently occupying the unit.

ii. **Portability.** Notwithstanding the foregoing, a Section 8-assisted tenant will not be denied portability to a unit located in another jurisdiction (notwithstanding the term of the tenant's existing lease has not expired, or the family has not occupied the unit for 12 months) so long as the tenant has complied with all other requirements of the Section 8 program and has moved from the unit in order to protect a health or safety of an individual member of the household who is or has been the victim of domestic violence dating violence or stalking and who reasonably believes that the tenant or other household member will be imminently threatened by harm from further violence if the individual remains in the present dwelling unit.

**8.23. a.** **Court Orders/Family Break-up:**

**8.23. b.** **Court orders.** It is RHE policy to honor orders entered by courts of competent jurisdiction affecting individuals assisted by RHE and their property. This includes cooperating with law enforcement authorities to enforce civil protection orders issued for the protection of victims and addressing the distribution of personal property among household members in cases where a family breaks up.

**8.23. c. Family break-up.** Other RHE policies regarding family break-up are contained in RHE Public Housing Admissions and Continuing Occupancy Plan (ACOP) and its Section 8 Administrative Plan.

- (i) **XI. Relationships with Service Providers:** It is the policy of RHE to cooperate with organizations and entities, both private and governmental that provides shelter and/or services to victims of domestic violence. If RHE staff becomes aware that an individual assisted by RHE is a victim of domestic violence, dating violence or stalking, RHE will refer the victim to such providers of shelter or services as appropriate. Notwithstanding the foregoing, this Policy does not create any legal obligation requiring RHE either to maintain a relationship with any particular provider of shelter or services to victims of domestic violence or to make a referral in any particular case. RHE annual public housing agency plan shall describe providers of shelter or services to victims of domestic violence with which RHE has referral or other cooperative relationships. 23-7.
- (ii) **XII. Notification:** RHE shall provide written notification to applicants, tenants, and Section 8 owners and managers, concerning the rights and obligations created under VAWA relating to confidentiality, denial of assistance and, termination of tenancy or assistance.
- (iii) **XIII. Relationship with Other Applicable Laws:** Neither VAWA nor this Policy implementing it shall preempt or supersede any provision of Federal, State or local law that provides greater protection than that provided under VAWA for victims of domestic violence, dating violence or stalking.
- (iv) **XIV. Amendment:** This policy may be amended from time to time by RHE as approved by the RHE Board of Commissioners or its designated official.

## ROCKVILLE HOUSING ENTERPRISES

### PET POLICY

#### ADDENDUM TO DWELLING LEASE AGREEMENT

In accordance with the Quality Housing and Work Responsibility Act, residents living in Public Housing properties managed by the Rockville Housing Enterprises (RHE) are permitted to own and keep common household pets in their respective units, subject to the following rules and regulations:

Common household pets include dogs, cats, birds, fish, gerbil, guinea pig or hamster. Snakes and other reptiles, livestock and exotic animals are prohibited.

Rockville Housing Enterprises reserves the right to decline to approve a particular pet or to authorize a resident to own and maintain a pet at a RHE property. RHE reserves the right to suspend or revoke the approval or authorization to own and maintain a pet if the resident fails to comply with the terms of this policy; or RHE has a reasonable basis or good cause to believe that a resident should not be permitted to own and maintain a pet; and or the pet believed to be a threat to the health and safety of other residents.

These rules are part of the Dwelling Lease between RHE and the resident by reference and are enforceable accordingly.

1. **Approval by RHE must be received in advance of allowing any pet in a unit.** This will be evidenced by a completed pet application, receipt of Veterinarian's Certification, Current City of Rockville Pet License, picture of the pet, and a signed Addendum to the Dwelling Lease.
2. **A dog or cat may not weigh over 30 pounds when fully grown.** The resident must be able to carry his or her pet. Dogs and cats must be leashed and accompanied by the owner or other responsible individual whenever outside the dwelling unit and on the community's common areas.
3. **There is a limit of one (1) pet per dwelling unit, with the exception of fish.**
4. **Birds must be caged at all times. Aquariums may not exceed ten (10) gallons in capacity.**
5. **A mandatory pet deposit in the amount of \$300.00 for a dog or cat must be paid at the time of the execution of the Addendum to the Dwelling Lease to allow the pet to be present. There is a mandatory pet deposit of \$50.00 for fish (tank), birds, gerbil, guinea pig or hamster.** The pet deposit may be used by RHE to pay for reasonable expenses directly attributed to the presence of the pet on the property, including, but not limited to the cost of repairs and replacements to, and fumigation of, the resident's unit, as well as damage to any public or common areas caused by the pet. The pet deposit shall be placed in an interest-bearing account in accordance with Maryland Security Deposit laws. The RHE shall refund any unused portion of the pet deposit to the resident within forty-five (45) days after the resident has moved from the property or no longer owns or keeps a pet in the unit.
6. **Residents will be prohibited from owning and keeping pets that RHE reasonably believes to be dangerous to residents, staff or other pets, including, but not limited to, dog breeds such as Pit Bulls and Rottweilers.**
7. Residents must abide by all applicable State and local public health, animal control and animal anti-cruelty laws and regulations.

8. Residents must furnish a picture of the pet and a statement from a veterinarian that the dog or cat has had all inoculations and has been spayed or neutered prior to signing the Addendum to the Dwelling Lease. Resident must provide an updated Veterinarian Statement at each annual reexamination.
9. A sticker will be provided for each household identified as having a pet upon payment of the pet deposit. The sticker must be displayed in a lower level window of the unit.

**Pet Care:**

1. No outside cages, fences or houses are permitted.
2. Waste must be disposed of immediately and properly in sealed plastic bags. Precautions must be taken by the resident to eliminate odors and maintain sanitary conditions inside the unit.
3. Food for pets must be sealed in containers kept inside the unit.
4. Pets will not be allowed in areas such as lobbies or meeting rooms. Dogs and cats must be kept on leashes when outside on the communities common areas.
5. Dogs and cats cannot be left alone for more than eight hours. The RHE has the right to enter and remove any pet if it has been left unattended for more than 24 hours.
6. The resident will be responsible for ensuring that the pet does not disturb other residents, create odor problems or constitute a nuisance or threat to the health or safety of others.
7. Extermination of fleas and other pests at the pet owner's unit will be the resident's responsibility or at the resident's expense.
8. The RHE assumes no responsibility for pets during its own routine pest extermination. The resident will be required to remove the pet during exterminations provided by the RHE.
9. The resident must be present during any scheduled dwelling unit inspection or maintenance service calls if the unit is occupied by a dog or cat or other unrestrained ambulatory pet. In the resident's absence, the pet must be restrained or removed from household.

**Pet Safety:**

1. Pets are not to be left chained or leashed unattended outside the unit.
2. Pets must be leashed and restrained under the control of a responsible person while outside the resident's unit and on the community's common areas.
3. Any pet waste must be scooped, bagged and properly disposed of immediately in all areas.

- 4. The RHE has the right to require removal of a pet if the pet's conduct or condition is determined to constitute a nuisance or threat to the health or safety of other residents, visitors or staff
- 5. Emergencies:

Prior to obtaining a pet, the resident must have at least two responsible persons other than the RHE resident who will sign a statement agreeing to remove the pet from the premises if the owner becomes ill, incapacitated or dies. The RHE has the right to have the pet placed in a shelter at the resident's expense in the case of an emergency.

Name: \_\_\_\_\_ Telephone \_\_\_\_\_

Address: \_\_\_\_\_

Name: \_\_\_\_\_ Telephone \_\_\_\_\_

Address: \_\_\_\_\_

I have read, understand and agree to abide by the requirements of the Pet Addendum. I understand no animal may be present in my unit until approved by RHE and a written addendum to my lease has been executed by myself and RHE

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

## HOUSE RULES

### ADDENDUM TO THE RHE PUBLIC HOUSING DWELLING LEASE

#### Office Hours

The office hours of Rockville Housing Enterprises (RHE) are 8:30 a.m. to 5:00 p.m., Monday through Friday. Rockville Housing Enterprises' Central Office is located at 621-A Southlawn Lane, Rockville, Maryland.

#### Regular Maintenance

RHE provides maintenance during regular business hours Monday through Friday. Requests for maintenance may be made directly to **301-424-6265**. Residents are responsible to keep the dwelling unit and other areas assigned for the Resident's exclusive use in a clean and safe condition, in accordance with the RHE *Inspection Standards* (lease attachment).

#### Emergency Maintenance

An emergency is defined as anything that affects the health and safety of the resident(s) or could cause excessive property damage. Emergency service is provided after the close of business and on Saturday, Sunday, and Holidays. The emergency number is **703-535-1740**. Emergencies consist of, but may not be limited to, plumbing leaks for units with one toilet, fire, electrical problems, and lockouts if a life is in danger and a malfunctioning air-conditioner where there is a declared medical problem. Calls not considered to be an emergency will be handled during regular business hours.

#### Yard/Walkways Care

Residents of Scattered sites are responsible to mow the entire yard. Lawn height should not exceed three to four inches maximum. Residents are required to keep their yard free of weeds, debris and any excess storage items or furniture. During inclement weather, residents are responsible to clear walks and steps. Please be advised that it is a lease violation not to maintain the yard and walkways, and a charge is assessed each time RHE is required to mow and remove debris and/or clear walks and steps that are the resident's responsibility in accordance with the *Schedule of Work Order Charges*. Residents of David Scull are responsible to keep the front and back free of trash and debris and any excess storage items or furniture.

#### Appliances

RHE provides a refrigerator, stove and dishwasher. RHE will charge a fee of \$20.00 per month for water usage for those residents that have a washer in David Scull.

### **Utilities**

In the David Scull, RHE provides electricity, water, sewer and trash pick-up. If residents exceed the allowable electrical usage, residents are charged for excess electricity. The excess electric charge will appear on the resident's rent statement.

Residents are required to provide gas heat to their unit, except for the senior building (1200 to 1214 First Street) at the David Scull community. The telephone number for Washington Gas is (703) 750-1000 or 1-800-752 7520. The fax number is 703-750-5669. Residents must notify RHE if a cut-off notice is received. Residents are required to keep gas on at all times. Failure to maintain utilities is a breach of Lease for which the Landlord may seek termination.

### **Pest Control**

Pest control is a vital maintenance component provided by RHE. RHE provides pest control services at no cost to the resident monthly. A resident may request services by calling 301-424-6265. RHE specifies which units will be treated. Residents will be notified by flyer at least two days in advance of the treatment and do not need to be home. If residents are scheduled and do not allow the extermination, the resident is required to provide RHE with written verification that their home has been exterminated by a professional contractor within ten (10) days of the scheduled extermination appointment. If resident does not provide the verification of extermination, a treatment will be rescheduled by the RHE contractor. If resident refuses services a second time, the resident is subject to eviction.

### **Community Safety**

RHE requests all residents to assist in the provision of a drug and crime-free environment for the safety and protection of all residents in its public housing communities. RHE requests residents to report any and all suspicious or criminal activities/observed; abuse or neglect of people, animals, or property. Please call the police at 911 for emergencies. Non-emergencies can be reported to the City of Rockville Police at 240-314-8900.

Maryland law requires a person to report child abuse or neglect. Leaving children unattended inside or outside of your home is considered neglect. Residents may call child protective services at 240-777-4417, 24 hours a day, 7 days a week to report abuse or neglect. If a child is in immediate danger call 911.

