



# Tenant Selection Plan

Cedar Lane Senior Living Community, LLC  
An equal housing opportunity



**22680 Cedar Lane Court  
Leonardtown, MD 20650**

Management Company: Cedar Lane Senior Living Community  
FHA Project #052-11353

Updated: May 31, 2024

**HOTMA-RELATED CHANGES WILL BE EFFECTIVE UPON IMPLEMENTATION OF REQUIRED SOFTWARE,  
TO BE DETERMINED LATER IN 2024. ALL OTHER POLICIES ARE EFFECTIVE UPON PUBLICATION**

## *Table of Contents*

Introduction .....	4
Preface .....	4
Management .....	4
History .....	4
Mission .....	4
Purpose of Plan .....	4
Availability of Plan .....	5
Applications and the Waitlist .....	5
Application Process .....	5
Waitlist Overview .....	6
Applying Waitlist Preferences .....	6
Reasons for Removal from Waitlist .....	6
Closing of Waitlist .....	7
Selecting Apartment Types .....	7
Occupancy Standards .....	7
Adding an Apartment Type to an Application .....	8
Procedures for Filling Vacancies .....	8
Filling Accessible Apartments .....	8
Rent Overview .....	8
Federal Rental Assistance/Fair Market Rate Overview .....	8
Rent Formulas .....	9
Public Housing Authority Housing Choice Vouchers .....	9
Applicant Requirements .....	9
Ability to Live Independently .....	9
Age Requirement .....	9
Income Limits for Applicants .....	9
Asset Limitations .....	10
Noncitizen Rule Requirements .....	11
Disclosure of Social Security Numbers .....	11
Eligibility of Independent Students to Receive Section 8 Assistance .....	11
Fair Housing .....	12
Non-Discrimination Requirements .....	12
Accessibility .....	12
Reasonable Accommodations .....	12
Violence Against Women Act (VAWA) Protections .....	13
Screening and Intake of Applicants .....	13

Screening Criteria.....	13
Rejection of Ineligible Applicants .....	14
Notice of Rejection .....	15
EIV (Enterprise Income Verification).....	15
Verification Requirements .....	15
Consent to Release Information .....	16
Only Residence Requirements .....	16
Occupancy Requirements.....	16
Scheduling of Move-ins .....	16
Important Policies .....	17
Absences .....	17
Smoke Free Campus .....	17
Illegal Drug Policy: Marijuana (Cannabis) And Other Controlled Substances .....	17
Apartment Transfer Overview .....	19
Basic Apartment Transfer Policies.....	19
Transfers Due to Changes in Household Size.....	20
Transfers for Reasonable Accommodation .....	20
Transfer Requests Under VAWA Protections .....	20
Live-in Aides.....	20
Pet Policy .....	21
Assistance Animals .....	21
HOTMA Changes .....	21
Section 8 Eligibility .....	21
Discretionary Policies under HOTMA.....	21
<b>New Policies Related to Asset Limitation.....</b>	<b>21</b>
<b>New Policies Related to Verification .....</b>	<b>22</b>
<b>New Policies Related to Deductions.....</b>	<b>23</b>
<b>New Policies Related to Interim Recertifications.....</b>	<b>25</b>
<b>New Miscellaneous Policies .....</b>	<b>27</b>

# *Introduction*

## **Preface**

Thank you for your interest in Cedar Lane Senior Living Community, LLC (CLSLC). CLSLC's primary objective is to provide affordable apartment housing to people age 62 and older. Ten percent (10%) of apartments in two of the community's buildings are allocated to qualifying adults under the age of 62 who are living with a disability.

Cedar Lane Senior Living Community offers Section 8 rental assistance through contracts administered by the U. S. Department of Housing and Urban Development (HUD). The property features studio, one- and two-bedroom units available to eligible applicants without regard to race, color, religion, sex, familial status, national origin, disability, sexual orientation, gender identity or marital status.

## **Management**

An administrator and support staff manage day-to-day operations of Cedar Lane Senior Living Community, with a Board of Directors establishing policy and setting broad goals.

## **History**

Support and sponsorship for Cedar Lane Senior Living Community came from the community at large, the Catholic Church and the Episcopal Church. The first facility (The Church Building) was constructed in 1977, the second (The Burch Building) in 1982, and the third (The Colton-Weinberg Building) in 2001.

## **Mission**

The mission of Cedar Lane Senior Living Community is to help residents live with maximum dignity, independence and quality of life by:

- setting and maintaining standards of excellence in affordable senior housing;
- facilitating access to quality, resident-driven services;
- delivering exceptional customer service;
- attracting and retaining qualified and compassionate employees;
- sustaining and advancing our work by engaging supporters through strategic outreach and fundraising;
- and
- continually evaluating and improving our facilities, technology and partnerships to remain responsive to the needs of the community.

## **Purpose of Plan**

CLSLC has prepared this tenant selection plan in accordance with multifamily housing regulations for Section 8 subsidized housing. This tenant selection plan establishes a set of policies, which are consistently applied to all residents and applicants, regarding tenant selection and ongoing occupancy. The plan is designed to promote fairness and uniformity in tenant selection and to promote efficiencies in the processes used by CLSLC in its operations. The procedures contained in this tenant selection plan have been established in compliance with the HUD Handbook 4350.3, as amended, and all other applicable federal statutes and regulations.

## **Availability of Plan**

CLSLC will review and update this tenant selection plan as needed to reflect changes in regulations or operations. This tenant selection plan will be made available for public viewing on CLSLC's website at [www.cedar-lane.org](http://www.cedar-lane.org) and at CLSLC's marketing office during regular hours of operation. When an applicant or resident family requests a printed copy, CLSLC will provide copies to them for the cost of copies and/or postage.

## *Applications and the Waitlist*

### **Application Process**

Anyone interested in applying for housing at CLSLC may receive an application by any of the following methods: pick up in person at 22680 Cedar Lane Ct. Leonardtown, MD 20650; via US Mail; via email; download from our website; or via fax. Applications may be returned in person; via US Mail; via email; or by fax, if the original signed application is also submitted. Allowances will be made for those who live out of state or need a reasonable accommodation.

Applications will be marked with the date and time they are received by the Occupancy Department and applicants will be added to the waitlist in chronological date order. Incomplete or unsigned applications will be returned to the applicant.

All information will be verified in accordance with HUD regulations and requirements as outlined in HUD Handbook 4350.3. Additionally, applicants will be required to sign all appropriate and necessary forms authorizing CLSLC to verify all factors that affect the applicant's eligibility or determine the rent the applicant will pay. All of this information may be released by HUD to other Federal, State and local agencies.

- Applicant(s) must be 62 years or older at time of application unless they are disabled (requires verification).
- Applicant(s) must complete the application in full including signature and date.
- Applicant(s) must meet certain credit/criminal report standards. Cedar Lane Senior Living Community requires a credit/criminal report on all applicants, family members and/or live-in aides who may occupy the unit, including a national lifetime sex offender registration check.
- Applicants must demonstrate the ability to meet financial obligations in a satisfactory manner, including timely payment of rent and any debts.
- Applicants must have a qualified guarantor if deemed necessary as a result of the credit check. Guarantors must meet CLSLC credit report standards. Guarantors assume financial responsibility for any outstanding monies due CLSLC for the entire duration of the tenant's residency.
- Applicants must show the ability to live independently and fulfill all lease requirements.
- Applicants must agree to live according to the house rules as outlined in the Resident Handbook as a condition of their lease.
- Applicants must demonstrate satisfactory housekeeping habits that will not jeopardize the health, security, welfare or right to peaceful enjoyment of the community for themselves or other residents. Management may check with current/former landlords regarding the applicant's housekeeping habits to determine the maintenance of the applicant's home in regards to sanitary conditions, and fire and safety standards that would pose a threat to other residents.
- Applicants must disclose social security numbers for all household members, except for those individuals who do not contend eligible immigration status or tenants who were age 62 or older as of

January 31, 2010, and whose initial determination of eligibility was begun before January 31, 2010. Applicants must provide adequate documentation to verify the complete and accurate social security numbers assigned to all household members. Adequate documentation means a social security card issued by the Social Security Administration (SSA), an original document issued by a federal or state government agency, which contains the name and SSN of the individual along with identifying information of the individual, or other acceptable evidence of the SSN. An applicant may not be admitted until SSNs for all household members have been disclosed and verification provided. Acceptable forms of proof include: Original Social Security Card, driver's license with SSN, ID card issued by a federal, state or local agency, a medical insurance provider, or an employer or trade union, earnings statements on payroll stubs, bank statement, form 1099, benefit award letter, retirement benefit letter, life insurance policy, or court records. If attempts to verify SSN with one of these documents fails, CLSLC can accept a self-certification of the SSN *and* at least one third-party document, such as a bank statement, utility or cell phone bill, benefit letter, etc., that contains the name of the individual.

