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SECTION 8/HOUSING CHOICE VOUCHER PROGRAM ADMINISTRATION PLAN

CAMBRIDGE HOUSING AUTHORITY

(NOVEMBER, 2001 REVISION)

INTRODUCTION

On May 19, 1997, the Cambridge Housing Authority (CHA) submitted an application in response to a Department of Housing and Urban Development (HUD) Notice for the "Moving to Work Demonstration Program". On October 31, 1998, the CHA was notified that it was selected to participate in this Demonstration Program and a contract for participation was entered with a commencement date of April 1, 1999. The object of the demonstration project is to provide local agencies with the ability to make local determinations in order to meet local housing needs. In the case of the Section 8/Housing Choice Voucher Program, the CHA has identified several areas of the program that actually impede a participant's ability to locate safe, affordable housing in the City of Cambridge. The areas that are covered in Section I and VI of this administrative plan and amended by this Section are as follows:

- Income Eligibility
- Wait List Preferences
- Minimum Rents
- 40% Rule
- Voucher Extensions
- Local Determination of Contract Rents/Payment Standards
- Rent Increases
- Security Deposits/Last Months Rent/Vacancy Payment
As noted in the introduction of Section I, the "Cambridge Housing Authority administers the Section 8 Existing Housing Program [now the Housing Choice Voucher Program] with the primary goal of increasing the number and variety of housing options available to low-income households in the City of Cambridge. It is the Cambridge Housing Authority's intent to administer the program in a manner that will encourage the improvement of housing quality. In so far as possible, the Cambridge Housing Authority attempts to use the Section 8 Program [Housing Choice Voucher Program] to develop housing options for low-income households in neighborhoods that have traditionally been unavailable to families of limited means. Administration of the Section 8 [Housing Choice Voucher Program] includes affirmative efforts to work toward improved racial balance in the City's neighborhoods and strict monitoring to prohibit discriminatory practices". Given the current “post-rent control” rental market in Cambridge, the CHA is actually struggling to meet this objective. By participating in MTW, the CHA has the ability to establish a Local Leased Housing Program, similar in many respects to the Housing Choice Voucher Program using the same model of subsidy delivery but with local determination of key program elements.

**APPLICABILITY**

Generally, all certificates and vouchers issued by the Cambridge Housing Authority are subject to the provisions of Section I or Section VI of this Plan. During the period of time that the Cambridge Housing Authority maintains Moving to Work status, the following amendments to this plan shall be utilized with respect to apartments leased in the City of Cambridge:

**I. COMPLETION OF APPLICATIONS, DETERMINATION OF ELIGIBILITY AND SELECTION OF FAMILIES**

A. Currently, Part IV(B)(4)(a) of Section I states that in order to be income eligible, the family must be either a very low income family or a low income family that falls within one of six specific categories. Under MTW, these categories are expanded to include:

1. Cambridge households earning between 50 to 80% of AMI that will use the subsidy to preserve their current housing situation.

   a) The Authority continues to maintain that the program will continue to overwhelmingly serve families under 50% of AMI and has agreed to a 15% overall cap for households between 50 and 80% of AMI.
B. Currently, Part IV(D)(1)(c) of Section I provides four criteria that if met would qualify an applicant for a Ranking Preference. Under MTW an additional provision would be added as follows:

1. The applicant, a Cambridge resident, has found an apartment in Cambridge where the owner is willing to enter into a Housing Choice Voucher lease.

II. VERIFICATION OF INFORMATION AND DETERMINATION OF TOTAL FAMILY PAYMENT

A. Currently, Part VI(B)(2)(d)(1)(a) of Section I defines childcare expenses as expenses incurred for the care of children under the age of 13 years old. Under MTW this definition shall be expanded to cover children up to the age of 14 years old who are enrolled in licensed day care or in an agency based after school program or camp.