### **RHE Fighting Policy – Lease Violation – Three Strikes**

If any member of a RHE PH household or guest of a RHE PH household is reported to have been involved in a physical or verbal altercation with a member or guest of another RHE PH

household on RHE property; and there is a preponderance of evidence of involvement of the accused household members in the altercation, both households will receive a lease violation. The lease violation will be given to both parties involved regardless of which household member or guest is reported to have initiated the incident.

RHE will terminate the lease of any household receiving more than three fighting related lease violations. The lease will be terminated and eviction proceedings will ensure after the third fighting lease violation is received.

### **Report of Trespassers**

RHE shall notify residents in writing that a person is on a Notice of Trespass Notification. Residents are required to take all reasonable steps to exclude banned persons from the resident's home. Such reasonable steps require the resident to notify RHE if a known trespasser is seen on the resident's premises. Residents are prohibited from allowing a known banned person in the resident's unit. A resident's failure to follow these rules is grounds for termination of the lease and eviction.

### **Community Service**

Federal regulations require any resident and family member who is 18 or older and does not work, to perform eight (8) hours of community service each month. In addition to working persons, also exempt are persons in school full time in a qualified training program, elderly and a person with disabilities. RHE will provide a list of volunteer opportunities. Each month each affected resident must turn in a *Verification of Community Service*. Landlord may not renew the Lease if the family has violated the requirement for Resident performance of community service.

### **Admissions and Continued Occupancy Policy**

The resident and all adult household members understand that the day-to-day operating policies and procedures of RHE public housing are specified in the Admissions and Continued Occupancy (ACOP) that is available for review by residents in the Central Office. Residents agree to comply with all Notices that may be distributed from time to time from RHE and will all policies set forth in the ACOP.



Rockville Housing Enterprises  
621- A Southlawn Lane Rockville, MD 20850

Main (301) 424-6265 Fax (301) 217-5857 TTY (301) 424-1078

## SCHEDULE OF CHARGES TO THE RESIDENTS

Effective Date: Effective October 2019

Residents will be charged according to the following schedule for those repairs and services which are the resident's responsibility. It should be noted that the repairs that a resident might incur are for items that can be avoided. Residents are charged on maintenance calls that go beyond normal wear and tear. **All other charges not mentioned will be billed to the resident based on cost of materials plus the labor rate of \$25.00 per hour.**

### DOOR LOCK CHANGES

Entry Lock Set, David Scull Courts - \$140.00 per lock + Labor

Cylinder Replacement, David Scull Courts - \$70.00 per lock + Labor

Entry Lock Set, Scattered Sites. King Farm and Falls Grove - \$95.00 each + Labor

Deadbolt, Scattered Sites. King Farm and Falls Grove - \$92.00 each + Labor

Interior Door Lock Set - \$10.00 each + Labor

Mail Box Lock - \$40.00 US Post Office

Strike Plate - \$5.00 each + Labor

Patio Door Security Bar - \$14.00 + Labor

Storm Door Handle - \$11.00 each + Labor

Storm Door Hydraulic Closer - \$17.00 each + Labor

Storm Door Replacement - \$107.00 each + Labor

### KEY REPLACEMENT

One set of 2 keys - \$11.00

Mailbox Key - \$3.50

### LOCKOUTS AFTER BUSINESS HOURS

\$50.00 trip charge



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**LOCKOUTS DURING BUSINESS HOURS**

\$25.00 trip charge

**EMERGENCY CALLS**

If an emergency call is received for events that are not deemed an emergency, the resident will be charged the labor hours paid to the maintenance employee plus a \$50 fee.

**PLUMBING PARTS AND ACCESSORIES**

- Shower Head - \$7.00 + Labor
- Toilet Replacement - \$99.00 + Labor
- Toilet Seat - \$9.00 + Labor
- Toilet Flush Handle - \$5.00 + Labor
- Lavatory Faucet - \$36.00 + Labor
- Garbage Disposal - \$99.00 + Labor
- Medicine Cabinet - \$109.00 + Labor
- Soap Dish - \$5.00 + Labor
- Shower Rod - \$12.00 + Labor
- Kitchen Sink Faucet with Spray - \$39.00 + Labor
- Stopper (Sink) - \$6.00
- Stopper (Tub) - \$2.00
- Towel Bar - \$11.00 + Labor
- Towel Bar Brackets - \$7.00 + Labor
- Toilet Tissue Holder - \$8.00 + Labor
- Toothbrush/Tumbler Holder - \$7.00 + Labor
- Vanity 18" - \$67.00 + Labor
- Kitchen Sink Faucet - \$29.00 + Labor

**PLUMBING SERVICES**

- Unstop Sewer Line - \$180.00 for the first hour, \$150.00 every hour after
- Remove Commode to Unstop Lines - \$180.00 for the first hour, \$150.00 every hour after
- Remove Sink Trap to Unstop Lines - \$180.00 for the first hour, \$150.00 every hour after
- Remove Object from Toilet (Snake) - \$180.00 for the first hour, \$150.00 every hour after



Rockville Housing Enterprises

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## **CURB TRASH REMOVAL – LARGE ITEMS & REMOVAL OF ITEMS FROM VACANT UNIT**

Residents will be billed the actual cost for the items to be taken to the Montgomery County dump + labor hours.

### **FLOORS**

Tile Repair – \$950.00 per room

Door Replacement - \$90.00 + labor

### **PAINTING**

Single Room – \$500.00 per room

1 Bedroom Unit - \$500.00

2 Bedroom Unit - \$700.00

3 Bedroom Unit - \$850.00

4 Bedroom Unit - \$1,150.00

**WALL DAMAGE – \$25.00 per hour**

### **WINDOW SCREENS**

\$20.00 per screen

Window Replacement

Residents will be billed the actual of window + labor hours.

### **APPLIANCES**

Replace Stove – \$548.00 + Labor

Replace Refrigerator Large – \$1,108.00 + Labor

Replace Refrigerator Standard - \$607.00 + Labor

Replace Dishwasher – \$259.00 + Labor

Replace Stove Burner – \$50.00 + Labor

Replace Stackable Washer/Dryer - \$1,144.00 + Labor

Replace Washer (Single) - \$403.00 + Labor

Replace Dryer (Single) - \$438.00 + Labor

Clean Stove Burner - \$25.00 an hour



Rockville Housing Enterprises

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Door Handle – \$25.00 + Labor

Upper & Lower Element – \$75.00 + Labor

Refrigerator Gasket – \$115.00 + Labor

Freezer Gasket – \$115.00 + Labor

### **ELECTRICAL PARTS**

Bedroom Light Fixture - \$9.00 + Labor

Replace Double Outlet Plate - \$2.00 each + Labor

Hallway Light Fixture - \$10.00 + Labor

Replace smoke/CO2 Combo Alarm - \$49.00 each + Labor

Single Outlet Plate – \$1.00 each + Labor

Replace Double Light Switch Plate - \$2.00 each + Labor

Light Bulb - \$1.50 + Labor

Replace Triple Light Switch Plate - \$3.00 each + Labor

Tubular Light Bulb - \$3.00 + Labor

Replace Single light Switch - \$8.00 + Labor

**REMOVE MOLD & MILDEW – \$25.00 per 1**

### **UNRETURNED ITEMS**

Unreturned Space Heater - \$65.00

Unreturned Carbon Monoxide Alarm - \$40.00

Unreturned Hand Truck - \$99.00

### **COST OF COPYING DOCUMENTS FOR THE PURPOSES OF A GRIEVANCE HEARING**

5 cents a page (2 sided copies = 2 pages).

Returned Check Fees - \$35.00



Rockville Housing Enterprises  
621- A Southlawn Lane Rockville, MD 20850

Main (301) 424-6265 Fax (301) 217-5857 TTY (301) 424-1078

**LAWN MOWING CHARGE – \$50.00**

**YARD CLEANING CHARGE - \$50.00**

**RETURNED TRASH CANS TO BACK YARDS BY RHE STAFF**

(by 8am Thursday Morning) \$25.00

**VERTICAL BLINDS**

78 x 84 - \$37.00 + Labor

104 x 84 - \$55.00 + Labor

**MINI BLINDS**

18 x 64 - \$6.00 + Labor

32 x 30 - \$4.00 + Labor

39 x 64 - \$10.00 + Labor

22 x 64 - \$5.50 + Labor

32 x 36 - \$4.00 + Labor

44 x 64 - \$10.50 + Labor

24 x 64 - \$5.50 + Labor

32 x 64 - \$7.50 + Labor

45 x 64 - \$10.00 + Labor

24 x 72 - \$7.00 + Labor

33 x 64 - \$7.50 + Labor

47 x 64 - \$10.00 + Labor

28 x 64 - \$6.50 + Labor

34 x 72 - \$10.00 + Labor

50 x 64 - \$11.00 + Labor

29 x 64 - \$7.00 + Labor

35 x 64 - \$7.50 + Labor

54 x 64 - \$12.50 + Labor

30 x 64 - \$6.50 + Labor

36 x 64 - \$8.50 + Labor

68 x 64 - \$18.00 + Labor

31 x 64 - \$7.50 + Labor

38 x 72 - \$10.00 + Labor

# TAB 5



Document of  
Public Notice



# Rockville Housing Enterprises

## **PUBLIC NOTICE**

### **Public Posting of Annual/5YR Plan**

The Five Year Plan will be publicly posted for 45 days from October 04, 2019 through November 20, 2019. The Plan is posted on the RHE website [www.rockvillehe.org](http://www.rockvillehe.org) and is available for review at the RHE administrative offices located at 621 A Southlawn Ln. Rockville, MD 20850.

### **Public Hearing ANNUAL PLAN 2020 /5 YR (2020-2024)**

Rockville Housing Enterprises (RHE) is hosting a Public Hearing for RHE's proposed Five Year Plan (2020-2024).

The Public Hearing will be held on November 20, 2019 at 6 pm at David Scull Community Center 1201 First Street. Rockville, MD 20850  
00039418 1t 09/26/19



**Christele Etienbla**

---

**From:** Sherry Sanderson <sherry@thesentinel.com>  
**Sent:** Tuesday, September 24, 2019 1:19 PM  
**To:** Christele Etienbla  
**Subject:** Re: Notice to post  
**Attachments:** 00039418.pdf

Attached is a proof of your ad for the 9/26 issue. The cost is 55.93. Let me know if OK..  
Thanks, Sherry

---

**From:** Christele Etienbla <cetienbla@rockvillehe.org>  
**Sent:** Tuesday, September 24, 2019 1:07 PM  
**To:** Sherry Sanderson <sherry@thesentinel.com>  
**Subject:** RE: Notice to post

Sherry,

This Thursday will be great.

*Sincerely,*

*Christele Etienbla  
Manager of Administration  
Rockville Housing Enterprises  
Tel: 301-424-6265 - Ext: 116  
Fax: 301-217-5857*



---

**From:** Sherry Sanderson [mailto:sherry@thesentinel.com]  
**Sent:** Tuesday, September 24, 2019 1:03 PM



Public Hearing  
Comments



**Public Comment Notices**  
**Resident Advisory Board/Public Hearing Comments**

**No comments were made.**



Public Hearing  
Sign-in Sheet







Public Hearing  
Resident Advisory  
Board Sign-in Sheet







# TAB 6



## **Documentation of Challenged Elements**

**There were no challenged elements to the 5 year/Annual Plan.**



# TAB 7



Certification by State or Local  
Official of PHA Plans Consistency  
with the Consolidated Plan

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
OMB# 2577-0226  
Expires 08/30/2011

**Certification by State or Local Official of PHA Plans Consistency with the  
Consolidated Plan**

I, Timothy J. Goetzing the Chief of Finance and Adminis certify that the Five Year and  
Annual PHA Plan of the Rockville Housing Enterprises is consistent with the Consolidated Plan of  
Montgomery County, MD prepared pursuant to 24 CFR Part 91.