- Only U.S. citizens or eligible non-citizens may receive assistance under Section 8 and Section 202/8 programs. Applicants must sign a declaration certifying U.S. Citizenship or eligible non-citizen status.

### **Waitlist Overview**

Upon receipt of a completed and signed application, it will be marked with the date and time it was received by the Occupancy Office. If there is an immediate opening available and no previous applicant waiting, the application will be processed. If there are no current openings, the applicant's name will be added to the waitlist and kept in chronological date order. Applicants are welcome to apply to any/all apartment types for which they qualify or can afford. There is no application fee.

One's place on the waitlist is determined by the date on which all application materials are received at the Occupancy Office, however acceptance to the waitlist does not automatically guarantee eligibility for an apartment. Further screening as described in the screening criteria section will be completed at the time an apartment is offered.

### **Applying Waitlist Preferences**

Applicant age plays a significant factor in tenant selection at CLSLC, with first preference given to those who are 62 and older. Applicants who are under the age of 62 and disabled will only be contacted, in order of application date, when CLSLC has an opening in one of the 16 apartments allocated to those under the age 62. CLSLC may also apply income-related preferences in order to meet income-targeting requirements as prescribed by HUD Handbook 4350.3. This will include qualifying the applicant based on income to ensure that Cedar Lane Senior Living Community complies with HUD's requirement to lease not less than forty percent (40%) of the dwelling units assisted under the HUD contract to extremely low-income applicants. In the event Cedar Lane Senior Living Community falls below the 40% target, applicants will be selected based on income until the target is met. Once the target is met, applicants will be admitted in waitlist order.

### **Reasons for Removal from Waitlist**

Upon applying, it becomes the applicant's responsibility to keep CLSLC apprised of any changes to the application including change of address, phone number, family composition or occupancy requirements. Failure to do so could result in being removed from the waitlist. Other reasons for removal include:

- Rejection of an offered unit
- Outdated contact information

- Failure to respond to written notice for updates regarding the waitlist
- Mail sent to the applicant’s address is returned as undeliverable
- The applicant no longer meets the eligibility requirements for the property or program.
- The applicant fails to respond to telephone messages in a reasonable amount of time (generally 48 hours). Exceptions may be made for those who have good cause, such as family emergency, illness or disability related reasons.
- The applicant voluntarily asks to be removed from the waitlist.

In the event it is determined an applicant was erroneously removed from the waitlist, the applicant will be reinstated to their original place on the waitlist.

**Closing of Waitlist**

The waitlist may be closed when the average wait for a specific type of unit becomes excessive (one year or more). When the owner closes the list, the owner must advise potential applicants that the waitlist is closed and refuse to take additional applications. Should CLSLC decide to close a waitlist, notification along with the reason will be published in the local newspapers, on the website and be given out from the appropriate outlets that would normally distribute applications. Upon reopening the waitlist, the same procedures will be used to notify the public that the waitlist has reopened and how and where they may apply.

**Selecting Apartment Types**

The apartment application for CLSLC includes a section for choosing the type of unit for which the applicant wishes to apply -- subsidized studio, unsubsidized studio, subsidized 1-bedroom, unsubsidized 1-bedroom, subsidized 2-bedroom, unsubsidized 2-bedroom. Applicants can select any apartment type for which they qualify or can afford, provided it adheres to the following occupancy standards:

**Occupancy Standards**

<b>Bedroom Size</b>	<b>Minimum Number of Persons</b>	<b>Maximum Number of Persons</b>
Studio	1	2
1 Bedroom	1	2
2 Bedroom (subsidized)	2	3
2 Bedroom (unsubsidized)	1	3

Single people applying for any Federal Rental Assistance apartments at CLSLC are eligible for studio or one-bedroom apartments. Couples are eligible for studio, one-bedroom or two-bedroom apartments. Families (including children or grandchildren) or a single person who has a live-in aide are eligible for a two-bedroom apartment with a maximum occupancy of three people. Single applicants of unsubsidized apartments in the Colton-Weinberg Building (Building III) may apply for either one-bedroom or two-bedroom units, however no more than two people can live in a 1-bedroom and no more than three people can live in a 2-bedroom unit.

Should family composition change or a resident no longer have an aide living with them, residents will be asked to move to an appropriately-sized apartment when one becomes available. Should an applicant’s occupancy requirements change while they are on the waitlist; it is the applicant’s responsibility to notify CLSLC in writing. A decrease in household members may make applicants ineligible for larger apartment

sizes. Additional household members will require a new application so CLSLC can verify and document all household members in accordance to HUD standards.

### **Adding an Apartment Type to an Application**

If an applicant wishes to add an additional apartment type to an existing application, a new waitlist entry will be created using the date the request is made. A dated addendum describing the addition will also be added to the application file. This ensures that the applicant appears at the bottom of the waitlist for the new type of apartment they are considering and does not skip anyone who has been waiting. For example: John Smith originally applied on May 13, 2024 for a 1-bedroom apartment, but decides on December 4, 2024 that he would also like to add the studio apartment option. A new entry for the studio apartment dated December 4, 2024 will be created and entered into the waitlist, with a summary of the action recorded in writing and added to the file.

### **Procedures for Filling Vacancies**

When a unit becomes vacant, Cedar Lane will select the next qualified applicant on the waitlist indicating preference for that type of apartment. The applicant will be contacted by phone at the number(s) provided on the application, and will have 48 hours to respond to the offer and accept or decline. While primary contact is made by phone, CLSLC may make additional attempts at contact by email or mail. If an applicant declines an apartment offer, fails to respond at all, or cannot be reached at the phone number provided on the application, the applicant's name will be removed from the waitlist for that apartment type in that building. (Exceptions may be made for those who have good cause, such as family emergency, illness or disability related reasons.)

An applicant may have income that is over the Building II limit, but under the Building I limit. If such an applicant reaches the top of the waitlist for a one or two bedroom unit and the only unit available is in Building II, CLSLC will leave the applicant in place at the top of the waitlist for an opening in Building I and move to the next qualified applicant for the opening in Building II.

### **Filling Accessible Apartments**

Certain apartments at CLSLC have been built to meet the needs of residents with physical disabilities. When one of these accessible apartments becomes vacant, CLSLC will make every effort to place a tenant who requires the accessible features of that apartment. This may involve moving a current physically disabled tenant into that apartment in the event of a reasonable accommodation request, or choosing the next applicant on the waitlist who indicated the need for an accessible apartment.

## *Rent Overview*

### **Federal Rental Assistance/Fair Market Rate Overview**

Federal rental assistance makes housing affordable for almost 10 million people. Through an agreement with HUD, subsidized rents are "attached" to 69% of the apartments at Cedar Lane. In these apartments, qualified households pay 30% of their monthly income (after certain deductions) for rent. The other 31% of apartments at CLSLC are unsubsidized and available for a flat, fair market rent.



