

# **Proposed PHA Administrative Plan Updates**

## **May 2017**

### **Determination of Insufficient Funding**

The Housing Choice Voucher (HCV) regulations allow PHAs to deny families permission to move and to terminate Housing Assistance Payments (HAP) contracts if funding under the Annual Contributions Contract (ACC) is insufficient to support continued assistance [24 CFR 982.314(e)(1) and 982.454]. Insufficient funding may also impact SEK-CAP's ability to issue vouchers to families on the waiting list. SEK-CAP will use methodology described in this section to determine if SEK-CAP has sufficient funding to issue vouchers, approve moves, and to continue subsidizing all families currently under a HAP contract.

SEK-CAP will determine whether there is adequate funding to issue vouchers, approve moves to higher cost units and areas, and continue subsidizing all current participants by comparing SEK-CAP's annual budget authority to the annual total HAP needs monthly. The total HAP needs for the calendar year will be projected by establishing the actual HAP costs year to date and factoring in any known economic changes that may impact average HAP. To that figure, SEK-CAP will add anticipated HAP expenditures for the remainder of the calendar year. SEK-CAP may include the projected costs for:

- A. Vouchers that have been issued to families from the waiting list but not yet leased; and
- B. Voucher commitments to project based developments to lease-up during the fiscal year.

SEK-CAP will work directly with the HUD Field Office, when possible, to determine whether it is appropriate to apply for shortfall funding.

### **Termination Due to Insufficient Funding**

SEK-CAP may terminate HAP contracts if the PHA determines, in accordance with HUD requirements, that funding under the consolidated ACC is insufficient to support continued assistance for families in the program.

SEK-CAP will determine whether there is sufficient funding to pay for currently assisted families in accordance with this Administrative Plan. If SEK-CAP determines there is a shortage of funding, prior to terminating any HAP contracts, the PHA will determine if any other actions can be taken to reduce program costs. Though in no definitive order, the following funding shortfall prevention measures may be taken to reduce program costs prior to making the decision to terminate HAP contracts:

- Recall vouchers issued to applicants from the Section 8 Housing Choice Voucher waiting list who received a voucher but have not yet submitted a Request for Tenancy Approval
- Recall vouchers issued to applicants from the Section 8 Housing Choice Voucher waiting list who received a voucher and submitted a Request for Tenancy Approval, but SEK-CAP has not yet signed a HAP contract
- Contact receiving PHAs to determine if they can absorb any of the outgoing contracts.
- Review reports from HUD's Secure System to determine if any households are being over-subsidized. Adjustments will be made to HAP, if needed
- Re-determine rent-reasonableness for units where the gross rent exceeds the payment standard
- Lower the payment standards for all or some counties in SEK-CAP's jurisdiction

- Adjust Occupancy Standards to two persons per bedroom regardless of age, sex, or relationship policies
- Stop absorbing portability clients from jurisdictions with higher payment standards, per HUD regulations
- Stop allowing tenant moves, unless for an approvable reasonable accommodation or for a person covered under VAWA

If after implementing all reasonable cost cutting measures there is not enough funding available to provide continued assistance for current participants, SEK-CAP will terminate HAP contracts as a last resort. Prior to terminating any HAP contracts, SEK-CAP will inform the local HUD field office. SEK-CAP will terminate the minimum number needed to reduce HAP costs to a level within SEK-CAP's annual budget authority. If SEK-CAP must terminate HAP contracts due to insufficient funding, SEK-CAP will do so in the following order and use a first in, first out policy. Under this option, the PHA would terminate families within the same category, in accordance with the date of the family's admission to the program, starting with those who have been receiving assistance the longest.

1. Non-elderly, non-disabled single member families
2. Non-elderly, non-disabled families with no children under the age of 18
3. Non-elderly, non-disabled families with children under the age of 18
4. Elderly and disabled families

Families who have had their HAP contract terminated, or voucher recalled, will be placed at the top of the waiting list, in the order that their voucher has been recalled or HAP contract terminated, to await the next available voucher. When SEK-CAP can issue new vouchers, households will be selected from the waiting list in the following order:

1. Households whose HAP contract has been terminated due to insufficient funding
2. Households whose voucher has been rescinded due to insufficient funding
3. All other households in order of date/time of application submission

### **Definition of Significant Changes**

As is described in 24 CFR 903.21, the PHA may amend or modify its Annual or Five-Year Plan after submitting the plan to HUD. The PHA may modify, amend or change any policy, rule, regulation or other aspect of its plan. If the modification or change is considered a "significant amendment" or "substantial deviation/modification" as defined by the PHA, then the PHA must comply with requirements similar as those outlined at initial development and submission of the PHA Plan.

HUD has afforded PHAs local discretion in defining the terms "significant amendment" and "substantial deviation". In the Final Rule for the PHA Plan, HUD indicated that these terms should be defined at the local level as part of the public participation in the PHA Plan process. The PHA must state the basic criteria for the definitions in its annual plan, and must provide its definition of significant amendment and substantial deviation/modification in Section 18D of the PHA Plan template or as an attachment to the PHA Plan.

SEK-CAP defines "significant amendment" and "substantial deviation" as follows:

- Changes to rent, admissions policies, or organization of the waiting list;

- Additions of non-emergency work items (items not included in the current Annual Statement or Five-Year Action Plan) or change in the use of replacement reserve funds under the Capital Fund;
- Any change associated with demolition or disposition, designation, homeownership programs, or conversion activities.