 2/11/20

Signed / Dated by Appropriate State or Local Official







**PHA Certifications of Compliance  
with PHA Plans and Related  
R e g u l a t i o n s**

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
OMB No. 2577-0226  
Expires 08/30/2011

**PHA Certifications of Compliance with the PHA Plans and Related Regulations:  
Board Resolution to Accompany the PHA 5-Year and Annual PHA Plan**

*Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the X 5-Year and/or \_\_\_ Annual PHA Plan for the PHA fiscal year beginning, hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:*

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA certifies that there has been no change, significant or otherwise, to the Capital Fund Program (and Capital Fund Program/Replacement Housing Factor) Annual Statement(s), since submission of its last approved Annual Plan. The Capital Fund Program Annual Statement/Annual Statement/Performance and Evaluation Report must be submitted annually even if there is no change.
4. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Board or Boards in developing the Plan, and considered the recommendations of the Board or Boards (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
7. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
8. For PHA Plan that includes a policy for site based waiting lists:
  - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2006-24);
  - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
  - Adoption of site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
  - The PHA shall take reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;
  - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
10. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
11. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
12. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.



13. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
14. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
15. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
16. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
17. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
18. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
19. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
20. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
21. The PHA provides assurance as part of this certification that:
  - (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
  - (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
  - (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
22. The PHA certifies that it is in compliance with all applicable Federal statutory and regulatory requirements.

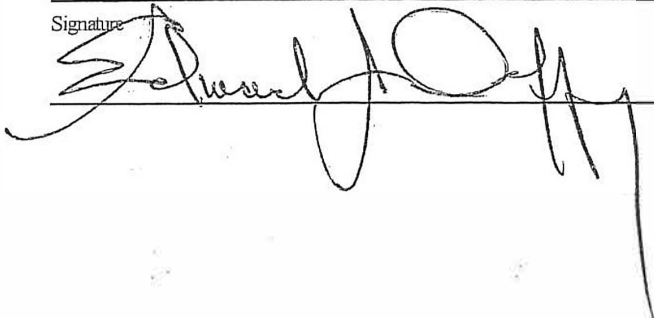
Rockville Housing Enterprises  
 \_\_\_\_\_  
 PHA Name

MD007  
 \_\_\_\_\_  
 PHA Number/HA Code

5-Year PHA Plan for Fiscal Years 2020-2025

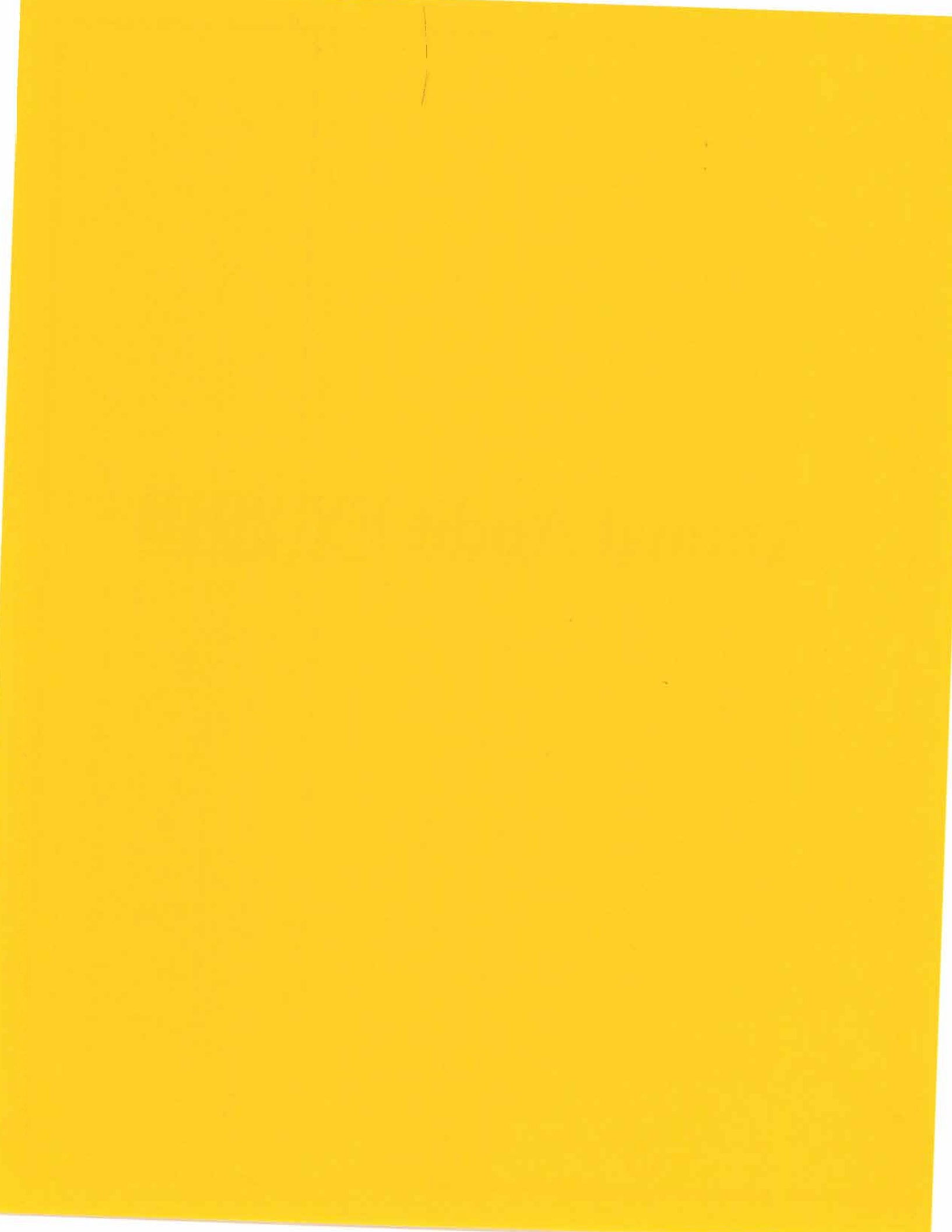
Annual PHA Plan for Fiscal Years 2020-2021

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official Edward J. Duffy	Title Chairman of the Board
Signature 	Date 12-18-2019



# Annual Audit FY 2018



**ROCKVILLE HOUSING ENTERPRISES  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2018**

**ROCKVILLE HOUSING ENTERPRISES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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Accountants and Advisors

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Rockville Housing Enterprises  
Rockville, Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Rockville Housing Enterprises (the "Authority") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**CITRIN COOPERMAN & COMPANY, LLP**

2 BETHESDA METRO CENTER, 11TH FLOOR BETHESDA, MD 20814 | TEL 301.654.9000 | FAX 301.656.3056 [CITRINCOOPERMAN.COM](http://CITRINCOOPERMAN.COM)

AN INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Rockville Housing Enterprises, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedure did not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule on pages 26 - 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 36 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the basic financial statements.

The financial data schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting data and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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Accountants and Advisors

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

  
CITRINCOOPERMAN & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland  
June 26, 2019

**ROCKVILLE HOUSING ENTERPRISES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2018**

The management of Rockville Housing Enterprises (the "Authority" or "RHE") offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended September 30, 2018. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual program issues or concerns. Readers should consider the information presented here in conjunction with the Authority's financial statements to obtain a full understanding of its financial position.

This management's discussion and analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 ("GASB 34") to allow the reader to gain an adequate understanding of the Authority's annual operating results and financial position as of September 30, 2018.

Questions concerning the information provided in this discussion or requests for additional information should be addressed to the Authority's executive director at 621-A Southlawn Lane, Rockville, Maryland 20850.

**Financial Highlights**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$4,968,241 (net position) as compared to \$4,980,653 for the prior fiscal year.
- The Authority's cash and investments balance as of September 30, 2018, was \$905,085, representing an increase of \$168,755 or 22.9% from September 30, 2017.
- The Authority had total revenues of \$8,163,971 and total expenses of \$8,176,383 for the year ended September 30, 2018.

**Overview of the Financial Reports**

The following outline describes the integral parts of this financial presentation and is a guideline for understanding its components:

- I. Management Discussion and Analysis (MD&A) - Serves as an introduction to the Authority's basic financial statements
- II. Basic Financial Statements - Authority-wide financial statements and notes to the financial statements
- III. Other Supplementary Information

**ROCKVILLE HOUSING ENTERPRISES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**  
**SEPTEMBER 30, 2018**

The financial statements in this report are those of a special purpose governmental entity engaged in a business type activity. The following statements are included:

- Statement of Net Position – presents information about the Authority's assets and liabilities and is similar to a balance sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities equal "Net Position," formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible to cash within one year) and "non-current." Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- Statement of Revenues, Expenses and Changes in Net Position – reports the Authority's revenues by source and type and its expenses by category to substantiate the change in net position for the fiscal year.
- Statement of Cash Flows – discloses net cash provided by, or used for, operating activities, non-capital financing activities, and capital and related financing activities.

Our analysis of the Authority as a whole follows with the most important question, "Has the Authority's financial health improved or worsened as a result of the year's activities?" The following analysis of entity-wide net position, revenues, and expenses is provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual method of accounting, which recognizes revenue when earned and expenses when incurred regardless of when cash is received or paid.

**Analysis of Authority-Wide Net Position (Statement of Net Position)**

**Rockville Housing Enterprises**  
**Comparative Statement of Net Position**  
**Table I**

	2018	2017	Dollar Change	% Change
Cash and investments	\$ 905,085	\$ 736,330	\$ 168,755	22.92%
Other current assets	298,785	282,760	16,025	5.67%
Capital assets	2,990,148	3,245,632	(255,484)	(7.87)%
Other noncurrent assets	<u>1,548,710</u>	<u>1,489,223</u>	<u>59,487</u>	3.99%
Total assets	<u>\$ 5,742,728</u>	<u>\$ 5,753,945</u>	<u>\$ (11,217)</u>	(0.19)%
Current liabilities	\$ 127,115	\$ 183,672	\$ (56,557)	(30.79)%
Noncurrent liabilities	<u>647,372</u>	<u>589,620</u>	<u>57,752</u>	9.79%
Total liabilities	<u>774,487</u>	<u>773,292</u>	<u>1,195</u>	0.15%
Net investment in capital assets	2,666,609	2,912,681	(246,072)	(8.45)%
Restricted	-	-	-	-%
Unrestricted	<u>2,301,632</u>	<u>2,067,972</u>	<u>233,660</u>	11.30%
Total net position	<u>4,968,241</u>	<u>4,980,653</u>	<u>(12,412)</u>	(0.25)%
Total liabilities and net position	<u>\$ 5,742,728</u>	<u>\$ 5,753,945</u>	<u>\$ (11,217)</u>	(0.19)%

**ROCKVILLE HOUSING ENTERPRISES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**  
**SEPTEMBER 30, 2018**

Total assets decreased by \$11,217 or 0.19%. This decrease was mainly due to the increase of accumulated depreciation of capital assets. There was also an increase of cash and investments due to higher revenues compared to the increase in expenses for the year, and an increase of other current assets largely in part because of higher tenant accounts receivable and repayment agreements. Overall, the increase in accumulated depreciation, lowering the total capital assets, was greater than the increase in cash and investments and other current assets.