## **Rent Formulas**

Applicants must agree to pay the rent required by the applicable Section 8 subsidy formula, or the stated flat market rent used by CLSLC.

### **Section 8 Rent Formula:**

The rent a household will pay is the highest of the following amounts:

- 30% of the family's monthly adjusted income
- 10% of the family's monthly income
- Welfare rent or welfare payment from agency to assist family in paying housing costs

OR

- \$25 minimum rent

## **Public Housing Authority Housing Choice Vouchers**

CLSLC may accept portable Housing Choice Vouchers issued by a Public Housing Authority toward rent payments of unsubsidized studio apartments. Please note, incoming residents will still be required to pay a security deposit equal to one month of the full rent rate.

## *Applicant Requirements*

### **Ability to Live Independently**

Applicants must be capable of living and thriving independently in their own apartment home. While additional fee-based services like laundry and housekeeping are available, no form of health or wellness care is promised to tenants moving into CLSLC. Residents are free to arrange for any needed services provided by third-party providers at their own expense.

### **Age Requirement**

CLSLC's primary service is to people age 62 years and older, with the majority of the community's apartments being offered to this age group. By contract, CLSLC allocates 10% of its apartments in the Church and Burch Buildings (16 apartments total) to eligible adults under the age of 62 who are living with a disability. Because of the limited number of apartments for tenants under age 62, there may be a lengthy waitlist for these apartments.

### **Income Limits for Applicants**

HUD establishes income limits and revises them annually to ensure that federal rental assistance is provided only to eligible tenants. Those applying to the Elizabeth Mattingly Church Building (Building I) must meet the low-income requirements as defined by HUD. Those applying for the Burch Building (Building II) must meet the very-low income requirements as defined by HUD. Those applying to the Colton-Weinberg Building (Building III), or the unsubsidized units in Building I, are not required to meet an income limit but are not eligible for rental assistance. For current income limits, please call or visit the Cedar Lane Occupancy office.

## Asset Limitations

Due to changes brought about by the Housing Opportunity Through Modernization Act (HOTMA), applicants will be subject to asset limitations. This will be effective later in 2024, or no later than January 1, 2025, upon CLSLC's implementation of required software which will be determined in accordance with Contract Administration and the software vendor.

HOTMA introduces an asset cap and a real property restriction for Section 8 units. At admission, an applicant household is out of compliance with the asset limitations and must be denied admission if they have either of the following:

- Net family assets that exceed \$100,000 (adjusted annually for inflation).
- A present ownership interest in, a legal right to reside in, and the effective legal authority to sell real property that is suitable for occupancy by the family as a residence.

### Important information regarding the asset cap:

- Certain assets are excluded from net family assets, including, but not limited to:
  - Retirement accounts (as defined by the IRS)
  - The value of real property that the applicant does not have the effective legal authority to sell
  - Amounts held in irrevocable trusts
  - ABLE accounts (“Achieving a Better Life Experience” accounts are tax-advantaged savings program for eligible people with disabilities)
  - Non-necessary personal property when the combined value does not exceed \$50,000 (adjusted annually for inflation). Non-necessary personal property includes tangible items like RVs, boats, and collectibles, as well as intangible items like bank accounts, stocks, life insurance policies, and other financial instruments.

### Important information regarding the real property restriction:

- An asset is considered real property if it meets the definition of real property in the state or locality in which the property is located. For property in Maryland, CLSLC will reference the Maryland Real Property Code if an asset's classification as real property is in question, such as in the case of mobile homes. Property located in or outside of Maryland will be researched and considered on a case by case basis.
- The real property restriction does not apply to the following:
  - Any property jointly owned by the applicant and another individual who will not live with the applicant but who resides at the jointly owned property.
  - Any property owned by a victim of domestic violence, dating violence, sexual assault, or stalking.
  - Any property that the applicant is offering for sale. Documentary evidence of the sales process could include, for example, a contract with a real estate agent or a current real estate listing.
  - Any property for which the family is receiving assistance under 24 CFR § 982.620, or under the Homeownership Option in 24 CFR Part 982.
  - Any property that the applicant does not have the legal right to reside in, such as commercial property.
  - Any property that the applicant does not have the effective legal authority to sell.
  - Any property that is not suitable for the applicant household as a residence, such as:
    - It does not meet the disability-related needs of all household members.
    - It is not sufficient for the size of the household.
    - It is geographically located so that it creates a hardship. CLSLC will consider geographic hardship on a case-by-case basis, taking into account such factors as

distance between the property and an applicant's supportive services or caregivers, or distance between the property and an applicant's place of employment.

- It is not safe to reside in because of its physical condition and cannot be easily remedied or would be cost prohibitive.
- The net cash value of a property is the amount of cash that could be gained from the sale of a property at fair market value after considering selling costs and mortgage debt. The net cash value of property that qualifies for an exemption from the real property restriction will still be counted towards the calculation of net family assets, and therefore towards the \$100,000 asset cap. At this time, regulations exclude the following from net family assets: The value of real property that the applicant does not have the effective legal authority to sell, including but not limited to co-ownership situations where one party cannot unilaterally sell the real property; property that is tied up in litigation; inherited property in dispute.

In addition to new admissions, asset limitations will apply to Initial Certifications. This can happen when a household loses their assistance due to failure to recertify timely and wishes to be reconsidered for assistance, or when a household began to pay market rent due to increased income, then wishes to be reconsidered for assistance upon losing income. Asset limitations will also apply to tenants who become eligible for a transfer between buildings at CLSLC. Each building is a separate project with different HUD contracts, and so moving between projects is considered a new admission.

For annual and interim recertifications of tenant households, HUD allows for discretion in applying the asset limitations. See the section "Discretionary Policies under HOTMA" at the end of this document for more information.

### **Noncitizen Rule Requirements**

Under the Federal Noncitizen Rule, only U.S. citizens and eligible immigrants may benefit from Federal rental assistance.

### **Disclosure of Social Security Numbers**

Applicants must disclose social security numbers (SSNs) in order for Cedar Lane to make an eligibility determination. The head of household/spouse/co-head must disclose SSNs for all family members at least six years of age and older. If no SSN has been assigned to a particular family member, the applicant must sign a certification stating that no SSN has been assigned. Applicants must provide adequate documentation of SSNs.

### **Eligibility of Independent Students to Receive Section 8 Assistance**

To be eligible for Section 8 Assistance, any adult who attends an institute of higher learning (full or part-time) must be one of the following:

1. A dependent of the household.
2. Over age 23
3. A Veteran
4. Married
5. A parent with dependent child(ren)
6. A disabled individual who was receiving assistance prior to November 30, 2005
7. Independent from parents\* OR have parents who are income eligible for Section 8 assistance.

\*To prove that a person age 18-23 is "Independent" an owner must verify and document that the student: Is of legal contract age under state law, AND

Has established a separate household from parents for at least a year OR meet the U.S. Dept. of Education definition of an independent student \*\*, AND  
Is not claimed on parents' tax return, AND  
Gets (or does not get) financial help from parents.

\*\* U.S. Department Definition of "independent student" is one who:

1. Is age 24+ by December 31 of year
2. Is an orphan or ward of state through age 18
3. Is a Veteran
4. Has a legal dependent – (example: child or parent)
5. Is a graduate or professional student
6. Is married

If the student is NOT "independent," then the parents must be income-eligible for Section 8. The parents may sign a declaration and certification of income. They must be below the HUD income limit. The income limit that will be used:

If parents live in the U.S. – income limit for the area that the parents live in.

If parents live outside the U.S. – income limit where the property is located.

An owner may verify further (tax returns, etc.) if the parents' certification is questionable. The student is not eligible if the parents refuse to provide a:

1. Declaration of their income, AND
2. Statement of whether they provide student financial assistance or not.

## *Fair Housing*

### **Non-Discrimination Requirements**

Federal regulations prohibit discrimination against certain protected classes and other groups of people. CLSLC shall not discriminate against applicants or tenants on the basis of race, color, national origin, religion, sex, familial status, disability, marital status, gender identity, or sexual orientation.