B. Minimum Rents utilized in the calculation of the Total Tenant Payment (TTP) found in Part VI(B)(3) and Part VI(B)(4) of Section I shall be amended under MTW to fluctuate by apartment size. Specifically, the following figures shall apply:

<table>
<thead>
<tr>
<th>Type</th>
<th>Rent</th>
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<tr>
<td>Studio</td>
<td>$20</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>25</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>30</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>40</td>
</tr>
<tr>
<td>Four or More Bedroom</td>
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1. If the participant is leased in an apartment where the contract rent is at or below the current payment standard in use and the minimum rent would amount to 40% or more of the participant’s income, the minimum rent shall be adjusted down until the participant’s rent burden equals 40% of their income.

2. Any participant that claims a reduction in the minimum rent will be required to verify their total family income on a quarterly basis. Failure to recertify or provide information as requested shall result in the full assessment of the minimum rent on the first of the following month. Further, the participant will be subject to termination from the Housing Choice Voucher Program.
C. Under the former Section 8 Certificate program, the tenant’s TTP was always capped at 30% of the household’s adjusted monthly income (Part VI(B)(3) of Section I). On October 21, 1998, the passing of the Quality Housing and Work Responsibility Act of 1998 (QHWRA) made this provision moot since the Certificate and Voucher Program were merged into one program (The Housing Choice Voucher Program). Although MTW could have shielded the CHA from this conversion, the decision was made to convert all certificates to housing choice vouchers during the two-year period called for in QHWRA.

1. Under the provisions of the Housing Choice Voucher program, the participant’s TTP may exceed 30% of his/her adjusted monthly income (Part VI(B)(4) of Section I). However, QHWRA creates a maximum cap of 40% of his/her adjusted monthly income for individuals wishing to enter into new leases.

a) Although the CHA is aware of the rationale for the 40% cap, there is also concern that an inflexible provision such as this is harmful to program utilization. Therefore, the CHA will disregard the 40% maximum cap placed on participants wishing to enter into new leases under the following circumstances:

1) The participant can demonstrate that he/she has been paying in excess of 40% of his/her income for rent.

2) The participant has met with CHA staff and has demonstrated an understanding of the proposed rent burden and has demonstrated to the satisfaction of the staff that he/she can meet this burden.

b) As a general policy, the Cambridge Housing Authority will not object to participant portions in excess of 40% but does reserve the right to deny a lease-up if there is a belief that the participant may not meet his/her rental obligation.

III. BRIEFING OF FAMILIES AND ISSUANCE OF VOUCHERS

A. Part VII(B)(2) of Section I states that families unable to locate an apartment with their voucher after the first sixty day timeframe may request one extension for an additional sixty day period. Under MTW the Cambridge Housing Authority will allow up to two sixty day extensions if the provisions of Part VII(B)(2)(a) and (b) are met for each of the sixty day extension requests.
B. Under MTW Part VII(B)(3) of Section I shall be amended to read the total life of the Voucher may not exceed 180 days unless there is a tolling of the Voucher as defined in Part VII(B)(4).

IV. DETERMINATION OF CONTRACT RENTS/PAYMENT STANDARDS IN THE LOCAL LEASED HOUSING VOUCHER PROGRAM

A. Currently, Part VIII(G) of Section I states that Contract Rents and Payment Standards are limited to the Fair Market Rents (FMRs) as published by HUD on a yearly basis.

1. Overall, the regulations provide the Authority with the ability to approve rents and payment standards at an amount up to 120% of FMR with prior HUD approval. These approved rents, which exceed the published FMRs, are known as exception rents.

   a) Currently, the Authority is working under HUD approval to set rents and payment standards for all new lease ups at amounts up to 120% of the October 2001 FMRs.

B. Under MTW, the Cambridge Housing Authority has obtained authority to locally determine rent reasonableness and set contract rents and payment standards that reflect this determination.