Total liabilities increased slightly by \$1,195 or 0.15%. Current liabilities decreased by \$56,557 or 30.79% due mainly to a decrease in accounts payable and tenant security deposits. Noncurrent liabilities increased by \$57,752 or 9.79% primarily due to an increase in family self-sufficiency ("FSS") escrow balances and the compensated absence liability.

Total net position decreased by \$12,412 or 0.25%, which is outlined in detail on the statements of revenues, expenses and changes in net position.

**Analysis of Authority-Wide Revenue and Expenses (Statement of Revenues, Expenses and Changes in Net Position)**

The following table illustrates changes in revenues and expenses from FY 2017 to FY 2018:

**Rockville Housing Enterprises**  
**Comparative Statement of Revenues, Expenses and Changes in Net Position**  
**Table II**

	<u>2018</u>	<u>2017</u>	<u>Dollar Change</u>	<u>% Change</u>
Revenue:				
Tenant revenue	\$ 633,076	\$ 613,101	\$ 19,975	3.26%
Grant funding	7,024,638	5,689,096	1,335,542	23.48%
Interest income	1,702	1,845	(143)	(7.75)%
Other income	<u>504,555</u>	<u>480,789</u>	<u>23,766</u>	4.94%
Total revenue	<u>8,163,971</u>	<u>6,784,831</u>	<u>1,379,140</u>	20.33%
Expenses:				
Administration	1,019,756	1,094,414	(74,658)	(6.82)%
Tenant services	140,374	118,740	21,634	18.22%
Utilities	186,883	209,876	(22,993)	(10.96)%
Maintenance	376,747	249,120	127,627	51.23%
Protective services	1,150	1,230	(80)	(6.50)%
General expense	258,391	130,252	128,139	98.38%
Housing assistance payments	5,876,710	5,217,360	659,350	12.64%
Interest	17,487	16,616	871	5.24%
Depreciation	281,660	300,467	(18,807)	(6.26)%
Extraordinary maintenance	<u>17,225</u>	<u>-</u>	<u>17,225</u>	100.00%
Total expenses	<u>8,176,383</u>	<u>7,338,075</u>	<u>838,308</u>	11.42%
Net position:				
Change in net position	(12,412)	(553,244)	540,832	(97.76)%
Beginning net position	<u>4,980,653</u>	<u>5,533,897</u>	<u>(553,244)</u>	(10.00)%
Ending net position	<u>\$ 4,968,241</u>	<u>\$ 4,980,653</u>	<u>\$ (12,412)</u>	(0.25)%

**ROCKVILLE HOUSING ENTERPRISES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**  
**SEPTEMBER 30, 2018**

The federal government continued to fund operating grants at a level below total eligibility for the year ended September 30, 2018. With no signs of improvement in federal funding or economic conditions in the foreseeable future, the Authority is using proactive measures to review staff responsibilities and implementing cost management strategies. The Authority continuously looks for new ways to improve operations, control costs, maximize effectiveness, and demonstrate accountability.

During the year, total revenue increased by \$1.38 million or 20.33%. Tenant revenue increased by \$19,975 or 3.26% mainly due to aggressive rent collection efforts and lease enforcement. Total grant revenue increased by \$1.34 million or 23.48% due to an overall increase in operating subsidy funding by over \$50,000 and higher capital fund and ROSS grant drawdowns of another \$175,000. Also, overall housing assistance payments ("HAP") funding increased by over \$1.07 million due to the continued focus on increased voucher issuance. Other revenue increased by \$23,766, or 4.94% due mainly to an increase in portability payments received from other public housing authorities ("PHAs").

Total expenses decreased by \$838,308 or 11.42%. Administrative costs increased by \$113,994 or 11.63%. Tenant services increased by \$21,634 or 18.22% due to an increase in the ROSS grant funds used for tenant services. Maintenance and operations increased by \$127,627 or 51.23% due to the increased contract costs related to unit improvements and also an increase in maintenance salaries and benefits. General expense increased by \$128,139 or 98.38% due to an increase in insurance expense, professional services, and compensated absence expense. Housing assistance payments were \$659,350 or 12.64% higher due to an increase in voucher payments, utility reimbursements, portable payments, and mainstream vouchers.

**Capital Assets**

During FY 2018, the Authority's capital asset additions were \$62,175, consisting of additions from community development block grants ("CDBG").

	<b>2018</b>	<b>2017</b>	<b>Total Change</b>	<b>% Change</b>
Land	\$ 425,575	\$ 425,575	\$ -	-
Buildings and improvements	11,762,359	11,762,359	-	%
Furniture and equipment	283,281	283,281	-	%
Construction in progress	<u>104,765</u>	<u>78,590</u>	<u>26,175</u>	33.31 %
	12,575,980	12,549,805	26,175	0.21 %
Accumulated depreciation	<u>(9,585,832)</u>	<u>(9,304,173)</u>	<u>(281,660)</u>	3.03 %
<b>Total capital assets</b>	<b><u>\$ 2,990,148</u></b>	<b><u>\$ 3,245,632</u></b>	<b><u>\$ (255,485)</u></b>	<b>(7.87)%</b>

**Reconciliation of Capital Assets**

Balance as of October 1, 2017	\$ 3,245,632
Additions from CDBG	62,175
Reclass to other assets	(35,999)
Depreciation expense	<u>(281,660)</u>
Balance as of September 30, 2018	<b><u>\$ 2,990,148</u></b>

**Debt Outstanding**

As of year end, the Authority had outstanding debt of \$323,539 which was a reduction of \$9,412 from last year's balance of \$332,951. There were no new debt obligations during the year.

**ROCKVILLE HOUSING ENTERPRISES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**  
**SEPTEMBER 30, 2018**

**Economic Factors**

Several significant economic factors are present that may impact the Authority in the future:

- Congressional funding of the Department of Housing and Urban Development, including any subsidy proration.
- The expiration of the frozen formula income provision has substantially decreased operating subsidy eligibility.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.
- Health care and other insurance costs are expected to increase dramatically over the next several years especially due to the Affordable Care Act.

**Financial Contact**

Questions concerning any of the information provided in this management's discussion and analysis should be addressed to:

Jessica Anderson, Executive Director  
Rockville Housing Enterprises  
621 A. Southlawn Avenue  
Rockville, MD 20850-1456  
(301) 424-6265

**ROCKVILLE HOUSING ENTERPRISES**  
**STATEMENTS OF NET POSITION**

	<u>Primary Government September 30, 2018</u>	<u>Component Unit December 31, 2018</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 399,128	\$ 81,253
Cash and cash equivalents - restricted	304,904	2,190,595
Investments, net	201,053	-
Accounts receivable, net	273,785	89,439
Prepaid expenses and other current assets	<u>25,000</u>	<u>134,705</u>
Total current assets	<u>1,203,870</u>	<u>2,495,992</u>
Noncurrent assets:		
Capital assets:		
Land	425,575	5,259,200
Buildings and improvements	11,762,359	31,384,682
Furniture and equipment	283,281	331,785
Construction in progress	104,765	-
Less: accumulated depreciation	<u>(9,585,832)</u>	<u>(4,855,543)</u>
Capital assets, net	2,990,148	32,120,124
Notes receivable, noncurrent	1,347,903	-
Other assets	<u>200,807</u>	<u>-</u>
Total noncurrent assets	<u>4,538,858</u>	<u>32,120,124</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,742,728</u></u>	<u><u>\$ 34,616,116</u></u>

See accompanying notes to financial statements.

**ROCKVILLE HOUSING ENTERPRISES  
STATEMENTS OF NET POSITION (CONTINUED)**

	Primary Government September 30, 2018	Component Unit December 31, 2018
<b><u>LIABILITIES AND NET POSITION (DEFICIT)</u></b>		
Current liabilities:		
Accounts payable	\$ 7,924	\$ 589,552
Accrued liabilities	41,480	352,524
Accrued compensated absences, current	8,576	-
Tenant security deposits	48,990	63,362
Unearned insurance proceeds	-	1,637,633
Unearned revenue	10,892	24,320
Current portion of long-term debt	9,253	761,051
Other current liabilities	<u>-</u>	<u>162,652</u>
Total current liabilities	<u>127,115</u>	<u>3,591,094</u>
Noncurrent liabilities:		
Long-term debt, net of current	314,286	32,125,114
Accrued compensated absences, noncurrent	77,172	-
Other noncurrent liabilities	<u>255,914</u>	<u>-</u>
Total noncurrent liabilities	<u>647,372</u>	<u>32,125,114</u>
Total liabilities	<u>774,487</u>	<u>35,716,208</u>
Net position (deficit):		
Net investment in capital assets	2,666,609	(766,041)
Restricted net position	-	489,600
Unrestricted net position	<u>2,301,632</u>	<u>(823,651)</u>
Total net position (deficit)	<u>4,968,241</u>	<u>(1,100,092)</u>
<b>TOTAL LIABILITIES AND NET POSITION (DEFICIT)</b>	<b><u>\$ 5,742,728</u></b>	<b><u>\$ 34,616,116</u></b>

See accompanying notes to financial statements.

**ROCKVILLE HOUSING ENTERPRISES**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	Primary Government Year ended September 30, 2018	Component Unit Year ended December 31, 2018
	<u>2018</u>	<u>2018</u>
Operating revenues:		
Dwelling rent	\$ 633,076	\$ 3,129,701
Government grants and subsidy	6,863,223	-
Other operating income	<u>504,555</u>	<u>-</u>
Total operating revenues	<u>8,000,854</u>	<u>3,129,701</u>
Operating expenses:		
Administration	1,019,756	409,236
Tenant services	140,374	-
Utilities	186,883	220,096
Maintenance and operations	376,747	505,645
Protective services	1,150	-
General expense	258,391	466,353
Housing assistance payments	5,876,710	-
Depreciation	<u>281,660</u>	<u>814,746</u>
Total operating expenses	<u>8,141,671</u>	<u>2,416,076</u>
Operating income (loss)	<u>(140,817)</u>	<u>713,625</u>
Non-operating revenues (expenses):		
Capital grants	161,415	-
Extraordinary maintenance	(17,225)	-
Investment income	1,702	334
Interest expense	<u>(17,487)</u>	<u>(1,151,982)</u>
Net non-operating expenses	<u>128,405</u>	<u>(1,151,648)</u>
Change in net position	(12,412)	(438,023)
Net position (deficit), beginning of period	<u>4,980,653</u>	<u>(662,069)</u>
Net position (deficit), end of period	<u>\$ 4,968,241</u>	<u>\$ (1,100,092)</u>

See accompanying notes to financial statements.