### **Accessibility**

For applicants with mobility challenges, CLSLC is an accessible facility with elevators serving all three buildings.

### **Reasonable Accommodations**

In order to meet the requirements of Section 504 of the Rehabilitation Act of 1973, this property will make reasonable accommodations in policies, procedures, services and facilities, if necessary, to afford a person with disabilities or limited English proficiency equal opportunity to apply for, live in and enjoy a dwelling unit or the common area and facilities of the property. Reasonable accommodations do not cause undue hardship for CLSLC including significant difficulty, disruption or expense. Requests for Reasonable Accommodations should be put in writing so there is a clear documentation of the request.

## **Violence Against Women Act (VAWA) Protections**

The Violence Against Women Act (VAWA) provides protections for victims of domestic violence, dating violence, sexual assault, or stalking. VAWA protections are not only available to women, but are available equally to all individuals regardless of sex, gender identity, or sexual orientation. Within the VAWA protections, applicants/residents of CLSLC may not be denied admission, denied assistance, terminated or evicted on the basis that they are a victim of domestic violence, dating violence, sexual assault or stalking. If a tenant who is a victim requests an early lease termination, to divide (bifurcate) the lease from the abuser, or transfer to another unit because she/he feels that she/he is in danger, CLSLC shall make every effort to comply with the request and shall not penalize the tenant. All tenants receiving VAWA protections must otherwise qualify for admission, assistance, participation or occupancy.

With the signing of the VAWA Reauthorization Act of 2022, several new protections are put in place.

- Applicants and residents shall have the right to seek law enforcement assistance on their own behalf or on behalf of another person in need of assistance without actual or threatened eviction, fines, or refusal to renew tenancy.
- Applicants and residents shall not be coerced or threatened by their housing provider due to their exercising of their protections under VAWA or aiding others in exercising their rights under VAWA.
- Applicants and residents shall not be discriminated or retaliated against by their housing provider for opposing any act or practice made unlawful by VAWA or because that person testified, assisted, or participated in any matter related to VAWA.

## *Screening and Intake of Applicants*

### **Screening Criteria**

PLEASE NOTE: Cedar Lane does not accept Reusable Tenant Screening Reports.

#### **CREDIT HISTORY:**

Should the applicant indicate interest in moving into the apartment, the occupancy department will conduct initial screening procedures including a credit history. A credit score of 670 or better is considered “good credit.” Applicants with lower credit ratings may require a guarantor with income and good credit, who agrees to be legally responsible for all outstanding charges should the resident default on payments.

#### **CRIMINAL HISTORY:**

A check will be made of criminal conviction records for all applicants of the household. Reports will be obtained from local and/or state records. If the applicant has resided in a state other than Maryland and has a past felony conviction, a report will be required from that state or federal organization. Generally, public records of this sort are only available for the past seven (7) years. However, if information becomes known during the screening process regarding criminal activity that happened before the past seven year period which could impact the applicant’s eligibility to live at the property, CLSLC reserves the right to consider this information as well.

Serious felony offenses and or continued and ongoing criminal activity will be grounds for rejection if such offenses involve physical violence to persons or property, domestic violence, sexual abuse, manufacturing or sale of narcotics, illegal weapons possession, any form of assault, breaking and entering,

burglary or drug related criminal offenses. The nature, severity and timing of such felony offenses and/or ongoing criminal activity will be considered when reviewing the applicant and only those potentially impacting the health, safety, security or right to peaceful enjoyment of the property of and by other residents, visitors, employees will be considered. Arrests alone will not be considered grounds for rejection, but the conduct underlying arrests may constitute such grounds if criminal activity is indicated by related arrest reports, witness statements and/or other relevant documentation. CLSLC will ensure the applicant is not registered on the National Sex Offender List.

#### **RENTAL HISTORY:**

If the applicant has a rental history, CLSLC may verify the applicant's standing with current or previous property owners. Upon the successful completion of these initial screening procedures, an intake interview will be scheduled to verify and document eligibility.

### **Rejection of Ineligible Applicants**

Applicants may be rejected for the following reasons:

#### **CREDIT HISTORY:**

- Poor credit score and/or history of delinquent payments.
- A bankruptcy within the last three years.
- Unmet credit obligations of any value (medical expenses will be waived)

#### **CRIMINAL HISTORY:**

- Serious felony offenses and or continued and ongoing criminal activity will be grounds for rejection if such offenses involve physical violence to persons or property, domestic violence, sexual abuse, manufacturing or sale of narcotics, illegal weapons possession, any form of assault, breaking and entering, burglary or drug related criminal offenses.

#### **RENTAL HISTORY:**

- A judgment against an applicant obtained by the current or previous landlord.
- An unmet obligation owed to a previous landlord.
- The applicant must have made timely payments of rental payments.
- A negative landlord reference or feedback.
- Any prior eviction activity

#### **OTHER REASONS FOR REJECTION:**

- Any household containing a member(s) including the head of household that has been evicted from federally assisted housing for drug-related criminal activity, unless that person has successfully completed an approved, supervised drug rehabilitation program or the circumstances leading to the eviction no longer exist (household member has moved out).
- A household in which any member is currently engaged in illegal use of drugs or for which the owner has reasonable cause to believe that a member's illegal use or pattern of illegal use of a drug may interfere with the health, safety, and right to peaceful enjoyment of the property by other residents.
- Any household member who is subject to a state sex offender lifetime registration requirement.
- Any household member, if there is reasonable cause to believe that member's behavior, from abuse or pattern of abuse of alcohol, may interfere with the health, safety, and right to peaceful enjoyment of the property by other residents.
- Failure to show positive history in being able to meet the terms of the lease including the ability to pay rent in a timely fashion.
- Applicant needs assistance beyond the scope that can be provided at CLSLC.
- Applicant is ineligible for occupancy in a particular unit or property.

- Applicant is unable to disclose and document Social Security numbers of all household members who are at least 6 years old up to age 62 or does not execute a certification stating that no SSN's have been assigned.
- Does not sign and submit verification consent forms or the Authorization for Release of Information (forms HUD-9887 and HUD-9887-A) or signs the 9887/9887-A but later revokes their consent.
- Includes family members who did not declare citizenship or non-citizenship status, or sign a statement electing not to contend non-citizen status.
- Does not meet owner's tenant screening criteria.

### **Notice of Rejection**

Applicants who do not pass the eligibility requirements will immediately be sent a Notice of Rejection. This written notice will specifically state the reason for the rejection, and will inform the applicant(s) of their right to respond to management in writing within 14 calendar days to request an appeal meeting to dispute the rejection.

### **EIV (Enterprise Income Verification)**

HUD's EIV system is an upfront income verification tool available to owners to validate wage, unemployment and social security income during annual, interim and initial certifications of residents' income. It is a web-based application available to authorized program administrators of HUD's rental assistance programs, which allows an owner to verify income through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals. It is also known as automated written third party verification.

CLSLC has trained its staff regarding the use of all EIV data and reports, as outlined in the property's EIV Policies and Procedures manual at the property. Included in these reports are Income Reports which are used as a third party source to verify residents' employment and income during mandatory recertification sessions of family composition and income, and Verification Reports, which are used to further assist management in reducing subsidy payment errors. Management has trained its staff to retain EIV data in residents' files for the term of tenancy, plus 3 years after tenancy is terminated.

Management will use the Existing Tenant Search at the time of processing all applicants for admission. This report identifies applicants applying for assisted housing that may be receiving rental assistance at the time of application at another Multifamily Housing or Public and Indian Housing location. If it is found that an applicant is residing at an assisted property, management will give the applicant the opportunity to explain their intention to move from their existing location. In addition, management will contact the respective Public Housing Authority or owner/agent to confirm the individual's program status, and if the individual has given a 30-day notice to vacate at their current property. Management will then coordinate the move-in/move-out dates with the Public Housing Authority or owner/agent.