1. Given the current Cambridge market and the authority granted under MTW, contract rents and payment standards could exceed 120% of FMR. However, the objective of the Cambridge Housing Authority in setting any rent shall be to preserve decent and affordable housing opportunities in Cambridge, while insuring that rents are not excessive.

2. While the Cambridge Housing Authority may approve some rents and payment standards during the MTW demonstration that exceed 120% of FMR in certain instances, the Authority shall comply fully with HUD's requirement of rent reasonableness comparables.

   a) The CHA must determine whether the rent requested by any owner is a reasonable rent for the unit in comparison to other comparable unassisted units.
b) The CHA must document the rent reasonableness of the owner's rent in the tenant's file by including rents and addresses of the comparable units used to make the determination.

c) The CHA's inspector shall still maintain the sole responsibility of setting a rent which is reasonable in relation to other apartments on the market and shall be responsible for proper documentation pertaining to rent reasonableness comparables.

3. The impact on the participant must be considered when negotiating rents in excess of 120% of FMR.

   a) In the voucher program, if the rent increases above the FMR or the exception rent level, the participant picks up the difference.

   b) Any negotiated rent above 120% of FMR or the exception rent level will cause the participant's portion of the rent to increase above 30% of his/her income.

   c) In any rent negotiation where the proposed rent determination would result in a participant portion in excess of 30% of his/her income, the participant must agree with the final contract rent determination.

4. In cases, where the participant's portion of the rent is determined to be in excess of 40% of his/her income, the Director of Leasing and Occupancy may approve a payment standard that is above 120% of the FMR. When deciding these cases, the Director shall take into account the following factors in order of priority:

   a) Disability: If a participant is an individual with disabilities, every effort will be made to keep the tenant in place or housed in his community. Remaining in a home in a well-known and comfortable area is critical for a disabled person's well being. Preserving the tenancy of a person with disabilities or housing him/her in his/her community will allow the person to remain connected with and surrounded by his/her providers and support system.

   b) Age: In most cases where the participant is elderly, he/she has either resided in his/her apartment for a long period of time or has resided in the community for a long period of time. A move would negatively impact such a person's well being. Many come to the CHA for assistance after exhausting all other resources trying to stay in place or remain in Cambridge and are willing to pay anything to keep in place. The CHA will make every effort to preserve current tenancies for elderly participants.
c) Number of Section 8 Tenants Affected: In cases where there are multiple participants in a building/development, the CHA will make every effort to preserve them by setting payment standards that apply to the entire building/development.

d) Location of Unit: In today's market, the entire City of Cambridge is considered to be a desirable location and for this reason we need to be selective with respect to this factor alone. Currently, a unit located in the Harvard Square area is one area of City where higher payment standards would be justified on this factor alone. When dealing with this factor, the staff will look particularly at the number of participants currently subsidized in the area in question. In those areas where participation is low, the Director shall have more latitude in setting higher rents and corresponding payment standards.

e) Track Record of the Landlord: When negotiating with larger landlords that have multiple participants, it is important to keep in mind the big picture. Has the landlord negotiated fairly on other units? Has the landlord compromised and accepted lower rents on other units? If so, some latitude must be afforded by the CHA when this landlord states that he/she cannot accept a lower rent on a particular unit.

f) Length of Tenancy: Participants that have resided in the same apartment for a long period of time should be afforded a higher payment standard provided that the apartment is appropriately sized for the needs of the participant. For those participants that are overhoused, an increased standard for a limited time period would be offered to allow the participant time to relocate to another apartment.

V. RENT INCREASES IN THE LOCAL LEASED HOUSING VOUCHER PROGRAM

A. Currently, Part XII(B) of Section 1 states that rent increases are determined by application of the HUD issued Annual Adjustment Factors (AAF) on the lease anniversary date.