### **Repayment of Debts Owed to SEK-CAP**

If a family owes amounts to the PHA, as a condition of continued assistance, the PHA will require the family to repay the full amount or to enter a repayment agreement, within 30 days of receiving notice from the PHA of the amount owed.

SEK-CAP is not obligated to enter a repayment agreement with a family. When deciding if the PHA should enter a repayment agreement with the family, the PHA should consider the family's history of meeting its family obligations under the HCV program, including any history of fraud. The following guidelines should be followed:

- The agency may enter a repayment agreement with any participant family, even if they have had a previous repayment agreement with the agency.
- The agency will not enter more than one repayment agreement with a participant family unless they are complying with the initial repayment agreement and have a history of compliance with the initial repayment agreement.

The following should also be considered when deciding if the PHA should enter into a repayment agreement with the family:

- The amount owed by the family;
- The reason for the debt;
- The family's current and potential income and expenses; and
- Any other information that is relevant to the case.

### **Repayment Agreement Procedure**

1. If the PHA is owed money by a participant family, the PHA must send out a letter notifying the participant family of the debt. Notice to the family must be sent by certified mail return receipt requested and by regular mail. In instances where the certified mail is not accepted by the family and returned to the PHA, but the regular mail is not returned to the PHA by the Post Office, allegations by the tenant that they did not receive the notice will not be considered by the PHA as a reason for failure to respond to the notice. Unless both are returned to the PHA, there will be the presumption that the notice has been received.
2. If entitled to, the participant family may enter into a repayment agreement. If the participant family agrees to enter into a repayment agreement, the PHA must complete the Repayment Agreement and have the participant family sign it. The monthly retroactive rent payment plus the amount of rent the tenant pays at the time the repayment agreement is executed should be affordable and not exceed 40% percent of the family's monthly adjusted income. The repayment agreement will specify the number of months required to pay repayment amount in full. The repayment agreement must reflect any initial lump sum payments made to reduce the debt.
3. A copy of the repayment agreement must be given to the participant family and staff, as appropriate, with the original placed in the participant's file.

4. SEK-CAP shall ensure that appropriate staff receive a monthly report listing all families who are current participants and who have outstanding claims. This report must be made available to all PHA staff, as required, so that these policies may be fulfilled.
5. When a participant family requests a new voucher to move with continued assistance, SEK-CAP must first review the file and the updated, outstanding claim report to see if a repayment agreement is present and current. If the participant family is in default on the repayment agreement, the participant family shall be terminated from the program in accordance with SEK-CAP termination policies. If the participant family has a repayment agreement that is current, they may be issued a voucher to move with continued assistance, contingent upon their remaining in compliance with the repayment agreement.
6. In cases where the Head of Household requests the transfer of the subsidy to a remaining household member, the subsidy will not be permitted to be transferred until the debt is paid in full.
7. A family may request a financial hardship exemption during times when they have zero household income. A family may request a revision of their repayment agreement if there is a change in household income or for other reasons, as approved on a case by case basis. All requests must be made in writing to SEK-CAP Housing Department.

#### **Repayment Agreement: Billing**

SEK-CAP is responsible for sending a monthly bill to each family that owes money to the PHA. The monthly bill will be sent via regular mail. In addition to the updated information as to the status of the outstanding account, the bill or letter shall advise the family of the consequences of the family's failure to abide by the repayment agreement. For each missed payment, the PHA will send a notice of termination. If the family pays the missed payment, as well as any new charges, prior to termination, the termination notice will be rescinded.

#### **Repayment Agreement: Monitoring and Reporting**

SEK-CAP is responsible for the monitoring and reporting of all tenant owed debt as required by HUD. When a family leaves the Section 8 Program with an outstanding debt to SEK-CAP, the family will be notified via letter of the balance owed and will be given a chance to dispute the matter. If the family does not dispute the matter, SEK-CAP will enter the debt-owed information into the Enterprise Income Verification (EIV) HUD Secure System, in accordance with 24 CFR 5.233.

#### **Smoke-Free Housing Policy**

FR-5597-F-03 requires property owners and management agents to adopt smoke-free housing policies. The Rule is intended to improve indoor air quality, benefit the health of public housing residents and PHA staff, reduce the risk of fires, and lower overall maintenance costs. Direct and secondhand smoke exposure causes many adverse health outcomes such as asthma, cardiovascular disease, and cancer.

SEK-CAP has adopted a non-smoking policy to reduce health hazards and damage to rental units. This policy bars the use of prohibited tobacco products in all SEK-CAP rental property, including buildings, grounds, common areas, entry ways, openings to buildings (windows), and/or playground areas. The policy is also applicable within 25 feet from SEK-CAP administrative buildings. Prohibited tobacco products are defined as items that involve the

ignition and burning of tobacco leaves, such as: cigarettes, cigars, pipes and water pipes (also known as hookahs).

This policy is effective January 1, 2017 for all guests, staff, new residents, and for residents who have completed the initial lease term of one year. For current residents who have not yet completed the initial lease term of one year, this policy is effective on the date of annual recertification. The following procedures will be followed to ensure residents remain in compliance with this policy:

- All tenants must sign the Lease Addendum: Non-Smoking Policy & Procedures in acknowledgement at move-in and/or prior to the effective date of this policy.
- Units will be inspected at least annually (as usual). Should the inspector identify evidence that residents have violated this policy, the Property Manager will be notified.
- 1<sup>st</sup> Violation: Tenant will be issued a written warning and reminder of this policy.
- 2<sup>nd</sup> Violation: Tenant will be issued a 30-day notice of lease termination due to material non-compliance with this agreement.