Management is currently in compliance with the EIV system and has established guidelines in the property's Policies and Procedures manual outlining technical, administrative and physical safeguards for staff to implement for ensuring the security and confidentiality of resident records.

### **Verification Requirements**

Applicants must agree to furnish any information required to verify eligibility for rental assistance including all sources of income and assets. Applicants are hereby informed that, by law, the penalties for

false information may include eviction, loss of assistance, fines up to \$10,000, and imprisonment up to five years. Applicants must understand that a final decision of eligibility cannot be made until all verifications are complete. In addition, they must understand that HUD has the right to compare any of the information supplied in the verifications with information that federal, state, or local agencies have on the family's income and household composition.

### **Consent to Release Information**

Management, in compliance with the Privacy Act, is fulfilling its fiduciary responsibility by giving notice of the authority to obtain income information on all individuals applying to or currently living in HUD-assisted housing, to determine eligibility and the amount of rent a resident will pay. This is achieved through HUD forms 9887 and 9887-A, Applicant's/Tenant's Consent to the Release of Information. Each applicant/resident gives their consent to the release of information by signing these forms, and the individual verification forms that apply to them. It is a requirement to sign these forms at the time of move-in, and annual/initial certifications. The effect on an individual for not signing the forms will be denial or termination of assistance.

### **Only Residence Requirements**

Applicants receiving rental assistance through HUD must agree that their rental unit will be their only residence. When applicants are being interviewed, they are required to reveal all assets they own including real estate.

### **Occupancy Requirements**

By signing the lease on the move-in date, applicants agree to abide by the rules of the lease as well as the house rules as established in the Resident Handbook. They also agree to the rules and regulations associated with receiving assistance from HUD. At the time of move-in, residents must pay the first month's pro-rated rent and a security deposit, which is equal to one month's rent or total tenant payment. The security deposit is held in an interest-bearing account that earns appreciation at the current established rate.

Residents sign a one-year lease. Four months prior to lease expiration, tenants will be notified of their obligation to recertify with the occupancy specialist. Failure to do so will result in the loss of subsidy causing the resident to pay full market rate on the apartment. An annual apartment inspection will be part of the recertification process. Failure of this inspection could result in termination of subsidy and/or eviction.

### **Scheduling of Move-ins**

CLSCLC requires incoming residents to complete their intake interview and sign the lease for their new apartment in a reasonable amount of time. Generally, incoming residents are expected to sign the lease within 30 calendar days of accepting the apartment. With management approval, exceptions may be made in the event of special circumstances, such as listing a home for sale, medical hardship, death in the family, long-distance moves or fulfilling the requirements of a current lease.



## *Important Policies*

### **Absences**

Residents must notify management in writing if all members of the household intend to be absent from the site more than 30 consecutive days. A resident who receives subsidy may not be absent from the site for longer than 60 consecutive days or 180 days if the absence is due to medical reasons. In the event an absence exceeds these limits, the apartment rent changes to market rate rent. Failure to pay market rate rent may result in eviction proceedings. Residents may appeal the change in rent by writing the CEO/President. Exceptions will be granted on a case-by-case basis.

### **Smoke Free Campus**

CLSLC is a smoke free campus. Smoking is prohibited in any area of CLSLC property both private and shared spaces. This includes apartments, hallways, lounges, elevators, restrooms, stairwells and cars parked on CLSLC property. The only area where smoking is permitted is the outdoor gazebo, located just past the parking lot. This policy applies to all residents, guests, vendors, visitors, employees and service personnel. Per this policy, the term “smoking” includes any inhaling, exhaling, breathing or carrying of any lighted cigar, cigarette, pipe or other tobacco product, vaping devices, marijuana or other legal or illegal substance.

Although CLSLC strictly enforces this non-smoking policy, administration cannot and does not warrant or promise that any apartment or common areas of the buildings will be smoke-free, and makes no warranty or guarantee as to the health of any resident or other person. Residents with respiratory ailments, allergies, or any other physical or mental condition relating to smoke are hereby put on notice that CLSLC does not assume any higher duty of care to enforce this policy than any other landlord obligation under the terms of the resident’s lease.

### **Illegal Drug Policy: Marijuana (Cannabis) And Other Controlled Substances**

In its screening guidelines, HUD Handbook 4350.3 REV-1 states that owners must establish standards that prohibit admission of:

- a. Any household containing a member(s) who was evicted in the last three years from federally assisted housing for drug-related criminal activity. The owner may, but is not required to, consider two exceptions to this provision:
  - (1) The evicted household member has successfully completed an approved, supervised drug rehabilitation program; or
  - (2) The circumstances leading to the eviction no longer exist (e.g., the household member no longer resides with the applicant household).
- b. A household in which any member is currently engaged in illegal use of drugs or for which the owner has reasonable cause to believe that a member’s illegal use or pattern of illegal use of a drug may interfere with the health, safety, and right to peaceful enjoyment of the property by other residents.

#### **Marijuana is still illegal in HUD-funded facilities**

Due to the Federal prohibition of the manufacture, distribution, and possession of marijuana -- even when state law authorizes its medical and/or personal use -- along with the increased risk of fire, increased maintenance costs, noxious odor, and the known health effects of marijuana, CLSLC continues to have

zero tolerance for marijuana use, as defined below. Cedar Lane’s Marijuana Policy shall be strictly enforced for all residents, employees, vendors, invitees and guests.

### Background

Marijuana is regulated by both state and Federal law, and the Federal Controlled Substances Act, 21 U.S.C. § 801, et seq., continues to prohibit the manufacture, distribution, and possession of marijuana even when state law authorizes its use. Under the Supremacy Clause of the U.S. Constitution, article VI, paragraph 21, federal law supersedes state law where there is a direct conflict of laws. Even if a person has a prescription for medical marijuana, the Federal Fair Housing Act states that a disability/handicap “does not include current, illegal use of or addiction to a controlled substance” as defined in the Controlled Substances Act.

The Quality Housing & Work Responsibility Act of 1998 (Public Housing Reform Act), 42 U.S.C. § 13661 requires that housing communities administering HUD’s rental assistance programs establish standards and lease provisions that prohibit admission based on the illegal use of controlled substances, which includes state legalized marijuana.

### Rules and Regulations.

All residents, employees, business visitors, invitees, and guests must abide by the following rules and regulations:

1. Notice to Applicants. All prospective residents and housing applicants will be informed that the Controlled Substances Act (“CSA”) lists marijuana as a Schedule I drug, and that the possession of marijuana or any other Schedule I drug, even if in possession of a current medical marijuana registration, will not be allowed at CLSLC.
2. Admission Prohibited. The Quality Housing & Work Responsibility Act of 1998 says owners of federally assisted housing must deny admission to any applicant determined to be illegally using a controlled substance, including marijuana.
3. Prohibition of the Use of Marijuana. CLSLC will adhere strictly to the HUD federal law with regard to all use of marijuana or any other substance listed as a Schedule I substance under the CSA. Residents, employees, caregivers and all guests may not possess or be engaged in the manufacturing, use of, or distribution of illegal drugs.
4. Medical Marijuana is not a reasonable accommodation. Federal nondiscrimination laws do not require multifamily housing owners to allow marijuana use as a reasonable accommodation for disabilities.
5. Compliance by Resident’s Guests. Resident is responsible for informing all guests of this Policy and for ensuring guest compliance with this Policy.
6. Lease Violation. A breach of this Policy will be considered a lease violation. The Quality Housing & Work Responsibility Act of 1998 provides owners with the discretion to determine, on a case-by-case basis, when it is appropriate to terminate a resident’s tenancy.
7. Complaints. If you witness someone engaged in the use of marijuana at CLSLC, you are encouraged to report the violation to Property Managers in writing as soon as possible.
8. Investigations. Property Managers receiving a complaint will take appropriate measures to investigate and will take subsequent enforcement action, if necessary, as soon as possible. Property Managers are not

required to take steps in response to illegal drug use or possession unless Property Managers know of the illegal use or possession or have been given written notice of the illegal use or possession.