**ROCKVILLE HOUSING ENTERPRISES**  
**STATEMENTS OF CASH FLOWS**

	Primary Government Year ended September 30, 2018	Component Unit Year ended December 31, 2018
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,092,389	\$ 2,969,218
Government grants and subsidy - operations	6,834,343	-
Payments to suppliers	(934,014)	(819,562)
Payment to housing assistance	(5,876,710)	-
Payment to employees	<u>(969,557)</u>	<u>(367,714)</u>
Net cash provided by operating activities	<u>146,451</u>	<u>1,781,942</u>
Cash flows from capital and related financing activities:		
Payment on mortgage and notes payable	(9,412)	(734,797)
Payment of interest	(17,487)	(1,019,783)
Extraordinary maintenance	(17,225)	-
Capital grant proceeds	161,415	-
Purchase of capital assets	<u>(62,175)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>55,116</u>	<u>(1,754,580)</u>
Cash flows from investing activities:		
Insurance proceeds received	-	2,912,552
Repair costs paid	-	(1,274,919)
Proceeds from notes receivable	129,574	-
Escrow and security deposits paid	(2,695)	(12,456)
Investment in joint venture, net	(161,468)	-
Interest received	<u>1,702</u>	<u>334</u>
Net cash provided by (used in) investing activities	<u>(32,887)</u>	<u>1,625,511</u>
Net increase in cash	168,680	1,652,873
Cash and cash equivalents - beginning of year	<u>535,352</u>	<u>618,975</u>
Cash and cash equivalents - end of year	<u>\$ 704,032</u>	<u>\$ 2,271,848</u>
Cash reconciliation as reported on the statements of net position:		
Cash and cash equivalents	\$ 399,128	\$ 81,253
Cash and cash equivalents - restricted	<u>304,904</u>	<u>2,190,595</u>
	<u>\$ 704,032</u>	<u>\$ 2,271,848</u>

See accompanying notes to financial statements.

**ROCKVILLE HOUSING ENTERPRISES**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**

	Primary Government Year ended September 30, 2018	Component Unit Year ended December 31, 2018
	<u>                    </u>	<u>                    </u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (140,817)	\$ 713,625
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	281,660	814,746
Provision for bad debts	88,417	-
<i>(Increase) decrease in assets</i>		
Accounts receivable	(91,241)	14,747
Prepaid expenses	(2,375)	(18,331)
Other assets	(2,495)	-
<i>Increase (decrease) in liabilities</i>		
Accounts payable	(37,861)	109,475
Accrued liabilities and other current liabilities	50,382	162,585
Unearned revenue	<u>781</u>	<u>(14,905)</u>
Net cash provided by operating activities	<u>\$ 146,451</u>	<u>\$ 1,781,942</u>

See accompanying notes to financial statements.

**ROCKVILLE HOUSING ENTERPRISES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1. ORGANIZATION**

Rockville Housing Enterprises (the "Authority" or "RHE") is a public body and a body corporate and politic organized under the laws of the state of Maryland for the purpose of providing adequate housing for qualified low-income individuals. The Authority is governed by a board of commissioners appointed by the mayor of the city of Rockville, Maryland, subject to approval by the City Council, and has substantial autonomy. Additionally, the Authority has entered into annual contribution contracts with the U. S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing-related programs described herein.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Rockville Housing Enterprises have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Authority are described below.

**A. Reporting entity**

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 and 61 of the Government Accounting Standards Board, the Financial Reporting Entity*. Based on these criteria, the following entities are included in the accompanying financial statements:

Rockville Housing Enterprises Corporation - This not-for-profit corporation was established to be the general partner in a low-income tax credit project known as RELP One, LP.

RHE Properties, Inc. - Established by the Authority to account for properties purchased and other future non-subsidies properties.

RHE Fireside Park, Inc. - Established by the Authority to acquire, hold, maintain and operate a 236-unit multi-family apartment known as Fireside Park Apartments. Its financial information is included as of December 31, 2018.

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Authority participates in the following joint ventures:

RELP One, LP - This is a limited partnership formed for the purpose of acquiring Moderately Priced Dwelling Units ("MPDU"). Rockville Housing Enterprises Corporation is the general partner and the Authority is entitled to its respective share of annual operating income or loss. The Authority has a .01% interest in the equity. The Authority made no contributions to the partnership during the year ended September 30, 2018. If terminated, the partnership would be distributed pro rata based on contributions.

**ROCKVILLE HOUSING ENTERPRISES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Financial Accountability* - The Authority is responsible for its debts, does not impose a financial burden on the city of Rockville and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

*Imposition of Will* - The county has no influence over the management, budget, or policies of the Authority. The Authority's board of commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

During the review of the Authority's budgets, annual contributions contract, minutes of the board of commissioner's meetings, cash receipts and cash disbursements for the reporting period disclosed that the Authority operated the following programs under Annual Contributions Contracts:

Low Rent Public Housing Program - The objective of this program is to provide decent, safe and sanitary housing and related facilities for eligible low-income families and the elderly.

Capital Fund Program - The objective of this program is to improve the physical condition of the low-income public housing units and upgrade the management of the program.

Housing Choice Voucher Program - This program provides rental assistance to help low income families afford decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a housing assistance payment ("HAP") to a landlord on behalf of the tenant.

Public Housing Self-Sufficiency under ROSS - This program promotes the development of local strategies to coordinate the use of assistance under the public housing program with public and private resources to enable participating families to achieve economic independence and housing self-sufficiency.

Moderate Rehabilitation - This program provides project-based rental assistance for low-income families. The program was repealed in 1991 and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated pursuant to a HAP contract between an owner and the Public Housing Authority ("PHA").

Mainstream Vouchers - This program enables families having a person with disabilities to lease affordable private housing of their choice. Mainstream program vouchers also assist persons with disabilities who often face difficulties in locating suitable and accessible housing on the private market.

**ROCKVILLE HOUSING ENTERPRISES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Blended Component Units - The Authority administers two blended component units, known as Rockville Housing Enterprises Corporation and RHE Properties, Inc. These entities are considered blended component units because the Authority has financial accountability over them and controls their board of directors and management. Rockville Housing Enterprises Corporation is a not-for-profit corporation established to be the general partner in a low income tax credit project known as RELP One, LP. RHE Properties, Inc. is established by the Authority to account for properties purchased and other future non-subsidized properties.

Discretely Presented Component Units - RHE Fireside Park, Inc. is also established by the Authority to acquire, hold, maintain and operate a 236-unit multifamily apartment known as Fireside Park Apartments. Its financial information is included as of December 31, 2018.

**C. Basis of presentation**

*Basis of Accounting* - The Authority uses the accrual basis of accounting in the proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

*Basis of Presentation* - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the proprietary fund's activities, defined below, are included on the statements of net position. Proprietary fund equity is segregated into three broad components:

Net investment in capital assets – This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

Restricted net position – This category consists of resources restricted in their use by (1) external groups such as grantors, creditors, or laws and regulations of other governments; or (2) law, through constitutional provisions and enabling legislation.

Unrestricted net position – This category includes all of the remaining resources that do not meet the definition of the other two categories.

**ROCKVILLE HOUSING ENTERPRISES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Authority uses the following fund:

Proprietary fund:

Enterprise fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

**D. Revenue and expenses**

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities include rental related income, interest income and other sources of revenues that are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

**E. Budgets**

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Authority prepares annual operating budgets that are formally adopted by its governing board of commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

**F. Use of estimates in preparing financial statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses in the financial statements and in the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

**G. Cash and investments**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments are stated at fair market value, except for U. S. Treasury bills, which are reported at amortized cost. The Authority reports all money market investments having a remaining maturity at time of purchase of one year or less at amortized cost. Investment securities are normally held to mature at par value and adjustments are made to the investment portfolio to reflect increases (decreases) in gains made.

**H. Accounts receivable**

All tenants' receivables are shown net of an allowance for uncollectible. The allowance for doubtful accounts is established based on periodic aging of receivables. No allowance is established for HUD and other governmental receivables since management believes that these amounts are fully collectible.

**ROCKVILLE HOUSING ENTERPRISES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Capital assets and depreciation**

Capital assets are stated at historical cost. Depreciation is calculated using the straight-line method. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the county for maintenance and repairs. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the statements of net position. All assets will be capitalized if they have a useful life beyond one year and an original cost greater than \$5,000.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and improvements	10 - 40 years
Furniture and fixtures	5 - 10 years
Equipment	3 - 10 years

**J. Compensated absences**

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. The Authority's policy allows employees to accumulate unused vacation leave. Sick leave may be accumulated but not paid upon termination. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

**K. Operating revenue**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position in the non-operating revenue and expense.

**L. Insurance**

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. As of the date of the fieldwork, the Authority had the required coverage in force.

**ROCKVILLE HOUSING ENTERPRISES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. New accounting pronouncements**

There were no new accounting pronouncements that required implementation during fiscal year 2018 or pending pronouncements that will impact the Authority.

**N. Board terms**

<u>Board member</u>	<u>Term expires</u>
Edward Duffy, Chairman	9/1/2018
Steven Marr, Vice Chairman	2/1/2019
Kenric Brooks, Commissioner	9/1/2018
Teresa Defino, Commissioner	4/1/2019
James Hedrick, Commissioner	10/1/2020

In addition to the above commissioners, the administrator of the Authority is Jessica Anderson, who serves on the board as secretary and is the executive director.

**NOTE 3. CASH AND CASH EQUIVALENTS**

All the deposits of the Authority are either insured or collateralized by using the dedicated method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Authority has no policy regarding custodial credit risk for deposits.

At September 30, 2018, the Authority's primary government cash and investments had a carrying amount of \$905,085 with bank balances of \$971,092. Of the bank balances held in various financial institutions, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method. Additionally, as of December 31, 2018, there was \$2,271,848 of cash and cash equivalents in the discretely presented component unit that is included in the agency-wide financial statements.

GASB No. 72, *Fair Value Measurement and Application*, establishes a hierarchy of inputs for fair value assessments. This hierarchy has three levels:

- Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 - These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 - These are unobservable inputs, such as a property valuation or an appraisal.

At September 30, 2018, the Authority's investments were Level 1 investments where fair value approximates market. Investment balances were as follows:

<u>Investment Type</u>	<u>Market Value</u>	<u>Maturity</u>	<u>Rating</u>
Certificate of Deposit	\$ <u>201,053</u>	Greater than 3 months	N/A

*Interest rate risk* - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 12 months or less.

**ROCKVILLE HOUSING ENTERPRISES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)**

*Credit risk* - The Authority has no policy regarding credit risk.

*Custodial credit risk* - The Authority has no policy on custodial credit risk.

*Concentration of credit risk* - The Authority places no limit on the amount that it may invest in certificates of deposits. The Authority has no policy regarding credit risk.