B. Under MTW, owners will be free to renegotiate contract rents at lease anniversary dates and the Cambridge Housing Authority shall be free to negotiate reasonable rent increases based on rent reasonableness comparables.
1. Owners who have not yet opted out of the older style "never ending" HUD lease will be limited to AAF adjustments only.
   
a) Under the older style "never ending" HUD lease, all AAF adjustments shall be automatically applied by the CHA at the anniversary of the lease.

b) These owners may "opt-out" of the "never ending" lease and enter a new one-year lease at any time.

c) If an "opt-out" is pursued, the Cambridge Housing Authority will treat the transition as a new lease-up and the owner will be required to comply with the procedure found in Part VIII of Section I of this Plan. However, during MTW, contract rents may be set in accordance with Part IV above.

2. Owners that have already made the transition from the "never ending" lease may renegotiate rents at or above the AAF limit through direct negotiations with a CHA inspector or the CHA Community Relations Coordinator.

   a) In order to initiate the renewal process, the CHA's inspector shall notify the owner in writing that the apartment is scheduled for an annual inspection and that any rent increase requests must be received in writing within a specified period of time (i.e.: 30 Days).

   1) All requests for rent increases shall be forwarded to the CHA Community Relations Coordinator. He/She shall work with the CHA inspector and the tenant when negotiating the final contract rent with the owner. However, the CHA inspector shall maintain sole responsibility for the approval of any increase whether at the AAF or above.

   2) The CHA inspector must determine whether the rent increase requested by any owner will result in a reasonable rent for the unit in comparison to other comparable unassisted units.

   3) The CHA inspector must document the rent reasonableness of the owner's new rent in the tenant's file by including rents and addresses of the comparable units used to make the determination.
4) When making a determination regarding the rent reasonableness of the new rent, the CHA inspector must take into consideration whether or not the apartment is appropriately sized for the participant.

5) In any rent negotiation where the proposed rent determination would result in a participant portion in excess of 30% of his/her income, the participant must agree with the final contract rent determination.

b) If the CHA inspector determines that a requested rent increase is not reasonable or that the resulting rent is not reasonable, the CHA Community Relations Coordinator must notify the owner in writing of this determination at least thirty days prior to the anniversary date of the lease.

3. Owners are limited to one increase per calendar year.

VI. SECURITY DEPOSITS/LAST MONTHS RENT/VACANCY PAYMENTS

A. Prior to October of 1995, the Section 8 Certificate and Voucher Programs had a damage provision that guaranteed the owner payment for damages beyond reasonable wear and tear that were caused by the participant.

1. In the Certificate Program, the owner was provided with protection that amounted to two months contract rent minus an amount that was equal to one months tenant portion at the time that the tenant moved into the apartment.

2. In the Voucher Program, the owner was provided with protection, which amounted to one months contract rent minus an amount that was equal to one months tenant portion at the time that the tenant moved into the apartment.

3. Under this pre-1995 damage provision, there was no accountability with respect to the participant. Basically, participants who damaged apartments beyond reasonable wear and tear were allowed to obtain a new subsidy for a move to another apartment leaving the Housing Authority to pay for their damages.

4. Owners which have not yet "opted-out" of these pre-1995 contracts are still allowed to collect under this provision as noted in Section XIII(E) of Section I of this Plan.
B. In October of 1995, the Program was changed so that participants are now held accountable for damages beyond normal wear and tear. Continued participation by the participant may be terminated if it is found that the participant has damaged the apartment beyond reasonable wear and tear.

1. The damage provision found in the pre-1995 contracts has now been removed.

2. Owners that participate in the Section 8 programs are now free to ask participants for up to two months contract rent for use as a security deposit and last months rent.

   a) For participants, with incomes at or below 50% of AMI, payment of amounts that can exceed $2,000 is usually impossible.

C. Under MTW, the Cambridge Housing Authority will have the ability, if necessary, to enter into a written agreement with the landlord and the participant which will guarantee the payment of up to one months rent for damages beyond normal wear and tear and one months rent for utilization as the last months rent payment should the participant vacate without notice or owing rent.