## **Apartment Transfer Overview**

CLSCL will accept requests for transfer based on the following:

- There is a need for a unit transfer because of a change in household size and/or composition
- There is a need for a unit transfer based on the verified need for an accessible unit
- There is a verified need for a reasonable accommodation or a verified medical need for a different unit
- There is a need for a unit transfer of a household that does not require the accessibility features of a unit in which they are living
- The resident has requested and qualifies for a VAWA Emergency Transfer
- CLSCL also has policies in place that permit any resident to transfer to a preferred apartment size/type for a non-refundable \$500 transfer fee, once they reach the top of the associated waitlist and a matching unit becomes available.

## **Basic Apartment Transfer Policies**

Residents who move in to an apartment at CLSCL may choose to remain on the waitlists for other apartment types they consider more desirable without having to reapply, thereby maintaining their original effective/application date and place on the waitlist. Residents who are not currently on the waitlist but later wish to transfer to a different apartment type must fill out a new transfer form.

- Residents receiving federal rental assistance through HUD are eligible to transfer to another unit after completing their first year's lease in full. Residents of unsubsidized apartments are eligible to transfer after completing six months of their first year's lease. Once eligible to transfer, residents must still wait for their names to reach the top of the waitlist for that type of apartment.
- A \$500 non-refundable transfer fee applies for all basic apartment transfers to cover CLSCL's cost to prepare the old apartment for the next tenant and submit all of the necessary documentation to HUD. CLSCL staff will not move transferring tenants. It is the tenants' responsibility to finance, organize and complete the move in a specified time frame.
- In order to transfer, residents must be in good standing in the Cedar Lane Community and have no lease or house rule violations for a period of one year. A history of timely payment of rent with no outstanding charges is an example of being in good standing. If an applicant has received a letter regarding issues such as cleanliness of apartment, behavior within the community or violation of any rules within the past year, the resident will not be eligible for transfer. The resident's current apartment must be clean, free of trash, garbage, waste and alterations.
- If a resident living in Building I reaches the top of the waitlist to transfer to an apartment in Building II but is over the income limit for Building II, CLSCL will move to the next qualified applicant and leave the resident in place at the top of the list for an opening in Building I.
- Due to Cedar Lane's age requirements, residents under the age of 62 who wish to transfer from one building to another can do so only when their name reaches the top of the waitlist and there is an opening in the building's occupancy for a resident under the age of 62.

## **Transfers Due to Changes in Household Size**

On occasion, CLSLC management may require a resident receiving Federal rent assistance to transfer to a different unit size to meet HUD occupancy standards. This may occur because of a change in household size and/or composition and the family no longer qualifies for the unit size in which they are dwelling. Unit transfers that are required by management will take priority over all other move-ins.

## **Transfers for Reasonable Accommodation**

CLSLC will accept requests for transfer based on the verified need for a reasonable accommodation or a verified medical need for a different unit.

- Residents who seek a transfer as reasonable accommodation for a disability will be transferred at CLSLC's expense provided it does not create undue financial or administrative burden and provided the transfer is an accommodation for a verified disability or medical reason. The resident must provide written documentation from a licensed physician, psychologist, clinical social worker or other licensed health care professional stating that such an accommodation is necessary for the resident's verified disability or medical reason.
- In this case, the \$500 transfer fee will be waived. Transfer for reasonable accommodation *does not* include factors of view, noise, apartment location or layout. Approved transfers for reasonable accommodation will take precedence on the waitlist.

## **Transfer Requests Under VAWA Protections**

CLSLC is concerned about the safety of its tenants, and such concern extends to tenants who are victims of domestic violence, dating violence, sexual assault, or stalking. In accordance with VAWA, CLSLC allows tenants who are victims of these crimes to request an emergency transfer from the tenant's current unit to another unit. The ability of CLSLC to honor such a request for tenants currently receiving assistance, however, may depend upon whether another apartment is available and is safe to offer the tenant for temporary or more permanent occupancy. While CLSLC will act as quickly as possible, management cannot guarantee that a transfer request will be approved or how long it will take to process a transfer request.

## **Live-in Aides**

The definition of a live-in aide is a person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who: Is determined to be essential to the care and wellbeing of the person(s); is not obligated for the support of the person(s); and would not be living in the unit except to provide the necessary supportive services. A relative may be a Live-in Aide if they meet the requirements stated above. CLSLC will require verification of the need for a live-in aide through the person's physician, psychiatrist, or other medical practitioner or health care provider. In a HUD property, the live-in aide must disclose and provide verification of their Social Security Number (SSN) and is required to meet CLSLC's criminal screening and EIV criteria, but does not require a credit screening. Income of a live-in aide is excluded from household income. The live-in aide qualifies for occupancy only as long as the disabled resident with whom she/he resides requires the aide's services and remains a tenant.

## **Pet Policy**

Residents of CLSLC are allowed a common household pet, defined as a small domesticated dog, cat, bird, rodent, rabbit, fish or turtle. Reptiles, other than turtles, are not common household pets. Each apartment is permitted one pet weighing no more than 25 pounds, or one fish tank. Registration, licensing and inoculation rules may apply, depending on the type of pet. There is a \$200 pet deposit that is due at time of move-in, and refundable at time of move-out, less deduction for any damages caused by the pet.

## **Assistance Animals**

The property will allow assistance animals, defined as animals that assist, support, or provide service to persons with disabilities. Assistance animals may be referred to as “service animals”, “assistive animals”, “support animals”, or “therapy animals”. They perform many disability-related functions including, but not limited to, guiding individuals who are blind or have low vision, alerting individuals who are deaf or hard of hearing to sounds, providing minimal protection, or rescue assistance, pulling a wheelchair, fetching items, alerting persons to impending seizures, or providing emotional support to persons who have a disability-related need for such support. Assistance animals are not required to meet the size restrictions of pets at CLSLC and tenants are not expected to pay a pet deposit. Assistance animals are subject to the same community policies as pets regarding leashing, disturbances and damages.

# *HOTMA Changes*

## **Section 8 Eligibility**

For matters related to eligibility for and leasing of Section 8 units, CLSLC follows HUD policy as outlined in the HUD Occupancy Handbook 4350.3. Due to new policies that HUD has authorized as a result of federal legislation known as the Housing Opportunity Through Modernization Act (HOTMA), changes to the Handbook will be forthcoming. Until an updated Handbook is made available, CLSLC will follow the new guidelines as outlined in Notice H 2023-10 from the HUD Office of Housing.

Among the new rules are several areas where CLSLC has discretion. These discretionary policies, along with all other non-discretionary policies under HOTMA, will be effective later in 2024, or no later than January 1, 2025, upon CLSLC’s implementation of required software which will be determined in accordance with Contract Administration and the software vendor. CLSLC’s discretionary policies are outlined in the next section of this document. References to the Housing Notice H 2023-10 have been provided, and the notice may be found at the following web address:

<https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-10hsgn.pdf>

All policies are subject to revision based on any new or updated guidance provided by HUD.