Restricted cash and investments

**Primary government**

FSS escrow	\$ 255,914
Security deposits	<u>48,990</u>
	<u>\$ 304,904</u>

**Component unit**

Restricted for debt service	\$ 2,127,233
Security deposits	<u>63,362</u>
	<u>\$ 2,190,595</u>

Collateralization

As of September 30, 2018, the following securities were pledged as collateral to secure the deposits of the Authority:

<u>Description</u>	<u>CUSIP</u>	<u>Maturity Date</u>	<u>Coupon Rate</u>	<u>Value</u>
FHLMC Remic 3955 WD	3137AJAN4	11/15/2025	3.00%	\$ 658,046
FNMA Pool 256272	31371MT56	6/1/2026	5.50%	<u>63,637</u>
				<u>\$ 721,683</u>

**NOTE 4. ACCOUNTS RECEIVABLE**

Accounts receivable at September 30, 2018 and December 31, 2018, respectively, consisted of the following:

**Primary government**

Tenants (net of allowance of \$(9,573))	\$ 9,572
Fraud recovery (net of allowance of \$(9,966))	9,965
Accounts receivable - port ins	33,279
Accounts receivable - miscellaneous	152,914
Accounts receivable - HUD	60,099
Accrued interest receivable	<u>7,956</u>
	<u>\$ 273,785</u>

**Component unit**

Tenants	\$ 72,190
Accounts receivable - HUD	17,025
Accounts receivable - other	<u>224</u>
	<u>\$ 89,439</u>

**ROCKVILLE HOUSING ENTERPRISES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 5. PREPAID CHARGES AND OTHER CURRENT ASSETS**

Prepaid charges and other assets at September 30, 2018 and December 31, 2018, respectively, consisted of the following:

<b>Primary government</b>		
Prepaid expenses	\$	<u>25,000</u>
<b>Component unit</b>		
Prepaid insurance	\$	3,339
Prepaid real estate taxes		125,294
Other current assets		<u>6,072</u>
	\$	<u>134,705</u>

**NOTE 6. CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

<u>Primary Government</u>	<u>Beginning Balances 9/30/2017</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance 9/30/2018</u>
Land	\$ 425,575	\$ -	\$ -	\$ 425,575
Construction in progress	78,590	62,175	(35,999)	104,766
Total capital assets not being depreciated	<u>504,165</u>	<u>62,175</u>	<u>(35,999)</u>	<u>530,341</u>
Buildings and improvements	11,762,359	-	-	11,762,359
Furniture and equipment	283,281	-	-	283,281
Total capital assets being depreciated	<u>12,045,640</u>	<u>-</u>	<u>-</u>	<u>12,045,640</u>
Accumulated depreciation	<u>(9,304,173)</u>	<u>(281,660)</u>	<u>-</u>	<u>(9,585,833)</u>
Capital assets, net	<u>\$ 3,245,632</u>	<u>\$ (219,485)</u>	<u>\$ (35,999)</u>	<u>\$ 2,990,148</u>

<u>Component Unit</u>	<u>Beginning Balances 12/31/2017</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance 12/31/2018</u>
Land	\$ 5,259,200	\$ -	\$ -	\$ 5,259,200
Total capital assets not being depreciated	<u>5,259,200</u>	<u>-</u>	<u>-</u>	<u>5,259,200</u>
Buildings and improvements	31,384,682	-	-	31,384,682
Furniture and equipment	331,785	-	-	331,785
Total capital assets being depreciated	<u>31,716,467</u>	<u>-</u>	<u>-</u>	<u>31,716,467</u>
Accumulated depreciation	<u>(4,040,797)</u>	<u>(814,746)</u>	<u>-</u>	<u>(4,855,543)</u>
Capital assets, net	<u>\$32,934,870</u>	<u>\$ (814,746)</u>	<u>\$ -</u>	<u>\$32,120,124</u>

**ROCKVILLE HOUSING ENTERPRISES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 7. NOTES RECEIVABLE**

RHE obtained a \$250,000 grant to assist in financing units for RELP One, LP from the city of Rockville. RHE then entered into a note to lend the money to RELP One, LP dated March 19, 2002. The note is due 42 years from the date of the note based on 1% interest after the first two years. Payments shall commence on December 31, 2005. Payments are limited to available cash flow. The balance at September 30, 2018, was \$161,103 all of which is non-current.

As a part of the agreement with HUD to demolish the public housing units known as Lincoln Terrace, the developer for the legacy development is required to make release payments as the new units are sold. As a part of the development agreement for the legacy development, when the buyers purchase property of the legacy development, the Authority obtains equity in a second mortgage which is noninterest bearing and not forgivable. The cumulative total of these second mortgage receivables at September 30, 2018, was \$1,186,800.

**NOTE 8. INVESTMENT IN JOINT VENTURE**

The Authority's investment in joint ventures as of September 30, 2018, consisted of an ownership interest in the tax credit rental property, RELP One, LP, with a value of that interest of \$710.

**NOTE 9. ACCOUNTS PAYABLE AND CURRENT LIABILITIES**

Accounts payable and current liabilities at September 30, 2018 and December 31, 2018, respectively, consisted of the following:

<b>Primary government</b>	
Accrued wages/payroll taxes payable	\$ 41,480
Accrued compensated absences - current	8,576
Accounts payable - HUD PHA programs	7,924
Unearned revenue - prepaid rents	10,892
Long-term capital debt - current portion	9,253
Security deposits	<u>48,990</u>
	<u>\$ 127,115</u>
<b>Component unit</b>	
Vendors and contractors payable	\$ 589,552
Accrued interest payable	352,524
Unearned revenue - prepaid rents	24,320
Unearned revenue - unspent insurance proceeds	1,637,633
Long-term capital debt - current portion	761,051
Security deposits	63,362
Other current liabilities	<u>162,652</u>
	<u>\$ 3,591,094</u>

**ROCKVILLE HOUSING ENTERPRISES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 10. NON-CURRENT LIABILITIES**

Non-current liabilities at September 30, 2018, consisted of the following:

	Balance at 9/30/2017	Increases	Decreases	Balance at 9/30/2018	Current Portion
<b>Primary government</b>					
Compensated absences	\$ 68,767	\$ 50,901	\$ (33,920)	\$ 85,748	\$ 8,576
FSS escrow	<u>204,032</u>	<u>51,882</u>	<u>-</u>	<u>255,914</u>	<u>-</u>
	<u>\$ 272,799</u>	<u>\$ 102,783</u>	<u>\$ (33,920)</u>	<u>\$ 341,662</u>	<u>\$ 8,576</u>

**NOTE 11. LONG-TERM DEBT**

A summary of changes in long-term debt is as follows:

	Beginning Balances 9/30/2017	Issued	Retired	Ending Balances 9/30/2018	Current
<b>Primary government</b>					
343 Fallsgrove Drive	\$ 85,952	\$ -	\$ (2,745)	\$ 83,207	\$ 2,629
219 Jay Drive	81,616	-	(2,520)	79,096	2,619
722 Garden View Way	82,672	-	(2,073)	80,599	1,995
229 Cork Tree Lane	<u>82,711</u>	<u>-</u>	<u>(2,074)</u>	<u>80,637</u>	<u>2,010</u>
	<u>\$ 332,951</u>	<u>\$ -</u>	<u>\$ (9,412)</u>	<u>\$ 323,539</u>	<u>\$ 9,253</u>

	Beginning Balances 12/31/2017	Issued	Retired	Ending Balances 12/31/2018	Current
<b>Component unit</b>					
Citibank, N.A	\$ 29,142,029	\$ -	\$ (734,797)	\$ 28,407,232	\$ 761,051
City of Rockville	1,705,709	-	-	1,705,709	-
Montgomery County	<u>2,773,224</u>	<u>-</u>	<u>-</u>	<u>2,773,224</u>	<u>-</u>
	<u>\$ 33,620,962</u>	<u>\$ -</u>	<u>\$ (734,797)</u>	<u>\$ 32,886,165</u>	<u>\$ 761,051</u>

	Principal	Interest	Total
<b>Primary government</b>			
2019	\$ 9,253	\$ 17,084	\$ 26,337
2020	10,296	16,602	26,898
2021	10,898	16,000	26,898
2022	11,486	15,412	26,898
2023	<u>281,606</u>	<u>6,727</u>	<u>288,333</u>
	<u>\$ 323,539</u>	<u>\$ 71,825</u>	<u>\$ 395,364</u>
<b>Component unit</b>			
2019	\$ 761,051	\$ 1,126,978	\$ 1,888,029
2020	<u>32,125,114</u>	<u>386,116</u>	<u>32,511,230</u>
	<u>\$ 32,886,165</u>	<u>\$ 1,513,094</u>	<u>\$ 34,399,259</u>

**ROCKVILLE HOUSING ENTERPRISES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 12. OTHER NOTE DISCLOSURES**

Annual contributions by federal agencies

Annual Contributions Contract D-131 - Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget. For the year ended September 30, 2018, the subsidy paid was \$568,832.

Risk management

The Authority is exposed to various risks of losses related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no claims in excess of commercial coverage during the previous three years.

**NOTE 13. PENSION AND PROFIT SHARING PLANS**

A defined contribution retirement plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual accounts are to be determined instead of specifying the amount of benefits the individual is to receive.

The Authority has a profit sharing plan where eligible employees open separate accounts with the plan's administrator. The Authority contributes 6.5% of the employees' gross salary biweekly. The Authority has no liability once the employee is terminated. The Authority's contributions for the year ended September 30, 2018, were \$47,317 and covered wages totaled \$766,640.

**NOTE 14. ECONOMIC DEPENDENCY**

The PHA Owned Housing Program is economically dependent on annual contributions and grants from HUD. The program operates at a loss prior to receiving the contributions and grants.

**NOTE 15. RELATED-PARTY TRANSACTIONS**

During 2018, the Authority made payments on behalf of the discretely presented component unit. As of September 30, 2018, the Authority is owed \$152,914 from the component unit. This balance is reflected in the financial statements in accounts receivable.

**ROCKVILLE HOUSING ENTERPRISES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 16. COMMITMENTS AND CONTINGENCIES**

Legal

The Authority is party to no pending or threatened legal actions arising from the normal course of its operations.

Grants and contracts

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of September 30, 2018.

Capital fund

The Authority receives capital funding each year for ongoing capital improvements and repairs and maintenance.

**NOTE 17. RESTRICTED NET POSITION**

The restricted net position as of December 31, 2018, consisted of the following:

Component unit

Real estate tax escrow	\$ 105,719
Reserve for replacements	322,129
Operating reserve	<u>61,752</u>
	<u>\$ 489,600</u>

**NOTE 18. SUBSEQUENT EVENTS**

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Management evaluated the activity of the Authority through June 26, 2019 (the date the financial statements were available to be issued) and identified the following events that require disclosure in the notes to the financial statements.

The Authority is in the process of refinancing the debt on the RHE Fireside Park, Inc. ("Fireside") project. The terms are being negotiated based on the initial bank commitments. As such, no amounts related to this refinancing have been recognized in the financial statements.

The component unit suffered a fire at the property in February 2018. The component unit received insurance proceeds but continues to negotiate a final settlement based on costs incurred to restore the affected units to full operational use. Through the report date, Fireside has received \$2,912,552 in insurance proceeds and incurred \$1,274,919 in repair costs. Under the guidance of GASB Standard No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, these proceeds are reflected as unearned insurance proceeds reduced by the cost incurred as of December 31, 2018.