1. The agreement, found in Appendix C of this section, specifies the process with which the owner will be required to comply with in order to access these funds. It also specifies the rights and responsibilities of the participant and the consequences to the participant if the CHA finds it necessary to access these funds.

   a) The owner, participant, and the Housing Authority must execute the agreement at the time that the lease is signed.

2. Only applicants/participants that can demonstrate a need for assistance with security deposits and last months rent payments will be eligible.

   a) Applicants/Participants who have in the bank, an amount which is less than 1 1/2 times the amount of security/last months rent required shall be deemed eligible.

1) Example #1: an applicant/participant has provided documentation that indicates a combined checking/savings account balance of $1,500. A landlord has expressed a desire to rent an apartment but wants a full security deposit of $950 and a full last months rent of $950. Since the combined total requested is more than the applicant's/participant's account balance, he/she would be eligible for CHA's guarantee of these amounts.
2) Example #2: the same applicant/participant above finds an apartment where the landlord only requests a last month’s rent in the amount of $950. Since 1 1/2 times $950 is $1,425, and this is less than the applicant’s/participant’s account balance, he/she would not be eligible for CHA’s guarantee of these amounts.

b) Applicants/Participants that are deemed not eligible may provide documentation indicating that special circumstances warrant their eligibility.

1) Examples of special circumstances could include extraordinary out-of-pocket medical expenses, dependent care, and educational costs.

3. As required by Section 8 regulations at 24 CFR 982.551(f), the participant must notify the Cambridge Housing Authority and the owner before the family moves out of the unit, or terminates the lease on notice from the owner.

a) Once the family has indicated their intention to move they will be instructed to sign a declaration (Appendix D) that states that there is no damage in their apartment beyond normal wear and tear and that they owe no rent to the owner. Further, they will acknowledge in said declaration that if the Housing Authority determines that there are damages or rent owed, even after they move from the apartment, the Housing Authority may seek repayment of the claim or seek the participant’s termination from the program.

b) Participants will be instructed that they may request an exit inspection with a Housing Inspector from the Cambridge Housing Authority.

c) If the Housing Authority knows of, or has reason to believe that there are damages beyond reasonable wear and tear or that the participant owes back rent, reissuance of a new certificate or voucher may be denied.

1) In these cases, the participant must negotiate with the owner to determine a fair amount of restitution. Once determined, the owner may submit a written claim requesting payment for the damage to the Housing Authority. At that point, the Housing Authority may take one of two options:
a) Offer the participant a payback agreement which is two years or less in length and reissue the subsidy.

b) Continue to deny reissuance of the subsidy and offer the participant an appeal in accordance with Section I, Part V of this plan.

2) No payment will be made to the owner until either the participant has entered into a payback and the participant has vacated the apartment or the participant has lost an appeal and has been terminated from the program.

4. Once a participant vacates an apartment, the owner must notify the Housing Authority within five business days of any damages beyond reasonable wear and tear and request a damage inspection with a Housing Authority inspector.

   a) The owner may not perform any repairs until an inspection has been performed.

   b) During the damage inspection, the inspector will prepare a list of damages that are considered beyond reasonable wear and tear. The owner will be instructed to prepare his or her own list, being sure to itemize the cost to repair each item.

   c) The Housing Authority shall provide notice to the participant of the pending claim. At that point the participant may initiate one of two options:

      1) The participant may make restitution directly to the landlord thereby avoiding Housing Authority involvement.

      2) The participant may request a meeting with the Director of Leasing and Occupancy or his/her designee to review the claim and authorize the CHA to negotiate the amount of restitution with the owner. In no event shall the participant be responsible for any amount negotiated with the owner that exceeds the amount agreed to in advance by the CHA and the participant.
i. In either case, the Housing Authority may offer the participant a payback agreement that is two years or less in length or the Housing Authority may initiate proceedings to terminate the participant’s participation and offer the participant an appeal in accordance with Section I, Part V of this plan.

d) Once the owner has made the repairs, he/she will be instructed to forward evidence of the cost of the repairs to the Housing Authority.