## **Discretionary Policies under HOTMA**

### **New Policies Related to Asset Limitation**

- Compliance at Admission [Ref: Notice H 2023-10: Attach. A.2, p. 17]

- As detailed previously in this document in the section “Asset Limitations,” an applicant household is out of compliance with the asset limitation, and must be denied admission, if they have either of the following:
  - Net family assets that exceed \$100,000 (adjusted annually for inflation).
  - Real property that is suitable for their occupancy.
- Tenants who become eligible for a transfer between buildings at CLSLC will be subject to the asset limitations. Each building is a separate project with different HUD contracts, and so moving between projects is considered a new admission.
- Owner Discretion at Annual and Interim Recertification [Ref: Notice H 2023-10: Attach. A.3, p. 18]
  - At annual and interim recertification of tenant households, HUD gives owners the discretion to employ different levels of enforcement of the asset limitations: total enforcement, total non-enforcement, limited enforcement, or enforcement with exceptions.
  - With this discretion, CLSLC has chosen a policy of total non-enforcement of the asset limitations at annual and interim recertifications. This means that households admitted prior to CLSLC’s implementation of HOTMA policies, as well as households admitted after implementation who were in compliance with the asset limitations at move-in, will not be subject to termination of their assistance at annual or interim recertifications for non-compliance with the asset limitations. Assets will still be verified in accordance with new and existing policy for purposes of determining income from assets.

### **New Policies Related to Verification**

- Self-certification of net family assets equal to or less than \$50,000 (adjusted annually for inflation) [Ref: Notice H 2023-10: Attach. F.7, p. 73]
  - CLSLC has adopted streamlined verification of assets effective with annual recertifications effective 1/1/2024 and later. Upon implementation of HOTMA, for those residents with \$50,000 or less in countable assets (adjusted annually for inflation), full verification of assets will only be required every three years.
  - CLSLC will fully verify assets at move-in. For those who are verified to have \$50,000 (or annually adjusted figure) or less in assets at move-in, CLSLC may accept self-certification of assets and income from assets in the second and third year. Full verification will be required again in the fourth year.
    - If a resident is moving from one building to another, that is considered a new admission and full verification will be collected.
    - If a resident is eligible for self-certification of assets in the second or third year but chooses to provide verification, or proof of cash value of an asset is otherwise readily available, CLSLC will use the verifiable amount. For ease in administration, using third party verification in a year when self-certification would have been acceptable will not reset the three-year verification cycle.
    - If, upon self-certifying assets in the second or third year, it is reported that assets now exceed the allowed limit for self-certification, full verification will be required and tenant will no longer qualify for streamlined verification of assets.
  - For applicants and residents with more than \$50,000 (or annually adjusted figure), full verification is required and streamlined verification of assets is not permitted in the second and third year.
  - In years when full verification is required, CLSLC will verify certain excluded assets to confirm the asset source qualifies for exclusion, including retirement assets, property that household does not have the effective legal authority to sell, irrevocable trusts, ABLE accounts, and others.

- Streamlined Income Determination [Ref: Notice H 2023-10: Attach. I.8, p. 109]
  - Along with Streamlined Verification of Assets, CLSLC has adopted Streamlined Income Determinations effective with annual recertifications effective 1/1/2024 and later. This means that fixed income sources need only be verified via third-party sources at move-in and then every three years. In the second and third years, CLSLC may adjust the amount of fixed income sources using a cost-of-living adjustment (COLA) or other verified fixed-percentage increase.
  - When non-fixed income accounts for less than 10 percent of household income, in the second and third years CLSLC may carry over the previously verified amount of non-fixed income provided that the household certifies both that 90 percent or more of their unadjusted income is fixed income and that their sources of fixed income have not changed from the previous year.
    - If in the second or third year, it is reported that non-fixed income no longer accounts for less than 10 percent of household income, full verification of non-fixed income will be required and tenant will not qualify for streamlined verification of non-fixed income the following year.
  - If a resident is eligible for a streamlined income determination in the second or third year but chooses to provide verification, or proof of income is otherwise readily available (such as verifiable with EIV), CLSLC will use the verifiable amount. For ease in administration, using third party verification in a year when a streamlined determination would have been acceptable will not reset the three-year verification cycle.
  - If non-fixed income accounts for 10 percent or more of household income, the COLA will still be applied to fixed income, but third party verification must be collected for the non-fixed income sources.
- Determination of Family Income Using Other Means Tested Public Assistance, i.e., “Safe Harbor” [Ref: Notice H 2023-10: Attach. J.4, p. 118]
  - HUD has allowed owners the option to use income determinations from certain means-tested forms of Federal public assistance made in the last 12 months, but CLSLC has chosen not to adopt the use of such income determinations at this time.

## **New Policies Related to Deductions**

### Health/Medical Care Expenses & Reasonable Attendant Care & Auxiliary Apparatus Expenses Deduction

The threshold to deduct health and medical care expenses and reasonable attendant care and auxiliary apparatus expenses has been increased from expenses in excess of 3 percent to expenses in excess of 10 percent of annual income. Concurrently with this increase, the regulations provide financial hardship exemptions for unreimbursed health and medical care expenses and reasonable attendant care and auxiliary apparatus expenses for eligible families. Families may be eligible for relief under one of two categories: phased-in relief or general relief.

- Hardship Exemptions for Health/Medical Care Expenses & Reasonable Attendant Care & Auxiliary Apparatus Expenses – Phased-In Relief [Ref: Notice H 2023-10: Attach. C.4, p. 39]
  - All households who received a deduction for unreimbursed health and medical care and/or reasonable attendant care or auxiliary apparatus expenses based on their most recent income review prior to January 1, 2024, will begin receiving the 24- month phased-in relief at their next annual reexamination or interim recertification, whichever occurs first after CLSLC implements HOTMA. Families who receive phased-in relief will have eligible expenses deducted that exceed 5 percent of annual income for 12 months. Twelve months after the 5 percent phase-in began, families will have eligible expenses deducted

that exceed 7.5 percent of annual income for the immediately following 12 months. After the family has completed the 24 months phase-in at the lower thresholds, as described above, the family will remain at the 10 percent threshold, unless the family qualifies for relief under the general hardship relief provision (see below)

- Applicant households who were receiving the phased-in hardship exemption at their prior assisted housing will be eligible to continue to receive the phased-in relief for their new unit at CLSLC. Applicant and/or CLSLC will attempt to obtain a copy of the previous 50058/50059. If unable to do so, then CLSLC may accept a self-certification form from the applicant household declaring the effective date of 5 percent or 7.5 percent phase-in.
- Hardship Exemptions for Health/Medical Care Expenses & Reasonable Attendant Care & Auxiliary Apparatus Expenses – General Relief [Ref: Notice H 2023-10: Attach. C.4, p. 39 and Attach. C.6, p. 46]
  - Households who are subject to the new 10 percent threshold or the phase-in threshold of 7.5 percent may wish to request a Hardship Exemption, which would temporarily reduce the medical expense deduction threshold to 5 percent. Therefore a household will benefit from this hardship exemption only if they have eligible expenses that can be deducted in excess of 5 percent of annual income.
    - Note: A family receiving phased-in relief may request to receive general hardship relief instead; once a family chooses to obtain general relief, a family may no longer receive the phased-in relief.
  - To receive a Hardship Exemption under the General Relief provision, a household must demonstrate that their unreimbursed health and medical care expenses or unreimbursed reasonable attendant care and auxiliary apparatus expenses increased, or the household's financial hardship is a result of a change in circumstances that would not otherwise trigger an interim recertification.
  - CLSLC will grant a Hardship Exemption under the General Relief provision if all of the following are met:
    - The household requests, in writing, a Financial Hardship Exemption
    - The household participates in an initial review meeting
    - The household provides required information and signatures within ten (10) business days
    - The household has experienced a change in financial circumstances, such as:
      - The household is awaiting an eligibility determination for a federal, state, or local assistance program, such as a determination for unemployment compensation or disability benefits;
      - The household's income decreased because of a loss of employment, death of a family member, or due to a natural or federal/state declared disaster;
      - The household has increased medical expenses;
      - Other changes resulting in the tenant's inability to pay rent if the hardship exemption is not granted. This will be considered on a case-by-case basis.
    - The household has not provided Intent to Vacate
    - The household is in good standing and CLSLC has not indicated intent to terminate assistance and/or terminate tenancy (eviction)
    - The household agrees to participate and participates in a review meeting at intervals specified by Occupancy staff.
  - The household's hardship relief ends when the circumstances that made the family eligible for the relief are no longer applicable or after 90 days, whichever comes earlier. Households are required to report if circumstances that made them eligible for the hardship exemption are no longer applicable. HUD grants owners discretion to extend relief for one



or more 90-day periods. CLSLC will grant up to three additional 90-day periods if the hardship condition continues, for a maximum of 360 days of relief.