Rockville Housing Enterprises  
Financial Data Schedule  
Entity-Wide Balance Sheet  
9/30/2018

	Project Total	Component Unit-Blended	14.896 PH1 Family Self-Sufficiency Program	14.870 Resident Opportunity and Supportive Services	14.879 Mainstream Vouchers	14.269 Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	FLIM	Total	RH15 Fireside Park, Inc. 12/31/2018	Grand Total
Cash - Unrestricted	232,228	85,109	-	-	3,076	-	57,623	21,092	399,128	-	399,128	81,253	480,381
Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash - Other Restricted	98,111	-	-	-	-	-	157,803	-	255,914	-	255,914	2,127,233	2,383,147
Cash - Tenant Security Deposits	48,090	900	-	-	-	-	-	-	48,990	-	48,990	63,362	112,352
Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash	378,429	86,009	-	-	3,076	-	215,426	21,092	704,032	-	704,032	2,271,848	2,975,880
Accounts Receivable - PHA Projects	-	-	-	-	-	-	25,104	-	25,104	-	25,104	17,005	42,129
Accounts Receivable - HUD Other Projects	-	-	-	-	26,361	-	33,788	-	60,099	-	60,099	-	60,099
Accounts Receivable - Other Government	-	-	-	-	-	8,175	-	-	8,175	-	8,175	-	8,175
Accounts Receivable - Miscellaneous	83,159	69,755	-	-	-	-	-	-	152,914	-	152,914	221	153,138
Accounts Receivable - Tenants	7,544	11,601	-	-	-	-	-	-	19,145	-	19,145	72,100	91,335
Allowance for Doubtful Accounts - Tenants	(3,722)	(5,801)	-	-	-	-	-	-	(9,523)	-	(9,523)	-	(9,523)
Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-	-
Fraud Recovery	19,931	-	-	-	-	-	-	-	19,931	-	19,931	-	19,931
Allowance for Doubtful Accounts - Fraud	(9,966)	-	-	-	-	-	-	-	(9,966)	-	(9,966)	-	(9,966)
Accrued Interest Receivable	7,885	71	-	-	-	-	-	-	7,956	-	7,956	-	7,956
Total Receivables, Net of Allowances for Doubtful Accounts	104,781	75,626	-	-	26,361	8,175	58,842	-	273,785	-	273,785	89,439	363,224
Investments - Unrestricted	-	201,053	-	-	-	-	-	-	201,053	-	201,053	-	201,053
Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Other Assets	20,000	833	-	-	-	-	4,167	-	25,000	-	25,000	134,705	159,705
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-
Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter Program Due From	121,221	-	-	-	-	-	-	14,611	135,832	(135,832)	-	-	-
Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	624,431	363,521	-	-	29,437	8,175	278,435	35,703	1,339,702	(135,832)	1,203,870	2,495,992	3,699,862
Land	424,235	-	-	-	-	-	1,340	-	425,575	-	425,575	5,259,280	5,684,775
Buildings	11,293,185	469,171	-	-	-	-	-	-	11,762,359	-	11,762,359	31,384,682	43,147,041
Furniture, Equipment & Machinery - Dwellings	88,137	4,445	-	-	-	-	45,908	-	138,490	-	138,490	138,490	138,490
Furniture, Equipment & Machinery - Administration	144,791	-	-	-	-	-	-	-	144,791	-	144,791	331,785	476,576
Lesseehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation	(9,454,295)	(85,629)	-	-	-	-	(45,908)	-	(9,585,832)	-	(9,585,832)	(4,853,543)	(14,441,375)
Construction in Progress	5,670	-	-	-	-	-	99,095	-	104,765	-	104,765	-	104,765
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Assets, Net of Accumulated Depreciation	2,501,726	387,987	-	-	-	99,095	1,340	-	2,990,148	-	2,990,148	32,120,124	35,110,272
Notes, Loans and Mortgages Receivable - Non-Current	161,403	1,186,800	-	-	-	-	-	-	1,347,903	-	1,347,903	-	1,347,903
Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants Receivable - Non-Current	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	2,682	-	-	-	-	-	-	-	2,682	-	2,682	-	2,682
Investments in Joint Ventures	197,415	710	-	-	-	-	-	-	198,125	-	198,125	-	198,125
Total Non-Current Assets	2,862,926	1,575,497	-	-	-	99,095	1,340	-	4,538,858	-	4,538,858	32,120,124	36,658,982
Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflow of Resources	3,487,357	1,939,018	-	-	29,437	107,270	279,775	35,703	5,878,560	(135,832)	5,742,728	34,616,116	41,358,844

See accompanying independent auditor's report.

Rockville Housing Enterprises  
Financial Data Schedule  
Entity-Wide Balance Sheet  
9/30/2018

	Project Total	Component Unit-Blended	14,896 PHH Family Self-Sufficiency Program	14,870 Resident Opportunity and Supportive Services	14,879 Mainstream Vouchers	14,269 Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14,871 Housing Choice Vouchers	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	F.I.M.	Total	RIIE Fireside Park, Inc. 12/31/2018	Grand Total
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable <= 90 Days	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	589,552	589,552
Accrued Vagge/Payroll/Taxes Payable	25,643	-	-	-	9,927	-	6,810	-	41,480	-	-41,480	-	41,480
Accrued Compensated Absences - Current Portion	6,414	-	-	-	989	-	1,173	-	8,576	-	8,576	-	8,576
Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	7,924	7,924	-	7,924	-	352,524
Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	7,924
Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-
Tenant Security Deposits	48,090	900	-	-	-	-	-	-	48,990	-	-48,990	63,362	112,352
Uncamed Revenue	8,353	2,539	-	-	-	-	-	-	10,892	-	10,892	1,661,953	1,672,845
Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	-	9,253	-	-	-	-	-	-	9,253	-	9,253	761,051	770,304
Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	151,309	151,309
Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	11,343	11,343
Inter Program - Due To	-	-	-	-	58,212	8,175	69,445	-	135,832	(135,832)	-	-	-
Loan Liability - Current	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	88,500	12,692	-	-	68,228	8,175	77,428	7,924	262,947	(135,832)	127,115	3,591,094	3,718,209
Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	314,286	-	-	-	-	-	-	314,286	-	314,286	32,125,114	32,439,400
Long-Term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Current Liabilities - Other	98,111	-	-	-	-	-	-	-	157,803	-	255,914	-	255,914
Accrued Compensated Absences - Non Current	57,724	-	-	-	8,893	-	10,535	-	77,172	-	77,172	-	77,172
Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-
FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	155,835	314,286	-	-	8,893	-	168,358	-	647,372	-	647,372	32,125,114	32,772,486
Total Liabilities	244,335	326,978	-	-	77,121	8,175	245,786	7,924	910,319	(135,832)	774,487	35,716,208	36,490,695
Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Investment in Capital Assets	2,501,726	64,448	-	-	-	99,095	1,340	-	2,666,609	-	2,666,609	(766,041)	1,900,568
Restricted Net Position	-	-	-	-	-	-	-	-	-	-	-	568,305	568,305
Unrestricted Net Position	741,296	1,547,592	-	-	(47,684)	-	32,649	27,779	2,301,632	-	2,301,632	(902,356)	1,399,276
Total Equity - Net Assets / Position	3,243,022	1,612,040	-	-	(47,684)	99,095	33,989	27,779	4,968,241	-	4,968,241	(1,100,092)	3,868,149
Total Liabilities, Deferred Inflows of Resources and Equity - Net	3,487,357	1,939,018	-	-	29,437	107,270	279,775	35,703	5,878,560	(135,832)	5,742,728	34,616,116	40,358,844

See accompanying independent auditor's report.

Rockville Housing Enterprises  
Financial Data Schedule  
Entity-Wide Revenue and Expense Summary  
9/30/2018

	Project Total	Component Unit-Blended	14.896 PIII Family Self-Sufficiency Program	14.870 Resident Opportunity and Supportive Services	14.879 Mainstream Vouchers	14.269 Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total	RHE Fireside Park, Inc. 12/31/2018	Grand Total
70300	Net Tenant Rental Revenue	\$ 542,591	\$ 58,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,712		\$ 600,712	\$ 3,129,701	3,730,413
70400	Tenant Revenue - Other	31,667	697	-	-	-	-	-	32,364		32,364	-	32,364
70500	Total Tenant Revenue	574,258	58,818	-	-	-	-	-	633,076		633,076	3,129,701	3,762,777
70600	HUD PHA Operating Grants	737,695	-	58,302	79,472	716,546	5,171,930	37,103	6,801,048		6,801,048	-	6,801,048
70610	Capital Grants	161,415	-	-	-	-	-	-	161,415		161,415	-	161,415
70710	Management Fee	-	-	-	-	-	-	-	-		-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-		-	-	-
70730	Bookkeeping Fee	-	-	-	-	-	-	-	-		-	-	-
70740	Front Lane Service Fee	-	-	-	-	-	-	-	-		-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-		-	-	-
70700	Total Fee Revenue	899,110	-	58,302	79,472	716,546	5,171,930	37,103	6,962,463		6,962,463	-	6,962,463
70800	Other Government Grants	-	-	-	-	-	62,175	-	62,175		62,175	-	62,175
71100	Investment Income - Unrestricted	1,627	75	-	-	-	-	-	1,702		1,702	334	2,036
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-		-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-		-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-		-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	-	-		-	-	-
71500	Other Revenue	65,698	56,791	-	-	-	382,066	-	504,555		504,555	-	504,555
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-		-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-		-	-	-
70000	Total Revenue	1,540,693	115,684	58,302	79,472	716,546	6,217,536	37,103	8,163,971		8,163,971	3,130,035	11,294,006
91100	Administrative Salaries	331,823	-	-	-	-	-	-	501,898		501,898	160,863	662,761
91200	Auditor Fees	14,500	-	-	-	-	-	-	21,500		21,500	-	21,500
91300	Management Fee	-	-	-	-	-	-	-	-		-	109,036	109,036
91310	Bookkeeping Fee	-	-	-	-	-	-	-	-		-	-	-
91400	Advertising and Marketing	39	-	-	-	-	-	-	39		39	24,844	24,883
91500	Employee Benefit Contributions - Administrative	91,367	-	-	-	-	-	-	145,416		145,416	57,393	202,809
91600	Office Expenses	136,453	4,772	-	-	-	-	-	295,187		295,187	28,068	323,255
91700	Legal Expense	16,473	11,110	-	-	-	-	-	29,420		29,420	14,738	44,158
91800	Travel	7,572	-	-	-	-	-	-	14,380		21,952	178	22,130
91810	Allocated Overhead	-	-	-	-	-	-	-	-		-	-	-
91900	Other	-	-	-	-	-	2,471	1,873	4,344		4,344	14,116	18,460
91000	Total Operating - Administrative	598,227	15,882	-	-	-	50,397	2,123	1,019,756		1,019,756	409,236	1,428,992
92000	Asset Management Fee	-	-	-	-	-	-	-	-		-	-	-
92100	Tenant Services - Salaries	-	-	52,472	51,050	-	-	-	103,522		103,522	-	103,522
92200	Relocation Costs	2,600	-	-	-	-	-	-	2,600		2,600	-	2,600
92300	Employee Benefit Contributions - Tenant Services	-	-	5,830	5,672	-	-	-	11,502		11,502	-	11,502
92400	Tenant Services - Other	-	-	-	22,750	-	-	-	22,750		22,750	-	22,750
92500	Total Tenant Services	2,600	-	58,302	79,472	-	-	-	140,374		140,374	-	140,374

See accompanying independent auditor's report.