1) Evidence of the cost of the repairs may include copies of canceled checks and paid invoices.

e) Once the Housing Authority receives notification that the repairs have been made and evidence of the costs to make the repairs, the amount of restitution shall be determined.

1) In determining the amount restitution, the Housing Authority shall compare it's list of damages to the list that was generated by the owner. For those items that coincide, a reasonable value shall be assigned and the total of these values shall represent the owner’s reimbursable claim.

2) Prior to payment, the owner shall be forwarded a form itemizing the reimbursable claim and will be required to sign off on the claim.

5. Owners that request reimbursement for unpaid rent for the period of time that the participant resided in their apartment must provide evidence that they sought these funds during the participant’s tenancy.

a) Owners are required to enforce the terms of their lease with the participant. Part of this responsibility is to ensure that the participant pays their portion of the rent in a timely fashion. Therefore, any owner wishing to collect back rent owed by the participant must provide evidence of 14-day notices, 30 day notices or written documentation which demonstrates that they made a reasonable effort to collect these funds.

6. If a participant vacates an apartment without providing the required notice or the tenant is terminated from the program for no fault of the owner’s, the owner may request payment of a last months rent by the CHA.
a) In order to access this payment, the owner must request the payment in writing.

b) The amount of the payment may not exceed 80% of the contract rent for the former participant.

7. If a participant provides an owner with notice that they intend to vacate their apartment or the owner releases them from their lease before the expiration, the landlord may request a vacancy payment for the month following the participant’s departure.

   a) In order to access this payment, the owner must rent the apartment to another CHA Housing Choice Voucher participant.

   b) Once the new Housing Choice Voucher participant takes possession of the apartment, the owner enters a HAP contract for the new participant and the owner provides a written request, the CHA will process a special payment in an amount not to exceed 80% of the contract rent of the former participant.

   c) In rare cases where the apartment may be vacant for a period of more than one month through no fault of the owner, the Director of Leasing and Occupancy may, at his/her discretion, allow an additional vacancy payment in an amount not to exceed 80% of the contract rent of the former participant.
HCV Rent and Occupancy Policies

In FY 08, CHA will continue or modify a number of previously approved rent and occupancy policies pertinent to the local leased housing program:

- Update the Housing Choice Voucher administrative plan, modifications will incorporate the proposed MTW transfer, allowing for a limited number of individuals to be considered as inter-program (leased and public housing) transfers rather than new applicants.
- Under MTW CHA implemented a limited Rent Simplification policy for voucher holders, as detailed in Appendix 4, this will continue in 2008;
- 40% Income Exemption - CHA will continue to allow program participants to exceed 40% of their income for rent if they so request and can demonstrate the ability to meet such a high rent burden;
- Voucher Expiration - CHA will continue to allow only a 120-day search period (60 days initially with a 60-day extension at the request of the participant), instead of the 180 days allowed earlier in the demonstration; and
- Modified Income Limits – A small number of applicants with incomes between 50 and 80% of AMI can participate in the leased housing program. The intent of this policy is to allow CHA the flexibility to respond to compelling needs as they arise on an individual basis. Additionally, this policy aids in the acquisition of new properties targeted for permanent affordability, as CHA may need to offer temporary assistance to households who will ultimately relocate before the development project is complete.

CHA will also continue to use its ability under the MTW agreement to locally-determine the following components of both the Tenant-based and Project-based Programs:

- FMRs, rent reasonableness and rent adjustment factors;
- Percentage of program to be project-based;
- Vacancy and damage payments to owners;
- Payments to owners for the period of time a unit remains vacant during Leased Housing processing and inspection before lease-up;
- Property eligibility criteria;
- Lease length, voucher expiration and re-issuance terms;
- Waiting list and tenant selection procedures; and
- Content of HAP contracts and contractual rental agreements.