### Child Care Expense Deduction

- Hardship Exemption to Continue Child Care Expense Hardship [Ref: Notice H 2023-10: Attach. C.5, p. 45]
  - A family whose eligibility for the child-care expense deduction is ending may receive a hardship exemption to continue receiving a child-care expense deduction in certain circumstances when the family no longer has a member that is working, looking for work, or seeking to further their education, and the deduction is necessary because the family is unable to pay their rent.
  - CLSLC will grant a Child Care Hardship Expense Exemption if all of the following is met:
    - The household requests, in writing, a Financial Hardship Exemption
    - The household participates in a review meeting
    - The household provides required information and signatures within ten (10) business days
    - The household can provide satisfactory proof of inability to pay rent if the child-care expense deduction is removed. This will be considered on a case-by-case basis.
    - The household has not provided Intent to Vacate
    - The household is in good standing and CLSLC has not indicated intent to terminate assistance and/or terminate tenancy (eviction)
    - The household agrees to participate and participates in a review meeting at intervals specified by Occupancy staff.
  - The household's hardship relief ends when the circumstances that made the family eligible for the relief are no longer applicable or after 90 days, whichever comes earlier. Households are required to report if circumstances that made them eligible for the hardship exemption are no longer applicable. HUD grants owners discretion to extend relief for one or more 90-day periods. CLSLC will grant up to three additional 90-day periods if the hardship condition continues, for a maximum of 360 days of relief.

### **New Policies Related to Interim Recertifications**

- Interim Recertifications—Decreases in Adjusted Income [Ref: Notice H 2023-10: Attach. I.1, p. 100]
  - The new HOTMA rules state that an owner may decline to conduct an interim recertification of family income if they estimate that the household's adjusted income will decrease by an amount that is less than 10 percent of the household's annual adjusted income. It also grants the owner the discretion to set a lower percentage threshold, which CLSLC has chosen to do. CLSLC will apply a zero percent threshold instead of the 10 percent threshold, meaning residents may continue to request an Interim Recertification for any change that may result in a decrease in adjusted income.
- Interim Recertifications—Increases in Adjusted Income [Ref: Notice H 2023-10: Attach. I.2, p. 101]
  - CLSLC must conduct an interim recertification when it becomes aware that the household's adjusted income has changed by an amount that CLSLC estimates will result in an increase of 10 percent or more in annual adjusted income. A series of smaller reported increases in adjusted income may cumulatively meet or exceed the 10-percent increase threshold, at which point CLSLC must conduct an interim reexamination. For

purposes of estimation, CLSLC will consider if the cumulative monthly amount of reported increases exceeds 10 percent of the household's monthly adjusted income based on their most recent certification.

- The rules under HOTMA treat increases in earned income and unearned income differently. Increases in unearned income will always be considered when estimating or calculating whether an interim recertification has been triggered.
  - Example: Tenant's Social Security income and wages were verified at their annual recertification. Two months later they report that they became entitled to an increase in Social Security, which increased their annual adjusted income by more than 10 percent. An interim recertification must be conducted.
- HOTMA introduces a new rule that owners should not consider any increases in earned income when estimating or calculating whether the household's adjusted income has increased. The exception to this is if the household has previously received an interim reduction during the same recertification cycle, subject to owner discretion. With this discretion, CLSLC has chosen to include earned income increases when determining if adjusted income has increased 10% or more and triggers an interim recertification, in cases where there was a previous interim reduction during the same recertification cycle.
  - Example 1: Tenant's wages were verified at their annual recertification. Two months later they report a wage increase that results in an increase to annual adjusted income of more than 10 percent. CLSLC will not conduct an interim recertification to increase rent since the increase was due to earned income and there was no previous interim recertification to reduce rent since their last annual recertification.
  - Example 2: Tenant's wages were verified at their annual recertification. Two months later they report they lost their job and CLSLC conducts an interim recertification to reduce rent. Two months after that they report starting a new job which causes an increase in annual adjusted income of more than 10 percent. As prescribed by CLSLC's discretionary policy, an interim recertification will be conducted to increase rent due to earned income in this situation.
- With discretion granted by HUD, CLSLC will not conduct an interim recertification for increases that are reported and would be effective during the last three months of a certification period. Households who choose to delay reporting income increases until the last three months of their certification period may be subject to retroactive rent increases in accordance with reporting requirements.
- If a tenant reports changes that result in an increase in annual adjusted income of less than 10 percent, then CLSLC must not process an interim recertification to increase rent.
- Interim Recertifications—Reporting changes and effective date [Ref: Notice H 2023-10: Attach. I.5, p. 106 and Attach. I.7, p. 107]
  - HUD previously prescribed the reporting requirements for residents in between annual recertifications. Under HOTMA, HUD has indicated that households must be required to report changes in household composition, but owners must develop their own policies that describe when and under what conditions families must report changes in annual adjusted income, as well as the timeframe for reporting the change to be considered timely. CLSLC adopts the following reporting requirements:
    - In between recertifications, all residents must notify the Occupancy Department at CLSLC within 30 days when:
      - A current household member moves out of the unit;

- Household proposes to move a new member into the unit;
- Household has an increase in earned or unearned income that can be estimated to result in a 10% or more increase in their annual adjusted income. For example, if a tenant's *monthly adjusted income* (based on their most recent certification) is \$1000, then they can estimate that an increase of \$100 per month or more must be reported because 10% of \$1000 is \$100.
- An adult member of the household who was reported as unemployed on the most recent certification obtains employment
  - Changes a resident may report include, but are not limited to, the following:
    - Income decreases;
    - Income increases that are estimated to result in a less than 10 percent increase in annual adjusted income;
    - The household qualifies for new or increased deductions (such as for medical expenses, childcare expenses, or dependent deductions).
- Owners may adopt a policy to apply rent decreases retroactively for circumstances in which households fail to report changes in a timely manner. A retroactive rent decrease may not be applied prior to the later of either the first of the month following the date of the actual decrease in income, or the first of the month following the most recent previous full income examination. CLSLC adopts this more lenient approach, and therefore will apply rent decreases retroactively, following HUD's stipulations regarding the effective date, even when changes were not reported timely (within 30 days of the change).

## **New Miscellaneous Policies**

- De Minimis Errors [Ref: Notice H 2023-10: Attach. B.4, p. 35]
  - De minimis errors occur when the Owner's determination of a family's income deviates from the correct income determination by no more than \$30 per month in monthly adjusted income (or \$360 in annual adjusted income). Under HOTMA, HUD states that Owners will not be considered out of compliance solely due to de minimis errors in calculating family income. As the Owner becomes aware of the existence of an income calculation error, they are obligated to correct the error(s) retroactive to the effective date of the action the error was made regardless of the dollar amount associated with the error. Owners must take corrective action to credit or repay a family if the family was overcharged tenant rent, including when Owners make de minimis errors in the income determination. Families will not be required to repay the PHA/MFH Owner in instances where the PHA/MFH Owner miscalculated income resulting in a family being undercharged for rent.
  - If CLSLC is made aware of a de minimis error, or other error, that results in a lower retroactive rent payment, CLSLC will give the tenant the option to be repaid via a statement credit or a refund check.
- Revocation of consent form [Ref: Notice H 2023-10: Attach. J.2, p. 113]
  - Applicants must sign the Form HUD 9887 and 9887A to be admitted to the property. This executed consent form will remain effective until the family is denied assistance, the assistance is terminated, or the family provides written notification to CLSLC to revoke consent. CLSLC will deny admission or terminate tenancy if the consent is revoked.