Rockville Housing Enterprises  
Financial Data Schedule  
Entity-Wide Revenue and Expense Summary  
9/30/2018

		Project Total	Component Unit-Blended	14,896 PIH Family Self-Sufficiency Program	14,870 Resident Opportunity and Supportive Services	14,879 Mainstream Vouchers	14,269 Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14,871 Housing Choice Vouchers	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total	RHE Fireside Park, Inc. 12/31/2018	Grand Total
93100	Water	43,242	165	-	-	-	-	-	-	43,407	-	43,407	87,032	130,439
93200	Electricity	78,805	25	-	-	-	-	-	-	78,830	-	78,830	31,465	110,295
93300	Gas	4,550	95	-	-	-	-	-	-	4,645	-	4,645	18,114	22,759
93400	Fuel	2,670	-	-	-	-	-	-	-	2,670	-	2,670	-	2,670
93500	Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	57,330	-	-	-	-	-	-	-	57,330	-	57,330	83,485	140,815
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	1	-	-	-	-	-	-	1	-	1	-	1
93900	Total Utilities	186,597	286	-	-	-	-	-	-	186,883	-	186,883	220,096	406,979
94100	Ordinary Maintenance and Operations - Labor	146,150	-	-	-	-	-	-	-	146,150	-	146,150	190,812	336,962
94200	Ordinary Maintenance and Operations - Materials and Other	38,455	731	-	-	-	-	-	-	39,186	-	39,186	123,065	163,251
94300	Ordinary Maintenance and Operations Contracts	142,394	16,935	-	-	-	-	-	-	159,329	-	159,329	190,768	350,097
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-	-	32,082	-	32,082	-	32,082
94600	Total Maintenance	359,081	17,666	-	-	-	-	-	-	376,747	-	376,747	505,645	882,392
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
95300	Protective Services - Other	-	-	-	-	-	-	1,150	-	1,150	-	1,150	-	1,150
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-	-	-	-	-
95600	Total Protective Services	-	-	-	-	-	-	1,150	-	1,150	-	1,150	-	1,150
96110	Property Insurance	9,335	786	-	-	-	-	-	-	10,121	-	10,121	22,048	32,169
96120	Liability Insurance	9,526	-	-	-	-	-	833	-	10,359	-	10,359	-	10,359
96130	Workmen's Compensation	9,526	397	-	-	-	-	-	-	9,923	-	9,923	10,483	20,406
96140	All Other Insurance	-	-	-	-	-	-	-	-	-	-	-	2,674	2,674
96100	Total Insurance Premiums	28,387	1,183	-	-	-	-	833	-	30,403	-	30,403	35,205	65,608
96200	Other General Expenses	-	68,608	-	-	-	-	2,283	-	70,891	-	70,891	30,733	101,624
96210	Compensated Absences	37,254	-	-	-	5,369	-	8,278	-	50,901	-	50,901	-	50,901
96300	Payments in Lieu of Taxes	13,213	2,966	-	-	-	-	-	-	16,179	-	16,179	253,900	270,079
96400	Bad debt - Tenant Rents	1,600	-	-	-	-	-	-	-	1,600	-	1,600	146,515	148,115
96500	Bad debt - Mortgages	-	88,417	-	-	-	-	-	-	88,417	-	88,417	-	88,417
96600	Bad debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
96900	Total Other General Expenses	52,067	159,991	-	-	5,369	-	10,561	-	227,988	-	227,988	431,148	659,136

See accompanying independent auditor's report.

Rockville Housing Enterprises  
Financial Data Schedule  
Entity-Wide Revenue and Expense Summary  
9/30/2018

	Project Total	Component Unit-Blended	14.896 PIH Family Self- Sufficiency Program	14.870 Resident Opportunity and Supportive Services	14.879 Mainstream Vouchers	14.269 Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total	RHE Fireside Park, Inc. 12/31/2018	Grand Total
96710 Interest of Mortgage (or Bonds) Payable	-	17,487	-	-	-	-	-	-	17,487	-	17,487	1,151,982	1,169,469
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	17,487	-	-	-	-	-	-	17,487	-	17,487	1,151,982	1,169,469
96900 Total Operating Expenses	1,226,959	212,495	58,302	79,472	55,766	-	365,671	2,123	2,000,788	-	2,000,788	2,753,312	4,754,100
97000 Excess of Operating Revenue over Operating Expenses	313,734	(96,811)	-	-	660,780	62,175	5,188,325	34,980	6,163,183	-	6,163,183	376,723	6,539,906
97100 Extraordinary Maintenance	10,550	6,675	-	-	-	-	-	-	17,225	-	17,225	-	17,225
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	-	-	666,040	-	4,817,991	30,166	5,514,197	-	5,514,197	-	5,514,197
97350 HAP Portability-In	-	-	-	-	-	-	362,513	-	362,513	-	362,513	-	362,513
97400 Depreciation Expense	269,071	12,589	-	-	-	-	-	-	281,660	-	281,660	814,746	1,096,406
97500 Fraud Losses	-	-	-	-	-	-	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
99000 Total Expenses	1,506,580	231,759	58,302	79,472	721,806	-	5,546,175	32,289	8,176,383	-	8,176,383	3,568,058	11,744,441
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	34,113	(116,075)	-	-	(5,260)	62,175	7,821	4,814	(12,412)	-	(12,412)	(438,023)	(450,435)
10010 Operating Transfer In	135,354	-	-	-	-	-	-	-	135,354	-	135,354	270,708	406,062
10020 Operating Transfer Out	(135,354)	-	-	-	-	-	-	-	(135,354)	-	(135,354)	(270,708)	(406,062)
10030 One-time Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-	-	-	-	-	-
10100 Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Beginning Net Position	3,208,909	1,728,115	-	-	(42,424)	36,920	26,168	22,965	4,980,653	-	4,980,653	(662,069)	4,318,584
Ending Net Position	3,243,022	1,612,040	-	-	(47,684)	99,095	33,989	27,779	4,968,241	-	4,968,241	(1,000,921)	3,868,149

See accompanying independent auditor's report.



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Accountants and Advisors

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners  
Rockville Housing Enterprises  
Rockville, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Rockville Housing Enterprises (the "Authority"), as of and for the year ended September 30, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 26, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

### The Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CITRINCOOPERMAN & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland  
June 26, 2019



**CITRIN COOPERMAN®**  
Accountants and Advisors

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners  
Rockville Housing Enterprises  
Rockville, Maryland

### **Report on Compliance for Each Major Federal Program**

We have audited Rockville Housing Enterprises's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

### **Basis for Qualified Opinion on Major Programs**

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with the eligibility requirements regarding CFDA's 14.871 and 14.879 (Housing Voucher Cluster) and 14.850 (Public and Indian Housing) as described in finding number 2018-001. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to those programs.

**CITRIN COOPERMAN & COMPANY, LLP**

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## **Qualified Opinion on Major Programs**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

## **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



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Accountants and Advisors

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Citrin Cooperman & Company, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland  
June 26, 2019

**ROCKVILLE HOUSING ENTERPRISES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDING SEPTEMBER 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Identifying Number	Amount Passed to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development:</b>				
<b>Direct Programs:</b>				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ -	\$ 5,171,930
Mainstream Vouchers	14.879	N/A	<u>-</u>	<u>716,546</u>
			-	5,888,476
Public and Indian Housing	14.850	N/A	-	568,832
Capital Fund Program	14.872	N/A	-	330,278
Resident Opportunity and Supportive Services	14.870	N/A	-	79,472
Family Self Sufficiency Program	14.896	N/A	-	58,302
Section 8 Moderate Rehabilitation	14.856	N/A	-	37,103
<b>Pass-through from City of Rockville:</b>				
Community Development Block Grants	14.218	1077591	<u>-</u>	<u>62,175</u>
<b>U.S. Department of Housing and Urban Development</b>			<u>-</u>	<u>7,024,638</u>
<b>Total Federal Expenditures</b>			<u>\$ -</u>	<u>\$ 7,024,638</u>

See accompanying notes to the schedule of expenditures of federal awards.

**ROCKVILLE HOUSING ENTERPRISES**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2018**

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rockville Housing Enterprises (the "Authority") under programs of the federal government for the year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not present the financial position, changes in net position, or cash flows of the Authority.
2. The schedule of expenditures of federal awards is presented on the accrual basis of accounting.
3. The Authority did not pass through any federal awards to subrecipients during the fiscal year ended September 30, 2018.
4. The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**ROCKVILLE HOUSING ENTERPRISES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2018**

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report to be issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiencies identified?	None reported
Noncompliance material to the financial statements?	Yes

**Federal Awards**

Internal control over major federal programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major programs:	<u>CFDA</u>
Housing Voucher Cluster	14.871/14.879
Public and Indian Housing	14.850
Dollar threshold to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	No

**ROCKVILLE HOUSING ENTERPRISES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**SEPTEMBER 30, 2018**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**Finding 2018-001: Eligibility (Material Weakness)**

**Criteria:** 24 CFR 982.516 requires the PHA to annually obtain and document in the family file the third-party verification of reported family annual income. As a condition of admission or continued occupancy, the PHA must require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR Section 5.230, 5.609, 982.516).

**Condition:** During our testing, we noted that the Authority did not consistently maintain tenant files and accurate documentation of family income.

**Context:** During our testing of 40 tenant files for Housing Voucher Cluster, exceptions were noted in five files. In four of the files, income was not calculated correctly and, in one file, there was no documentation of reasonable rent. During our testing of 37 tenant files for Public and Indian Housing, exceptions were noted in three files in which income was not calculated correctly.

**Cause:** The Authority did not follow established procedures as documented in its administrative plans to ensure that tenant files included accurate documentation of family income.

**Effect:** The Authority did not calculate the correct income amounts, resulting in incorrect payments to landlords and incorrect rent amounts for tenants.

**Recommendation:** We recommend that the Authority review the policies and procedures related to eligibility of tenants and the recertification process and implement additional safeguards to prevent noncompliance. We also recommend the Authority insert checklists into the tenant files to ensure the files have all the necessary information. We also recommend that the Authority update its recertification procedures to include a review of the calculation prior to submission.

**Views of Responsible Officials:** In order to remedy the compliance oversight that occurred in FYE 2018, RHE will work to reduce staff turnover and cross-train other staff to fill in when Public Housing and Housing Choice Voucher staff are out of the office for extended leave to alleviate mistakes that are made due to reduced staffing levels.

Additionally, recertification specialists will be required to submit evidence of a self-review of the recertification action prior to turning the file in for management review.

**ROCKVILLE HOUSING ENTERPRISES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**SEPTEMBER 30, 2018**

**SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**Finding 2018-001: Eligibility (Material Weakness)**

**Federal Programs:** CFDA 14.871 and 14.879, Housing Voucher Cluster; CFDA 14.850, Public and Indian Housing

**Criteria:** 24 CFR 982.516 requires the PHA to annually obtain and document in the family file the third-party verification of reported family annual income. As a condition of admission or continued occupancy, the PHA must require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR Section 5.230, 5.609, 982.516).

**Condition:** During our testing, we noted that the Authority did not consistently maintain tenant files and accurate documentation of family income.

**Context:** During our testing of 40 tenant files for Housing Voucher Cluster, exceptions were noted in four files. In four of the files, income was not calculated correctly and in one file, there was no documentation of reasonable rent. During our testing of 37 tenant files for Public and Indian Housing, exceptions were noted in three files in which income was not calculated correctly.

**Cause:** The Authority did not follow established procedures as documented in its administrative plans to ensure that tenant files included accurate documentation of family income.

**Effect:** The Authority did not calculate the correct income amounts, resulting in incorrect payments to landlords and incorrect rent amounts for tenants.

**Questioned Costs:** None.

**Recommendation:** We recommend that the Authority review the policies and procedures related to eligibility of tenants and the recertification process and implement additional safeguards to prevent noncompliance. We also recommend the Authority insert checklists into the tenant files to ensure the files have all the necessary information. We also recommend that the Authority update its recertification procedures to include a review of the calculation prior to submission.

**Views of Responsible Officials:** In order to remedy the compliance oversight that occurred in FYE 2018, RHE will work to reduce staff turnover and cross train other staff to fill in when Public Housing and Housing Choice Voucher staff are out of the office for extended leave to alleviate mistakes that are made due to reduced staffing levels.

Additionally, recertification specialists will be required to submit evidence of a self-review of the recertification action prior to turning the file in for management review.